



Tender No. KSMC&A/ACCTS/IA/2025-26

Date: 14.05.2025

Karnataka State Marketing Communication & Advertising Ltd
(A GOVT. OF KARNATAKA UNDERTAKING)

EXPRESSION OF INTEREST
CUM
REQUEST FOR PROPOSAL

FOR APPOINTMENT OF INTERNAL AUDITORS

Time Table

Last Date for Submission of Tenders : 26.05.2025, 05:00 PM

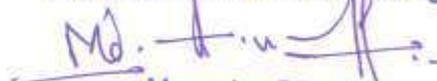
Date of opening Pre qualification Bids : 27.05.2025, 05.30 PM

Contact Person : Smt. Rashmi Yadati
Designation : Manager – F & A
Phone : 080 22285857

Place of Pre bid meeting

KSMCA LTD HO, KSMCA HOUSE, 42, MILLERS ROAD, BANGALORE –
560 001.

For Karnataka State Marketing
Communication & Advertising Ltd


Managing Director

KSMC&A HOUSE, 42, MILLERS ROAD, BANGALORE – 560 052

PH – 22256287 / 22256288 / 22254289 / 2 2252132 / 22257965

FAX : 22252614 E-mail:md@mcaltld.in



Karnataka State Marketing Communication & Advertising Ltd
(A Government of Karnataka Undertaking)
MC & A House, 42, Millers Road, Bangalore – 560 052.

Tender No. KSMC&A/ACCTS/IA/2025-26

Date: 14.05.2025

**EXPRESSION OF INTEREST CUM REQUEST FOR PROPOSAL FOR APPOINTMENT
OF INTERNAL AUDITORS**

Expression of Interest cum Request for Proposal (EOI – RFP) is invited for Internal Auditors for Auditing of our Organisation from reputed Chartered Accountants. Detailed Information is given in the specifications of jobs in the Document of Expression of Interest.

Submission of Proposals in General:

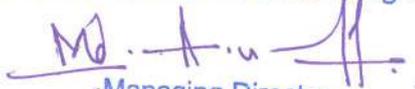
1. Professional services for Concurrent Internal audit of KSMC&A Ltd for NINE MONTHS, i.e. 1st July 2025 to 31st March 2026.
2. Proposals shall be submitted by CA firm supported with their certificate of registration with ICAI of India in two parts, viz., Technical and Financial should follow the formats prescribed in the "Supplementary Information for the bidders".
3. "Technical" and "Financial" proposals must be submitted through e-portal (www.eproc.karnataka.gov.in) of the Department of E-Governance, Government of Karnataka indicating the professional service for which they apply in the formats/schedules given in the supplementary information. The "Technical proposal" should include the description of the firm/organization, firm's general experience in the field of assignment, qualification and competency of the personnel proposed for the assignment and the proposed work plan methodology and approach in response to the suggested terms of reference and it should not contain any information relating to financial proposal. The 'FINANCIAL PROPOSAL' must be submitted along with it separately and should contain the lump-sum offer for the Consultancy Services, excluding taxes.
4. The proposal has to be accompanied with payment of EMD amounting to Rs.10,000/- through e-portal. The successful bidder's EMD shall get released only after completion of work and the other unsuccessful bidders' EMD shall get refunded to them soon after the signing of the contract.

The Management has the right to accept or reject any or all the Expression of Interest without assigning any reasons thereon.

Sd/-

Tender Inviting Authority

**For Karnataka State Marketing
Communication & Advertising Ltd**


-Managing Director



Section 1. LETTER OF INVITATION

KSMC&A/AMDN/IA/12/2023-24

Date: 14.05.2025

To

M/s ABC & Co., Chartered Accountants,
M/s XYZ & Co., Chartered Accountants,
M/s XXX & Co., Chartered Accountants.

Sir,

Sub: Expression of Interest cum Request for Proposals for offering Internal Audit Services to M/s KSMC &A Ltd.,

Ref: This office advertisement Dated: 12/05/2025 and Expression of Interest (EOI) date 12/05/2025

Karnataka State Marketing Communication & Advertising invites proposals/offers through Competitive Bidding from shortlisted CA Firms for nine months to be extended on performance basis for another two years.

The Interested parties "Expressing interest" cum Request for Proposals for offering Internal Audit Services to M/s KSMC &A Ltd., may apply through e-procurement platform. The EOI documents are available at e-procurement website: <https://eproc.karnataka.gov.in> **address from 14.05.2025 to 26.05.2025.**

KSMC&A reserves the right to reject any and all proposals as it may determine in its sole and absolute discretion.

Yours faithfully,

Sd/-

MOHAMMED ATEEQUILLA SHARIFF
Managing Director

For Karnataka State Marketing
Communication & Advertising Ltd


.. Managing Director

Section 2. DATA SHEET

Information to Internal Audit Firms

The name of the Company : Karnataka State
Marketing Communication &
Advertising Ltd
MC & A House, 42, Millers Road
Bengaluru -560 052.

Expression of Interest (EoI) Proposals : Yes – through E-procurement portal
are requested

The name, objectives and : Request for proposals for providing
description of the Assignment are Internal Audit Services to KSMC&A,

The name(s), address(es), and telephone/numbers of the KSMC&A's Official(s) are:

Name of Contact Person & Number:

1. MOHAMMED ATEEQUILLA SHARIFF
Managing Director
080 22266271

2. Smt. Rashmi Yadati
Manager – F & A
080 22285857

Name & Address of the Company : Karnataka State
Marketing Communication &
Advertisement Ltd.,
No.42,KSMC&A House, Millers Road
Bengaluru – 560 052

1.1 KSMC&A will provide the following inputs : **Refer ToR**

1.4 Proposals should be submitted in : **English**

- (i) The minimum required experience of proposed
key professional staff is : **Refer ToR**
- (ii) Reports which are part of the assignment
must be written in : **English**
- (iii) Additional Information in the Tender
Proposal includes : **Nil**

The Company intends to assign the Internal Audit work for the FY 2025-26 (FOUR Quarters)

For Karnataka State Marketing
Communication & Advertising Ltd

Managing Director



ADDITIONAL INFORMATION TO INTERNAL AUDIT / CA FIRMS

1. INTRODUCTION

- 1.1 The Assignment shall be implemented in accordance with the phasing indicated in the Data Sheet. When the Assignment includes several phases, the performance of the Consultant under each phase must be to the KSMC&A's satisfaction before work begins on the next phase.
- 1.2 The Internal Audit Firm must familiarize themselves with local conditions and take them into account in preparing their Proposals. To obtain first-hand information on the assignment and on the local conditions, consultants are encouraged to pay a visit to the KSMC&A before submitting a Proposal. The Consultant's representative should contact the officials named in the Data Sheet to arrange for their visit or to obtain additional information if required. Consultants should ensure that these officials are advised of the visit in adequate time to allow them to make appropriate arrangements.
- 1.3 It may be noted that the costs of preparing the proposal and of negotiating the contract, including a visit to the KSMC&A are not reimbursable as a direct cost of the assignment.
- 1.4 KSMC&A expects Firms to provide professional, objective, and impartial advice and at all times hold the KSMC&A's interests paramount, without any consideration for future work, and strictly avoid conflicts of interest with other assignments or their own corporate interests. Firms shall not be hired for any assignment that would be in conflict with their prior or current obligations to other KSMC&A's, or that may place them in a position of not being able to carry out the assignment in the best interest of the KSMC&A .

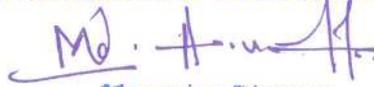
2. SCOPE OF PRE-AUDIT OF TRANSACTIONS

2.1 MEDIA SECTION:

A. OUTWARD (Outgoing Bills / Transactions)

1. Verification of Documentation
 - o Cross-check Release Orders (RO) against Job Requisitions or Work Orders received from branches to ensure the correctness
2. Rate Validation
 - o Verify that DIPR/DAVP/Card rates are accurately applied in all outward billing, as per government or approved rate cards.
3. Tax Compliance
 - o Ensure GST numbers are valid and registered.
 - o Confirm that applicable tax components (GST/SGST/CGST/IGST) are correctly calculated and charged.
4. Record Approval
 - o Validate and approve all the above details both in Tally system entries and corresponding hard copy records for consistency and audit trail maintenance.
5. Volume of Work
 - o Approximately 21,270 outward bills were generated during FY 2024-25, which were verified last year

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B. INWARD (Incoming Bills / Receipts)

1. Reconciliation with RO and Receipts
 - Verify that the amount claimed in the inward bills matches the corresponding Release Orders and inward receipts.
2. Bill Verification
 - Confirm accuracy of Bill Number, Bill Date, and Amount both in tally records and physical documentation.
3. Commission & Discounts
 - Check whether Agency Commissions or Cash Discounts are correctly calculated and reflected as per contractual terms or standard policies.
4. Tax Compliance
 - Validate correctness of GST numbers of publications and accuracy of applicable tax components in the bills.
5. Volume of Work
 - Approximately 53,802 inward bills were received during FY 2024–25 which were verified.

C. Other Responsibilities

Taxation Updates & Recommendations

- Monitor and ensure timely updates to taxation policies (e.g., changes in GST rates, new tax rules).
- Provide recommendations and improvements for handling taxation in outward and inward billing processes.

Compliance & Documentation

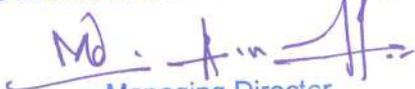
- Ensure all records are adequately maintained for audit readiness and statutory compliance.

2.2 PRODUCTION SECTION and OTHER MEDIA & EVENT SECTION:

1. Verifying the proper procedure as applicable for prevailing work allotted to suppliers.
2. Verifying suppliers' bills with rate approved by clients and work orders placed (Oral instructions / directions from the client for additional requirements).
3. Verifying work orders and linking to supplier bills. Verification of sales invoices raised with reference to work order and supplier bills.
4. Ensuring that agency commission is charged in the sales invoices as per agreed terms & conditions and as per decisions of the Board.
(Procedure, Agency Commission and Terms & Conditions are subject to various situations)

2.3 ACCOUNTS SECTION:

1. Verifying Purchase and Sales bills received from other departments.
2. Verifying payment vouchers before making payment to vendors with reference to supporting documents/bills and applicable head of ledger account.
3. Verifying cash, bank receipts and Journal Entries and applicable head of accounts.
4. Verifying whether target incentive & cash discounts from publications are accounted properly.

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5. Verifying the applicable tax is appropriately deducted before making the payments to publications/vendors.

2.4 ADMINISTRATION SECTION:

1. Verifying Pre and Post Purchase procedure to ensure proper processing the vendor evaluation.
2. Ensuring that the rate contract is maintained between vendors and company.
3. Verifying Salary, Imprest, Travel allowance, Advance and other allowances etc given to Employees.
4. Opinion for financial matter files before submission for MD approval.
5. Any relevant files which may need audit opinion.

3 SCOPE OF INTERNAL AUDIT FOR 2023-24

1. Vouching of Cash Receipts & cash payments.
2. Vouching of Bank Receipts and Bank payments.
3. Verification of monthly Bank Reconciliation.
4. Verification of Sales invoices in respect of rates charges, tax etc.
5. Verification of Purchase Invoices – tax charged, Commission allowed etc.
6. Verification of Journal entries, Credit notes & Debit notes.
7. Reconciliation of Publication bills with Sales in respect of Media transactions by linking of release orders.
8. Reconciliation of Purchase bills with Sales bills in respect of Production department and Other Media & Event Department
9. Reconciliation of Creative department bills with Sales bills in respect of Production department.
10. Scrutiny/Review of general ledger accounts.
11. Verification of statutory payments like GST, Tax deducted at source, Employees Provident Fund, ESI and any other statutory payments and Advance Income Tax & Employees Staff Income Tax.
12. Ensuring that the timely outward bills are generated from Media and have reached the clients from Client Service Departments and Branches.
13. Ensuring the outstanding balances reconciled between Accounts and Branches.
14. Verification of all registers maintained by Client Service Department related to business and outstanding.
15. Advising the management time to time for recovery of old outstanding balances with respect to Media, Other Media & Events and Production departments.
16. Verification of all transactions with our branches like imprest, claims etc.
17. Scrutiny of existing internal control measures and suggestion of improvements time to time, if any, for the same.
18. Liasoning with statutory auditors and auditors from Accountant General's office.
19. Verification of Attendance Record and Leave Record of employees.
20. Physical verification of fixed assets and reconciliation with assets register and financial books & submission of reports to Management.
21. Scrutiny and verification of final accounts to be submitted to Board of Directors.

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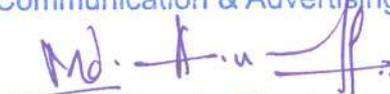

-Managing Director

22. Agewise review of Sundry debtors and Sundry Creditors and periodical reporting regarding collection performance.
23. Calculation of Deferred tax.
24. Computation of total income at the end of year.
25. Suggestions regard effective internal control systems.
26. Verification of compliance with ROC regarding filing of various forms.
27. Compilation of Internal Audit reports follow-up with the divisional heads.
28. Review of Advance payment to suppliers & advance payments received from clients.
29. Verification of Payroll, computation of Income Tax for staff and pay of freelancers
30. To comment on the accounting records, system and controls that were examined during the course of Internal audit, identify the deficiencies and weakness in the system and to make recommendation to improve them as also suggest new system where ever required.
31. To undertake and cover any other work which is related & involved with the present assignment without claiming additional fee/remuneration.
32. Should co-operate with Statutory Auditors for Finalisation of Accounts.
33. Quarterly Internal Audit Report should be submitted within 30 days for the closure of any Quarter.
34. Branch Audit & H.O. Audit should be done timely, yearly once.
35. Any other job entrusted by the management from time to time.

4. Eligibility Criteria for Pre-Qualification (Technical) & Financial Bids

1. The firm should be mandatorily empanelled with Comptroller & Auditor General of India (C&AG) and should be eligible for audit/Internal Audit of major public sector undertakings.
2. The CA firm shall hold a valid Certificate of Practice issued by Institute of Chartered Accountants of India, a copy of which shall be furnished. Also, a self declaration that the firm is in operation for the last ten years should be furnished.
3. The audit firm should have minimum 5 Chartered Accountants and of which at least 3 should be fellow members of Institute of Chartered Accountants of India and all partners should be located in Karnataka with HO in Bangalore only (the firm should enclose the certificate issued by the Institute of Chartered Accountants of India in this regard) and at least one of the partners should be continuing partner in the firm for more than 10 years.
4. The firm should be having minimum turnover of Rs.2 crores.
5. The firm should be in existence for more than 15 to 20 years. Registration certificate of the firm shall be submitted as proof.
6. To provide IT returns of last three years.
7. Minimum of one partner of the firm should have writing and reading knowledge of Kannada language. (Proof of study of Kannada subject should be enclosed). Also Audit firm should deploy staff having knowledge in Kannada. The staff should have minimum degree qualification.
8. Staff should stay after office hours and work on holidays if there is more volume of work.

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9. The firm should be registered with GST and indicate GSTIN number.
10. The firm should have undertaken statutory audit or Internal Audits or compilation of accounts of any Government of Undertakings or Public Sector establishments or Limited Companies having turnover of more than 200 crores. Evidence of having undertaken such audits/companies is to be uploaded.
11. The CA firm shall furnish a self declaration for having met the requirements stipulated in (1) to (8) above.
12. The CA firm shall furnish an undertaking separately on its letterhead as an enclosure to deploy adequate compliment of audit team commensurate with the scope of services to be rendered to the satisfaction of KSMC&A.
13. A brief write up on the audit team proposed to be deployed may be furnished.
14. If and when KSMC&A Ltd. determines that the competency level of participating team is inadequate, it is within the powers of KSMC&A Ltd. management to remove the existing firm and offer the opportunity to any other firm of Chartered Accountants.
15. Should assign minimum 4 audit staff knowing Kannada to company daily.
16. H.O.Audit & Branch audit has to be conducted at all branches as per the scope of audit at the time of audit.

5. PREPARATION OF PROPOSAL

- 5.1 In preparing the Proposal, Internal Audit Firms are expected to examine the documents comprising this EOI in detail. Material deficiencies in providing the information requested may result in rejection of a Proposal.
- 5.2 While preparing the Proposal, Internal Audit Firm must give particular attention to the following:
 - (i) For assignments on a staff-time basis, the estimated number of key professional staff-months is given in the Data Sheet. The proposal shall, however, be based on the number of key professional staff-months estimated by the Internal Audit Firm.
 - (ii) It is desirable that the majority of the key professional staff proposed be permanent employees of the Internal Audit Firm or have an extended and stable working relation with it.
 - (iii) Proposed key professional staff must be having minimum experience indicated in the Data Sheet.
 - (iv) Alternative key professional staff shall not be proposed, and only one curriculum vitae (CV) may be submitted for each position.
 - (v) Reports to be issued by the Internal Audit Firm as part of this assignment must be in English.
- 5.3 The Proposal should provide the following information using the attached Standard Forms (Section 3):
 - (i) A brief description of the Firm and an outline of recent experience on assignments (Section 3B) of a similar nature. For each assignment, the

Managing Director

outline should indicate, inter alia, the profiles and names of the staff provided, duration of the assignment, contract amount, and Internal Audit Firm's involvement.

- (ii) A description of the methodology and work plan for performing the assignment
- (iii) The list of the proposed staff team by speciality, the tasks that would be assigned to each staff team member.
- (iv) CVs recently signed by the proposed key professional staff and the authorized representative submitting the proposal.
- (viii) Any additional information requested in the Data Sheet.

Proposal Submission Form -4A

- 5.4 The Internal Audit Firms to consider the TOR, Scope of Work, Output required, timeliness to submit the report for providing the assignment. The quote submitted by the Internal Audit Firm shall be valid for the total period of 3 years. (Initially for one year to be extended on performance basis for another two years). There will be no annual increase in the quoted price during the tenure of the contract.
- 5.5 In preparing the Financial Proposal, Firms are expected to take into account the requirements and conditions of the EOI documents. The Financial Proposal should follow Standard Forms. It lists all costs associated with the Assignment, including (a) remuneration for staff, and (b) reimbursable expenses such as transportation, out of pocket expenses etc. If appropriate, these costs should be broken down by activity.
- 5.6 The Data Sheet indicates how long the proposals must remain valid after the submission date. During this period, the Firm is expected to keep available the key professional staff proposed for the assignment. KSMC&A will make its best effort to complete negotiations within this period. If KSMC&A wishes to extend the validity period of the proposals, the Firms who do not agree have the right not to extend the validity of their proposals.

6. SUBMISSION, RECEIPT, AND OPENING OF PROPOSALS

- 6.1 The original Proposal shall be prepared in indelible ink. It shall contain no inter-lineation or overwriting, except as necessary to correct errors made by the firm itself. Any such corrections must be initialled by the person or persons who sign(s) the Proposals.
- 6.2 An authorized representative of the Internal Audit Firm initials all pages of the Proposal. The representative's authorization is confirmed by a written power of attorney accompanying the Proposal.
- 6.3 The short listed firm shall submit the EOI Proposal along with scanned copies of the supportive documents as per the tender document
- 6.4 The completed EOI along with scanned copies of the supportive documents must be

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Commission & Agency
Managing Director

Md. Anurag
Managing Director



delivered at corporate Office of KSMC&A on or before the time and date stated in the Data sheet.

- 6.5 After the deadline for submission of proposals, proposal shall be opened on the date fixed as per the data sheet by the evaluation committee.

7. PROPOSAL EVALUATION

General

- 7.1 From the time the proposals are opened to the time the contract is awarded, if any Firm wishes to contact KSMC&A on any matter related to its proposal, it should do so in writing at the address indicated in the Data Sheet. Any effort by the Firm to influence the KSMC&A in the KSMC&A's proposal evaluation, proposal comparison or contract award decisions may result in the rejection of the Internal Audit Firm's proposal.
- 7.2 Evaluation of EOI Proposals:
The evaluation committee appointed by KSMC&A evaluates the proposals on the basis of their responsiveness to the Terms of Reference, applying the evaluation criteria, sub-criteria (typically not more than three per criteria) and point system specified in the Data Sheet. A proposal shall be rejected if it does not respond to important aspects of the Terms of Reference.

Public Opening and Evaluation of Financial Proposals; Ranking:

- 7.3 The Proposals shall be opened publicly in the presence of the Firm's representatives who choose to attend. The name of the Internal Audit Firm, the quality scores, and the proposed prices shall be read aloud and recorded when the Financial Proposals are opened. KSMC&A shall prepare minutes of the public opening.
- 7.4 The evaluation committee will determine whether the Financial Proposals are complete, (i.e., whether they have indicated cost to all items of the corresponding EOI Proposals, if not, KSMC&A will cost them and add their cost to the initial price), correct any computational errors.
- 7.5 The lowest proposal will be invited for negotiations subject to evaluation as below:
- Must have experience of Auditing and relative requirements of Internal Auditors
 - Required to support and co-ordinate with Statutory Auditors, AG Audit, etc.,
 - Should be able to support operating procedures of KSMC&A.
 - Should have minimum experience of 25 years in the field of / functioning as Chartered Accountant:

Sl No	Criteria	Experience / No. of Professions	
1	Specific experience of the Internal Audit Firms related to the Assignment:		
	a	Number of years experience in Internal Audit of Companies	
		Number of years experience in Internal Audit of Government Companies	
		Number of years experience in Internal Audit in Private Companies	
2	Qualification and competence of the key professional staff for the		

	Assignment	
a	Chartered Accountant	
b	Semi Qualified Professionals	

- Adequacy of the proposed work plan and methodology in responding to the TOR
 - Process of conducting the work
 - Plan of conducting the work
 - Staffing of professionals in the plan

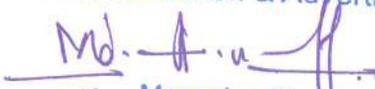
8. NEGOTIATIONS

- 8.1 Negotiations will be held at the address indicated in the Data Sheet. The aim is to reach agreement on all points and sign a contract.
- 8.2 Negotiations will include a discussion of the EOI Proposal, the proposed methodology (work plan), staffing and any suggestions made by the firm to improve the Terms of Reference. KSMC&A and Internal Audit Firm will then work out final Terms of Reference, staffing, and bar charts indicating activities, staff, periods in the field and in the Head Office, staff-months, logistics, and reporting. The agreed work plan and final Terms of Reference will then be incorporated in the “Description of Services” and form part of the contract. Special attention will be paid to getting the most the firm can offer within the available budget and to clearly defining the inputs required from the KSMC&A to ensure satisfactory implementation of the Assignment.
- 8.3 Having selected the Internal Audit Firm on the basis of, among other things, an evaluation of proposed key professional staff, KSMC&A expects to negotiate a contract on the basis of the experts named in the Proposal. Before contract negotiations, KSMC&A will require assurances that the experts will be actually available. KSMC&A will not consider substitutions during contract negotiations unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives of the assignment. If this is not the case and if it is established that key staff was offered in the proposal without confirming their availability, the Firm may be disqualified.
- 8.4 The negotiations will conclude with a review of the draft form of the contract. To complete negotiations KSMC&A and the Internal Audit Firm will initial the agreed contract. If negotiations fail, the KSMC&A will invite the Internal Audit Firm whose proposal received the second lowest to negotiate a contract.

9. AWARD OF CONTRACT

- 9.1 The contract will be awarded following negotiations. After negotiations are completed, KSMC&A will promptly notify other Internal Audit Firm on the shortlist that they were unsuccessful.

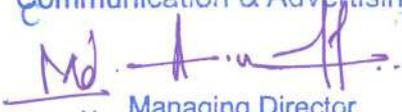
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 Managing Director

- 9.2 The Internal Audit Firm is expected to commence the Assignment on the date and at the location specified in the Data Sheet.

10. CONFIDENTIALITY

- 10.1 Information relating to evaluation of proposals and recommendations concerning awards shall not be disclosed to the Internal Audit Firm who have submitted the proposals or to other persons not officially concerned with the process, until the winning firm has been notified that it has been awarded the contract.

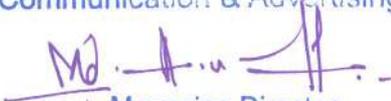
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SECTION 3. EOI PROPOSAL - STANDARD FORMS

- 3B. Consultant's references
- 3C. Comments and suggestions on the Terms of Reference and on data services, and facilities to be provided by KSMC&A
- 3D. Description of the methodology and work plan for performing the Assignment
- 3E. Team composition and task assignments
- 3F. Format of Curriculum Vitae of proposed key professional staff
- 3G. Time schedule for professional personnel
- 4. Financial Proposal submission forms.

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3B. INTERNAL AUDIT FIRM'S REFERENCES

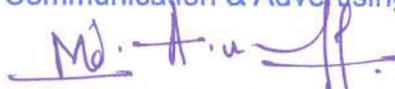
Relevant Services Carried Out in the Last Five Years That Best Illustrate Qualifications

Using the format below, provide information on each reference assignment for which your firm/entity, either individually as a corporate entity or as one of the major companies within an association, was legally contracted.

Assignment Name:		
Location within Country:		Key professional staff Provided by Your Firm/entity(profiles):
Name of the Company:		No. of Staff:
Address:		No. of Staff-Months; duration of assignment:
Start Date (Month/Year):	Completion Date (Month/Year):	Approx. Value of Services (Rs.L):
Name of Senior Staff (Co-ordinator, Team Leader) involved and functions performed:		
Narrative Description of Assignment:		
Description of Actual Services Provided by Your Staff:		

Internal Audit Firm's Name: _____

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" Managing Director



3C. COMMENTS AND SUGGESTIONS OF INTERNAL AUDIT FIRMS ON THE TERMS OF REFERENCE AND ON DATA, SERVICES, AND FACILITIES TO BE PROVIDED BY KSMC&A

On the Terms of Reference:

- 1.
- 2.
- 3.
- 4.
- 5.

On the data, services, and facilities to be provided by the KSMC&A

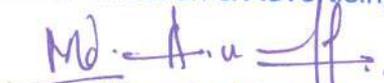
- 1.
- 2.
- 3.
- 4.
- 5.

INTERNAL AUDIT FIRM'S NAME

3D. DESCRIPTION OF THE METHODOLOGY AND WORK PLAN FOR PERFORMING THE ASSIGNMENT

- Explain the Internal Audit Firm approaches to perform Internal Audit including audit methodology, nature, time and extent of audit procedures to be

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performed.

- Make a statement concerning the independence of the proposer.
- Demonstrate experience and expertise of auditing.

3E. TEAM COMPOSITION AND TASK ASSIGNMENTS

1. Professional Staff

Sl. No.	Name	Position	Task	Knowledge Of Kannada
1.				Yes / No
2.				Yes / No
3.				Yes / No
4.				Yes / No

2. Support Staff

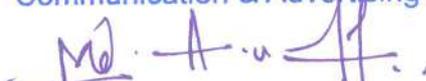
Sl. No.	Name	Position	Task	Knowledge Of Kannada
1.				Yes / No
2.				Yes / No
3.				Yes / No
4.				Yes / No
5.				Yes / No
6.				Yes / No

3F. FORMAT OF CURRICULUM VITAE (CV) FOR PROPOSED KEY PROFESSIONAL STAFF

Proposed Position: _____

Name of Internal Audit Firm: _____

For Karnataka State Marketing
Communication & Advertising Ltd


Managing Director



Name of Staff: _____

Profession: _____

Date of Birth: _____

Years with Firm/Entity: _____ Nationality: _____

Membership in Professional Bodies: _____

Detailed Tasks Assigned: _____

Key Qualifications:

[Give an outline of staff member's experience and training most pertinent to tasks on assignment. Describe degree of responsibility held by staff member on relevant previous assignments and give dates and locations. Use about half a page.]

Education:

[Summarize college/university and other specialized education of staff member, giving names of schools, dates attended, and degrees obtained.]

Employment Record:

[Starting with present position, list in reverse order every employment held. List all positions held by staff member since graduation, giving dates, names of employing organizations, titles of positions held, and locations of assignments. For experience in last five years, also give types of activities performed where appropriate.]

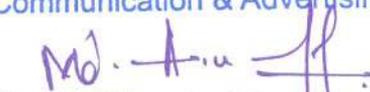
Certification:

I, the undersigned, certify that to the best of my knowledge and belief, these data correctly describe me, my qualifications, and my experience.

_____ Date: _____

[Signature of staff member and authorized representative of the Firm]

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Communication & Advertising Ltd


Managing Director

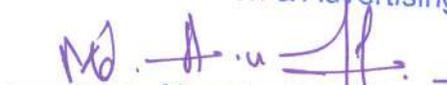


Day/Month/Year

Full name of staff member: _____

Full name of authorized representative: _____

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Communication & Advertising Ltd

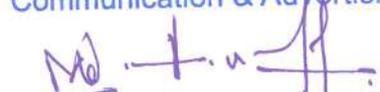

Managing Director



3G. TIME SCHEDULE FOR PROFESSIONAL PERSONNEL

(To be furnished by the Internal Audit Firm)

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Communication & Advertising Ltd


Managing Director



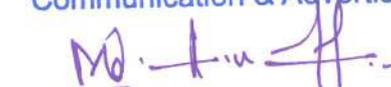
SECTION 4. FINANCIAL PROPOSAL - STANDARD FORMS

4A. Summary of costs

4B. Breakdown of costs

Note : only calculation purpose Summary of costs & Breakdown of cost to be submitted L1 bidder at the time of finalization of financial bid.

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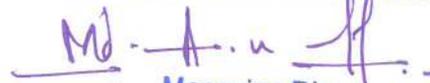

.. Managing Director



4A. SUMMARY OF COSTS

Description @	Amount (Rupees)
Remuneration for Key professional staff	
Printing / Overheads	
Supporting Staff	
TOTAL COST	
Goods and Service Tax (GST)	
TOTAL COSTS (Including GST)	

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Communication & Advertising Ltd


Managing Director



4B BREAKDOWN OF COSTS (RS)

I. REMUNERATION FOR STAFF

No.	Position	Name	Rate* (Rs.) **	SM	Amount (Rs)
	<u>Key professional staff</u>				
1.					
2.					
3.					
4.					
5.					
6.					
	Total				

SM = Staff Month

II. Support Staff

No.	Position	Name	Staff Months	Billing Rate* (Rs) **	Amount(Rs)
1					
2					
3					
4					
				Total :	

* The rates are fixed throughout the contract

** Provide the break up of the rates to show the basic salary, social costs and overhead.

III Transportation at HO / Branch / *Reimbursable of out of Pocket expenses

IV Work Space for conducting audit. Provided by KSMC&A

Reimbursement of Out of Pocket expenses & Travelling Expenses

Key Professionals in the category – I as per Company TA Rules.

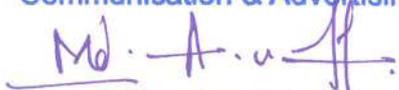
For support staff :

a) for qualified in the Category – II

b) for semi qualified and other – Category – III

TOTAL:

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Communication & Advertising Ltd

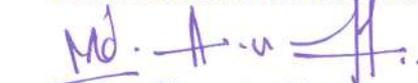

Managing Director



SECTION 5. TERMS OF REFERENCE

1. Background
2. Objectives
3. An Outline of The Tasks To Be Carried Out
4. Schedule for completion of Tasks
5. Data, Services and Facilities to be Provided by KSMC&A
6. Final Outputs / Reporting
7. Time frame
8. Payment Schedule
9. Penalty
10. Composition of Review Committee
11. Procedure for Review of Reports
12. List of Key Professional where CV and experience would be evaluated.

For Karnataka State Marketing
Communication & Advertising Ltd


Managing Director



SECTION 5 : TERMS OF REFERENCE (TOR)

1. Background:

KSMC&A is a Government of Karnataka Public Sector Undertaking registered as a public limited company under the Companies Act, 1956.

The Company has been constituted with the following objectives:

Among other things, the Company is primarily engaged in the business of Marketing and Advertising Activities including Print & Electronic Media and Event Managements, printing and production related activities and catering to the advertising needs of various Government Departments, Companies, Boards & Corporations and other Government Bodies and Authorities.

2. Objectives:

The objective of the internal audit function is aimed to ensure that the Company has been maintaining its Books of Accounts carrying out its business transactions as per the applicable Accounting Standards and Principles and relevant provision of Companies Act and Taxation Laws. The internal audit would be an appraisal function to examine, evaluate and monitor the adequacy and effectiveness of the accounting and internal control functions.

- To assist management in maintaining efficient and effective controls by evaluating those controls.
- To ensure the Internal Audit is conducted in accordance with the standards.
- To review governance processes and ensure constituency with values and improvement of the image of the KSMC&A.
- To assist the KSMC&A in identifying and evaluating significant exposes to risk and contributing to the improvement of risk management.

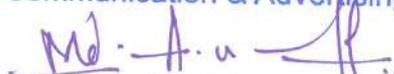
3. An outline of the tasks to be carried out:

The scope of work of the internal audit function is expected to evolve with the growth of the organization. Internal Audit is also expected suggest preventive measures apart from remedial measures to avoid audit objections. The function of the internal audit is broadly designed to cater to the needs of the management so as to ensure the following and not limited to the same:

- The accounting system is appropriate and is being run efficiently.
- Adequate internal controls are established in the Company to safeguard the assets, ensure propriety of expenditure and to exercise control on payments.
- Verification of books of accounts to be maintained regularly without delay both in the Head Office and branches.
- Verification of administration expenditure bills, staff advances, Festival Advances,

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- Vehicle Advance, bills and other payments, receipts checked.
- Verification of bank reconciliation statement and action taken on outstanding items are done.
 - Verification of compliance with statutory deducting and their remittance to appropriate authorities are done.
 - Verification of draft final accounts along with schedules and compliance of Companies Act in presentation of annual accounts.
 - Expenditure is made with due regard to economy, efficiency and cost effectiveness.
 - To provide updated changes in the various statutory Acts and compliances.
 - Providing services as per the scope of work specified in the Expression of Interest.
 - Any specific issue referred by the management.

The extent of verification is 100%.

In order to efficiently carry out their obligations and provide assurance to the management, the internal auditors of the Company shall.

- Examine the financial and operating activities of the Company.
- Undertake detailed testing of balances, transactions and procedures.
- Physically verify assets that are created and also provide assurance on the safeguard of them.
- Identify, classify and report such information that may be in deviation with any set practices, statutory guidelines and agreements made with the Clients and Business Associates etc.,
- Identify and report any deviation from Accounting Standards issued by the ICAI and its impact.

4. Schedule for completion of tasks:

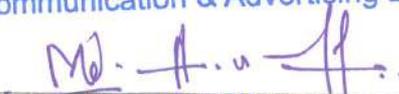
Sl. No.	Deliverable / milestones	Timeframe
1.	Quarterly Audit Report	30 days from completion of the quarter
2.	Verification of Annual Accounts	As per schedule given by Accountant General

To meet the requirements of the Company, it is essential that the Internal Auditor shall:

- nominate one of its partner as a nodal person to interact with the Co-ordinator of the Company in all matters related to internal audit. He will be required to attend all the meetings and address all the issues. He shall be the single source of contact with the firm.
- engage adequate manpower commensurate with the nature and quantum of work. The firm shall deploy its own personnel for the assignment and shall not outsource the job. The persons mentioned in the proposal shall alone be engaged for the work. In case, there is change in the personnel, prior approval of the Company shall be taken. Any

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change in the personnel may entail reduction of not less than 10% of the charge rate/man month rate.

- Ensure that at least one qualified Chartered Accountant is available at all times during the year for discussions and clarifications.
- Prepare audit programme / schedule (including the names of persons engaged for the assignment) for HO and the branch offices of the Company for each quarter. The same shall be sent in time to enable the Company to make necessary arrangements for records, information/clarifications etc.
- Ensure periodical meetings (at least twice every month) of its nominee / partner with the Co-ordinator at HO of the Company to discuss progress of audit, any important issues related to audit etc.

5. **Data, Services and Facilities to be provided by the KSMC&A:**

KSMC&A would provide all necessary assistance required to complete the task.

6. **Final output / Reporting:**

The internal auditors shall report their findings to the Managing Director (MD) on quarterly basis immediately within 15 days from the closure of each quarter. The method of reporting and other related aspects shall be decided in consultation with the Co-ordinator at HO of the Company. Both hard and soft copies (CD) of the report shall be handed over.

It will be the responsibility of the internal auditor to:

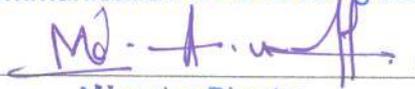
- Comment on the accounting records, system and controls that were examined during the course of internal audit, identify deficiencies and weakness in the system and to make recommendations to improve them as also suggest new systems wherever required.
- Highlight the mistakes that are material and have significant impact on the performance of the Company or any project handled by the Company.
- To help the management in other areas dealing with finance and accounts matters and operating system when required for.
- To undertake & cover any other work which is related & involved with the present assignment without claiming additional fee/remuneration.
- To audit any other matter as may be deemed fit by the Auditors in the interest of the Company.
- Action taken on the findings of previous report(s) shall form part of each report.
- The Internal Auditor shall be required to revise the report if required.
- Act as a warning system and report any issues and suggest necessary actions; If any issues require remedial actions, it needs to be suggested immediately.

7. **Time Frame :**

- The Internal Audit firm/company shall be appointed for a period of 3 years on year to year basis but the performance be reviewed by KSMC&A every year to continue the

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appointment. Extension of work of firm beyond this period shall be subject to the decision of KSMC&A.

- The internal Audit shall commence within 10 days from the date of issue of appointment order.
- The Internal Auditor should submit quarterly report within 15 days from the date of closure of the each quarter.

8. Payment Schedule :

The payments shall be on quarterly basis. The Company shall release professional fees within fifteen days of acceptance of each report. Payment for the last quarter would be within fifteen days of acceptance of report for the last quarter and consolidated report for the FY.

9. Penalty:

Penalty in the form of a cut @ 1% of the fee agreed for the relevant period would be levied for each week's delay in submission of internal audit report. Any delay beyond four weeks shall not be acceptable.

10. Composition of Committee:

1. Evaluation & Review committee to monitor Internal Audit Firms work:
 - Deputy General Manager (Non-Technical), KSMC&A
 - Manager (Finance & Accounts), KSMC&A
 - Manager (Client Service Department), KSMC&A
 - Assistant Manager (Media), KSMC&A
 - Asst. Manager (CSD)
 - Legal Assistant, KSMC&A

11. Procedure for review of reports:

The review committee would monitor the progress of this assignment by the Internal Audit Firms. The Audit Committee to review overall progress

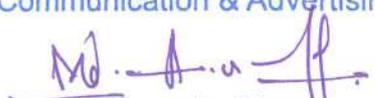
Note: The presence of CA for the meeting is mandatory.

12. List of key professional position where CV and experience would be evaluated.

It is envisaged that the prospective Internal Audit Firm will deploy skills internally.

- | | | |
|--|---|---|
| Chartered Accountant | : | The C.A shall have a minimum of 5 years Of experience and well versed with internal auditing and computerized accounting. |
| Three semi-qualified professionals qualification | : | Professionals shall have a least of Inter CA / M.Com / B.Com / Graduate with experience and well versed with Internal auditing and computerized accounting. |

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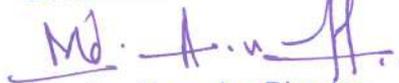
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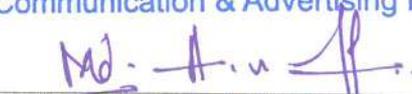
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III. SPECIAL CONDITIONS OF CONTRACT

I. FORM OF AGREEMENT

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Communication & Advertising Ltd

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**Agreement between M/s. Marketing Communication & Advertising Limited,
Bangalore**

And

.....
This Agreement is entered on the _____ day of by and

Between

M/s. Marketing Communication & Advertising Limited, Bangalore, a Company registered under the Companies Act, 1956, having its registered Office at KSMC&A House,42 Millers Road,Bengaluru-560052 hereinafter called the Company represented by its Managing Director, on the one part.

AND

M/s. ----- duly registered under No. ----- having the registered office at ----- Represented by ----- hereinafter called the Internal Auditor on the other part.

WITNESSETH:

- I WHEREAS the Company invited Expression of Interest, vide news paper advertisement datedfor Internal Audit Services. The Company after evaluation has short listed qualified firms and has invited offers from these firms for assignment of internal audit work.
- II. WHEREAS Company invited offers from the qualified short listed firms to take up internal audit work of the Company for the year 2018-19 and after evaluation of offers, selected M/s ----- as the Internal Auditor of the Company from -----.
- III. WHEREAS the parties hereto have mutually agreed to certain Terms & Conditions in respect of the internal audit assignment which are reduced into writing as per the following.

This deed of agreement witnesseth as follows.

1. The Company agrees to pay the Internal Auditor an all inclusive fee of Rs..... (plus applicable service tax) quoted by the Internal Auditor in its financial proposal.
2. The Terms of Reference (ToR) sent along with letter inviting offers shall be continued as part of this agreement.
3. The Company agrees to provide necessary records/information required to carry out the internal audit work on all working days, as per the programme given by the Internal Auditor.
4. The Internal Auditor, undertakes to engage personnel mentioned in its offer for auditing requisite number of supporting staff to discharge the work as per the Terms of

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Reference and Request for Proposal.

5. The Internal Auditor agrees to carry out 100% check of records as detailed in ToR.
6. The Internal Auditor agrees to submit the quarterly reports within 30 days of completion of each quarter and one consolidated updated report for the financial year on or before 31st May of each year.
7. The Internal Auditor agrees to submit the reports in both soft copies (CDs) and hard copies in the format suggested by the Company from time to time.
8. The Internal Auditor agrees to submit the revised reports as and when desired by the Management of the Company.
9. All the liabilities that accrue or likely to accrue from the work entrusted to the Internal Auditor are wholly lying with the Internal Auditor and the Company does not hold any liability whatsoever except the payment as per this agreement.
10. The Internal Auditor undertakes that the personnel deployed/engaged by them will not divulge, either directly or indirectly or in any manner, to any person or corporate bodies any knowledge or information which they might have acquired during the course of performing duties under this assignment and undertakes to indemnify the Company for any loss sustained in this behalf.
11. The Internal Auditor agrees to ensure that the work entrusted as above shall be carried out to the satisfaction of the Company under the supervision of key personnel, mentioned in the financial proposal, and due care and diligence shall be exercised to maintain books of account and records.
12. In the event of delay in submission of reports, the Company shall have right to levy penalty as per the ToR. However, in any event the delay shall not exceed four weeks.
13. The following document attached hereto shall be deemed to form an integral part of this Agreement.

The Terms of Reference (ToR)

The General Conditions of Agreement (hereinafter called "GC")

The Special Conditions of Agreement (hereinafter called "SC")

IN WITNESS whereof the following mentioned

Sri and

Sri and

Have hereto signed on the day above mentioned at Bangalore in our presence.

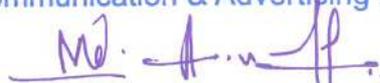
Signature & Seal
for KSMC&A Ltd.

Signature & Seal
For M/s.

II. GENERAL CONDITIONS OF AGREEMENT

1. GENERAL PROVISIONS

For Karnataka State Marketing
Communication & Advertising Ltd


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1.1 Definitions

Unless the context otherwise requires, the following terms whenever used in this Agreement have the following meanings:

- a) "Applicable Law" means the laws and any other instruments having the force of law in India, as they may be issued and in force from time to time;
- b) " Agreement" means the Contract signed by the Parties, to which these General Conditions of Agreement (GC) are attached, together with all the documents listed in Clause 1 of such signed Agreement;
- c) "Effective Date" means the date on which this Agreement comes into force and effect pursuant to Clause GC 2.1
- d) "Contract Price" means the price to be paid for the performance of the Services, in accordance with Clause 6;
- e) "GC" means these General Conditions of Agreement;
- f) "Government" means the Government of Karnataka;
- g) "Local currency" means Indian Rupees;
- h) "Party" means the KSMC&A or the Internal Audit Firms, as the case may be, and Parties means both of them;
- i) "Personnel" means persons hired by the Internal Audit Firms and 'key personnel' means the personnel referred to in Clause GC4.2 (a)
- j) "SC" means the Special Conditions of Agreement by which these General Conditions of Agreement may be amended or supplemented;
- k) "Services" means the work to be performed by the Internal Audit Firms pursuant to this Agreement.
- l) 'Third party' means any person or entity other than KSMC&A, the Internal Audit Firm.

1.2 Law Governing the Agreement

This Agreement, its meaning and interpretation, and the relation between the Parties shall be governed by the Applicable Law.

1.3 Notices

Any notice, request or consent made pursuant to this Contract shall be in writing and shall be deemed to have been made when delivered in person to an authorized representative of the Party to whom the communication is addressed, or when sent by registered mail, fax, telegram or facsimile to such Party at the address specified in the SC.

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1.4 Location

The Services shall be performed at such locations and, where the location of a particular task is not so specified, at such locations as KSMC&A may approve.

1.5 Authorized Representatives

Any action required or permitted to be taken, and any document required or permitted to be executed, under this Contract by the KSMC&A or the Internal Audit Firm may be taken or executed by the officials specified in the SC.

1.6 Taxes and Duties

The Internal Audit Firm and their personnel shall pay such taxes, duties, fees and other impositions as may be levied under the Applicable Law, the amount of which is deemed to have been included in the Contract Price.

Should possess registration of Goods Service Tax & PAN and copies of the same to be submitted along with the Expression of Interest.

2. Commencement, Completion, Modification and termination of Agreement

2.1 Effectiveness of Agreement

This Agreement shall come into effect on the date the Agreement is signed by both Parties or such other later date as may be stated in the SC.

2.2 Commencement of Services

The Internal Audit Firms shall begin carrying out the Services within thirty (30) days after the date the Contract becomes effective, or at such other date as may be specified in the SC.

2.3 Expiration of Agreement

Unless terminated earlier pursuant to Clause 2.7, this Agreement shall terminate at the end of such time period after the Effective Date as is specified in the SC.

2.4 Modification

Modification of the terms and conditions of this Contract, including any modification of the scope of the Services or of the Contract Price, may only be made by written agreement between the Parties.

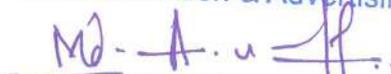
2.5 Force Majeure

2.5.1 Definition

For the purposes of this Contract, "Force Majeure" means an event which is beyond the reasonable control of a Party, and which makes a Party's performance of its obligations under the Contract impossible or so impractical as to be considered impossible under the circumstances.

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2.5.2 No Breach of Contract

The failure of a Party to fulfil any of its obligations under the agreement shall not be considered to be a breach of, or default under this Contract insofar as such inability arises from an event of Force Majeure, provided that the Party affected by such an event (a) has taken all reasonable precautions, due care and reasonable alternative measures in order to carry out the terms and conditions of this Contract, and (b) has informed the other Party as soon as possible about the occurrence of such an event.

2.5.3 Extension of Time

Any period within which a Party shall, pursuant to this Contract, complete any action or task, shall be extended for a period equal to the time during which such Party was unable to perform such action as a result of Force Majeure.

2.5.4 Payments

During the period of their inability to perform the Services as a result of an event of Force Majeure, the Internal Audit Firm shall be entitled to continue to be paid under the terms of this Contract, as well as to be reimbursed for additional costs reasonably and necessarily incurred by them during such period for the purposes of the Services and in reactivating the Service after the end of such period.

2.6 Suspension:

KSMC&A may by written notice of suspension to the Internal Audit Firm, suspend all payments to the Internal Audit Firm hereunder if the Internal Audit Firm fail to perform any of their obligations under this contract, including the carrying out of the Services, provided that such notice of suspension (i) shall specify the nature of the failure, and (ii) shall request the Internal Audit Firms to remedy such failure within a period not exceeding thirty (30) days after receipt by the Internal Audit Firm of such notice of suspension.

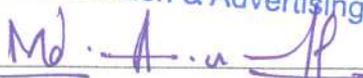
2.7. Termination

2.7.1 By KSMC&A

KSMC&A may terminate this Contract, by giving not less than thirty (30) days' written notice of termination to the Internal Audit Firm, to be given after the occurrence of any of the events specified in paragraphs (a) through (d) of this Clause 2.7.1 and sixty (60) days' in the case of the event referred to in (e):

- a) if the Internal Audit Firm does not remedy a failure in the performance of their obligations under the Contract, within thirty (30) days of receipt after being notified or within such further period as KSMC&A may have subsequently approved in writing;
- b) if the Internal Audit Firm (or any of its Members) become insolvent or bankrupt;
- c) if, as the result of Force Majeure, the Internal Audit Firm are unable to perform a material portion of the Services for a period of not less than sixty (60) days; or

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Managing Director



- d) if the Internal Audit Firm, in the judgment of the KSMC&A has engaged in corrupt or fraudulent practices in competing for or in executing the Contract.
- e) if KSMC&A, in its sole discretion and for any reason whatsoever, decides to terminate this Contract.

2.7.2 By the Internal Audit Firm

The Internal Audit Firm may terminate this Contract, by giving not less than thirty (30) days' written notice to the KSMC&A. Such notice to be given after the occurrence of any of the events specified in paragraphs (a) through (c) of this Clause 2.7.2:

- a) If the KSMC&A fails to pay any monies due to the Internal Audit Firm pursuant to this Contract and not subject to dispute pursuant to Clause 7 hereof within forty-five (45) days after receiving written notice from the Firm that such payment is overdue;
- b) If KSMC&A is in material breach of its obligations pursuant to this Contract and has not remedied the same within forty-five (45) days (or such longer period as the Consultants may have subsequently approved in writing) following the receipt by the KSMC&A of the Consultants' notice specifying such breach;
- c) If, as the result of Force Majeure, the Internal Audit Firm are unable to perform a material portion of the Services for a period of not less than sixty (60) days.

2.7.3 Cessation of Rights and Obligations

Upon termination of this Contract pursuant to Clause GC 2.7, or upon expiration of this Contract pursuant to Clause GC 2.3, all rights and obligations of the Parties hereunder shall cease, except :

such rights and obligations as may have accrued on the date of termination or expiration;

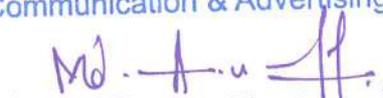
the obligation of confidentiality set forth in Clause GC 3.3 hereof;

any right which a Party may have under the Applicable Laws.

2.7.4 Cessation of Services

Upon termination of this Contract by notice of either Party to the other pursuant to Clauses GC 2.7.1 or GC 2.7.2 hereof, the Internal Audit Firm shall, immediately upon dispatch or receipt of such notice, take all necessary steps to bring the Services to a close in a prompt and orderly manner and shall make every reasonable effort to keep expenditures for this purpose to a minimum. With respect to documents prepared by the Consultants and equipment and materials furnished by the KSMC&A, the Consultants shall proceed as provided, respectively, by Clauses GC 3.8 and GC 3.9.

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2.7.5 Payment upon Termination

Upon termination of this Contract pursuant to Clauses GC 2.7.1 or GC 2.7.2 hereof, KSMC&A shall make the following payments to the Internal Audit Firm (after offsetting against these payments any amount that may be due from the Internal Audit Firm to KSMC&A:

- a) Remuneration pursuant to Clause GC 6 hereof for Services satisfactorily performed prior to the effective date of termination;
- b) reimbursable expenditures pursuant to Clause GC 6 hereof for expenditures actually incurred prior to the effective date of termination; and
- c) except in the case of termination pursuant to paragraphs (a) through (b) of Clause GC 2.7.1 hereof, reimbursement of any reasonable cost incident to the prompt and orderly termination of the Contract.

2.7.6 Disputes about Events of Termination

For any disputes Managing Director, KSMC&A will be the final Authority to decide

If either Party disputes whether an event specified in paragraphs (a) through (e) of Clause GC 2.7.1 or in Clause GC 2.7.2 hereof has occurred, such Party may, within forty-five (45) days after receipt of notice of termination from the other Party, refer the matter to arbitration pursuant to Clause GC 7 hereof, and this Contract shall not be terminated on account of such event except in accordance with the terms of any resulting arbitral award.

3 Obligations of the Firms / Consultants

3.1 General

The Internal Audit Firm shall perform the Services and carry out their obligations hereunder with all due diligence, efficiency and economy, in accordance with generally accepted professional techniques and practices. The Internal Audit Firm shall always act, in respect of any matter relating to this Contract or to the Services, as faithful advisers to KSMC&A, and shall at all times support and safeguard KSMC&A 's legitimate interests.

3.2 Conflict of Interests

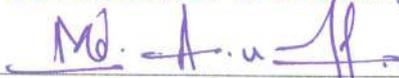
3.2.1 Internal Audit Firms Not to Benefit from Commissions, Discounts, etc.

The remuneration of the Internal Audit Firm pursuant to Clause GC 6 hereof shall constitute the Internal Audit Firms' sole remuneration in connection with this Contract or the Services and the Internal Audit Firm shall not accept for their own benefit any trade commission, discount or similar payment in connection with activities pursuant to this Contract or to the Services or in the discharge of their obligations.

Internal Audit Firms and Affiliates Not to engage in Certain Activities

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The Internal Audit Firm agree that, during the term of this Contract and after its termination, the Internal Audit Firm and any entity affiliated with the Internal Audit Firm, shall be disqualified from providing goods, works or services other than the Services and any continuation thereof.

3.2.2 Prohibition of Conflicting Activities

The Internal Audit Firm shall not engage, and shall cause their Personnel as well as the Sub-Internal Audit Firms and their Personnel not to engage, either directly or indirectly, in any of the following activities:

during the term of this Contract, any business or professional activities in KSMC&A which would conflict with the activities assigned to them under this Contract; and after the termination of this Contract, such other activities as may be specified in the SC.

3.3 Confidentiality

The Internal Audit Firm, and their Personnel shall not, either during the term or within two (2) years after the expiration of this Contract, disclose any proprietary or confidential information relating to KSMC&A, the Services, this Contract or the KSMC&A 's business or operations without the prior written consent of the KSMC&A.

3.4 Equipment and Materials Furnished by KSMC&A

Computer and other accessories made available to the Internal Audit Firm by KSMC&A, or purchased by the Internal Audit Firm with funds provided by KSMC&A, shall be the property of KSMC&A and shall be marked accordingly. Upon termination or expiration of this Contract, the Internal Audit Firm shall make available to KSMC&A an inventory of such equipment and materials and shall dispose of such equipment and materials in accordance with KSMC&A 's instructions.

4 Internal Audit Firms Personnel

4.1 Description of Personnel

The titles, agreed job descriptions, minimum qualification and estimated periods of engagement in the carrying out of the Services of the Internal Audit Firm Key Personnel. The Key Personnel and Sub-Internal Audit Firms listed by title as well as by name are hereby approved by KSMC&A.

4.2 Removal and/or Replacement of Personnel

- (a) Except as KSMC&A may otherwise agree, no changes shall be made in the Key Personnel. If, for any reason beyond the reasonable control of the Internal Audit Firm, it becomes necessary to replace any of the Personnel, the Internal Audit Firm shall forthwith provide as a replacement a person of equivalent or better qualifications.
- (b) If KSMC&A finds that any of the Personnel (i) committed serious misconduct or

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has been charged with having committed a criminal action, or (ii) have reasonable cause to be dissatisfied with the performance of any of the Personnel, then the Internal Audit Firm shall, at KSMC&A 's written request specifying the grounds therefore, forthwith provide as a replacement a person with qualifications and experience acceptable to KSMC&A.

- (c) The Internal Audit Firm shall have no claim for additional costs arising out of or incidental to any removal and / or replacement or Personnel.

5 Obligations of KSMC&A

5.1 Payment

In consideration of the Services performed by the Internal Audit Firm under this Contract, KSMC&A shall make to the Internal Audit Firm such payments and in such manner as is provided by Clause GC 6 of this Contract.

6. Payments to the Internal Audit Firm

6.1 Lump Sum Remuneration

The Internal Audit Firm's total remuneration shall not exceed the Contract Price and shall be a fixed lump sum including all staff costs, printing, communications and all the like, and all other costs incurred by the Internal Audit Firm in carrying out the Services. Applicable taxes will be deducted while making the payment.

6.2 Contract Price

The Contract price is set forth in the SC.

6.3 Payment for Additional Services

For the purpose of determining the remuneration due for additional services as may be agreed under Clause 2.4, a breakdown of the lump sum price is provided in Appendices D and E

6.4 Terms and Conditions of Payment

Payment will be made to the account of the Internal Audit Firm and according to the payment schedules stated in the SC. Any other payment shall be made after the conditions listed in the SC for such payment have been met, and the Internal Audit Firm have submitted an invoice to KSMC&A specifying the amount due.

7. Settlement of Disputes

7.1 Amicable Settlement

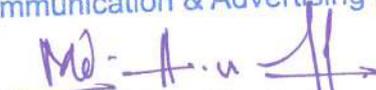
The Parties shall use their best efforts to settle amicably all disputes arising out of or in connection with this Contract or the interpretation thereof.

7.2 Dispute Settlement

Any dispute between the Parties as to matters arising pursuant to this Contract which cannot be settled amicably within thirty (30) days after receipt by one Party of the other

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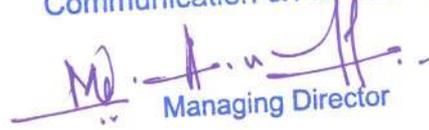
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Party's request for such amicable settlement may be submitted by either Party for settlement in accordance with the provisions specified in the SC.

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III. SPECIAL CONDITIONS OF CONTRACT

A. Amendments of, and Supplements to, Clauses in the General Conditions of Contract

1.4.1 The addresses are:

KSMC&A

Attention : The Managing Director
Address : Marketing Communication & Advertising Ltd.,
No. 42, KSMC&A House,
Millers Road,
Bengaluru – 560 052

Internal Audit Firms:

Attention : _____
Address : _____
E-mail : _____

1.4.2 Notice will be deemed to be effective as follows:

- (a) in the case of personal delivery or registered mail, on delivery;
- (b) in the case of e-mail, immediately on confirmation of transmission;

1.6 The Authorized Representatives are:

For KSMC&A : Managing Director, KSMC&A

For the Internal Audit Firm : _____

1.7.1 The Internal Audit Firm and the Personnel shall pay the taxes, duties, fees, levies and other impositions levied under the existing, amended or enacted laws during life of this contract and the KSMC&A shall perform such duties in regard to the deduction of such tax as may be lawfully imposed.]

1.7.2 However, the Internal Audit Goods Service Tax payable for providing this Internal Audit Services shall be paid/reimbursed by KSMC&A.]

1. The effectiveness of contract shall be on the date of agreement signed by both parties

2. The time period shall be 30 days.

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3. The time period shall be 36 months (renewable on year to year basis)

6.4 The account of the Internal Audit Firm is :

Payments shall be made according to the following schedule:

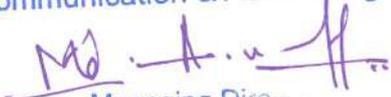
Payment shall be made in 04 equated quarterly instalments.

6.5 Payment shall be made with 30 days of receipt of the invoices and the relevant document and within 90 days in the case of the final payment.

7.2.3 Settlement of Disputes:

“Any dispute or difference or claim arising out of , or in connection with, or relating to the present contract or the breach, termination or invalidity thereof , shall be referred and settled under the Arbitration Centre – Karnataka (Domestic & International) Rules 2012, by one or more arbitrators appointed in accordance with its rules”(incorporated as per the Govt., of Karnataka Circular No. LAW 273 LAC 2012 (p) dated 10.01.2014)

For Karnataka State Marketing
Communication & Advertising Ltd


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