

**बिड दस्तावेज़ / Bid Document**

बिड विवरण/Bid Details	
बिड बंद होने की तारीख/समय /Bid End Date/Time	06-02-2026 17:00:00
बिड खुलने की तारीख/समय /Bid Opening Date/Time	06-02-2026 17:30:00
बिड पेशकश वैधता (बंद होने की तारीख से)/Bid Offer Validity (From End Date)	60 (Days)
मंत्रालय/राज्य का नाम/Ministry/State Name	Ministry Of Road Transports And Highways
विभाग का नाम/Department Name	Administration
संगठन का नाम/Organisation Name	Nhidcl
कार्यालय का नाम/Office Name	110001
वस्तु श्रेणी /Item Category	Financial Audit Services - Concurrent Internal Auditor; CAG Empaneled Audit or CA Firm
अनुबंध अवधि /Contract Period	1 Year(s)
बिडर का न्यूनतम औसत वार्षिक टर्नओवर (3 वर्षों का) /Minimum Average Annual Turnover of the bidder (For 3 Years)	100 Lakh (s)
उन्हीं/समान सेवा के लिए अपेक्षित विगत अनुभव के वर्ष/Years of Past Experience Required for same/similar service	5 Year (s)
इसी तरह की सेवाओं का पिछला आवश्यक अनुभव है/Past Experience of Similar Services required	Yes
वर्षों के अनुभव एवं टर्नओवर से एमएसई को छूट प्राप्त है / MSE Relaxation for Years Of Experience and Turnover	Yes   Complete
स्टार्टअप के लिए अनुभव के वर्षों और टर्नओवर से छूट प्रदान की गई है / Startup Relaxation for Years Of Experience and Turnover	Yes   Complete
विक्रेता से मांगे गए दस्तावेज़/Document required from seller	Experience Criteria,Bidder Turnover,Certificate (Requested in ATC) *In case any bidder is seeking exemption from Experience / Turnover Criteria, the supporting documents to prove his eligibility for exemption must be uploaded for evaluation by the buyer

बिड विवरण/Bid Details	
क्या आप निविदाकारों द्वारा अपलोड किए गए दस्तावेजों को निविदा में भाग लेने वाले सभी निविदाकारों को दिखाना चाहते हैं? संदर्भ मेनू है/Do you want to show documents uploaded by bidders to all bidders participated in bid?	Yes (Documents submitted as part of a clarification or representation during the tender/bid process will also be displayed to other participated bidders after log in)
बिड लगाने की समय सीमा स्वतः नहीं बढ़ाने के लिए आवश्यक बिड की संख्या। / Minimum number of bids required to disable automatic bid extension	1
दिनों की संख्या, जिनके लिए बिड लगाने की समय-सीमा बढ़ाई जाएगी। / Number of days for which Bid would be auto-extended	3
ऑटो एक्स्टेंशन अधिकतम कितनी बार किया जाना है। / Number of Auto Extension count	1
बिड से रिवर्स नीलामी सक्रिय किया जाना है। / Bid to RA enabled	No
बिड का प्रकार/Type of Bid	Two Packet Bid
तकनीकी मूल्यांकन के दौरान तकनीकी स्पष्टीकरण हेतु अनुमत समय /Time allowed for Technical Clarifications during technical evaluation	3 Days
न्यूनतम मूल्य/Floor Price	This bid has been created/published with floor price(minimum value) selected by the Buyer. Service Providers are advised to quote above the minimum floor value.
अनुमानित बिड मूल्य /Estimated Bid Value	3000000
मूल्यांकन पद्धति/Evaluation Method	Total value wise evaluation
मूल्य दर्शाने वाला वित्तीय दस्तावेज ब्रेकअप आवश्यक है। / Financial Document Indicating Price Breakup Required	Yes

#### ईएमडी विवरण/EMD Detail

एडवाइजरी बैंक/Advisory Bank	State Bank of India
ईएमडी राशि/EMD Amount	100000

#### ईपीबीजी विवरण /ePBG Detail

एडवाइजरी बैंक/Advisory Bank	State Bank of India
ईपीबीजी प्रतिशत (%) /ePBG Percentage(%)	5.00

ईपीबीजी की आवश्यक अवधि (माह) /Duration of ePBG required (Months).

16

(a). जेम की शर्तों के अनुसार ईएमडी छूट के इच्छुक बिडर को संबंधित केटेगरी के लिए बिड के साथ वैध समर्थित दस्तावेज़ प्रस्तुत करने हैं। एमएसई केटेगरी के अंतर्गत केवल वस्तुओं के लिए विनिर्माता तथा सेवाओं के लिए सेवा प्रदाता ईएमडी से छूट के पात्र हैं। व्यापारियों को इस नीति के दायरे से बाहर रखा गया है।/EMD EXEMPTION: The bidder seeking EMD exemption, must submit the valid supporting document for the relevant category as per GeM GTC with the bid. Under MSE category, only manufacturers for goods and Service Providers for Services are eligible for exemption from EMD. Traders are excluded from the purview of this Policy.

(b).ईएमडी और संपादन जमानत राशि, जहां यह लागू होती है, लाभार्थी के पक्ष में होनी चाहिए। / EMD & Performance security should be in favour of Beneficiary, wherever it is applicable.

#### लाभार्थी /Beneficiary :

Managing Director

NHIDCL Office, 1st & 2nd Floor, World Trade Centre, Tower-A, near Nauroji Nagar Ring Road, New Delhi 110029 (Nhidcl)

**UIN Number NCTGC2415P**

बोली विभाजन लागू नहीं किया गया/Bid splitting not applied.

#### एमआईआई अनुपालन/MII Compliance

एमआईआई अनुपालन/MII Compliance

Yes

1. If the bidder is a Micro or Small Enterprise as per latest orders issued by Ministry of MSME, the bidder shall be relaxed from the eligibility criteria of "Experience Criteria" as defined above subject to meeting of quality and technical specifications. The bidder seeking Relaxation from Experience Criteria, shall upload the supporting documents to prove his eligibility for Relaxation.
2. If the bidder is a Micro or Small Enterprise (MSE) as per latest orders issued by Ministry of MSME, the bidder shall be relaxed from the eligibility criteria of "Bidder Turnover" as defined above subject to meeting of quality and technical specifications. If the bidder itself is MSE OEM of the offered products, it would be relaxed from the "OEM Average Turnover" criteria also subject to meeting of quality and technical specifications. The bidder seeking Relaxation from Turnover, shall upload the supporting documents to prove his eligibility for Relaxation.
3. If the bidder is a DPIIT registered Startup, the bidder shall be relaxed from the the eligibility criteria of "Experience Criteria" as defined above subject to their meeting of quality and technical specifications. The bidder seeking Relaxation from Experience Criteria, shall upload the supporting documents to prove his eligibility for Relaxation.
4. If the bidder is a DPIIT registered Startup, the bidder shall be relaxed from the the eligibility criteria of "Bidder Turnover" as defined above subject to their meeting of quality and technical specifications. If the bidder is DPIIT Registered OEM of the offered products, it would be relaxed from the "OEM Average Turnover" criteria also subject to meeting of quality and technical specifications. The bidder seeking Relaxation from Turnover shall upload the supporting documents to prove his eligibility for Relaxation.
5. The minimum average annual financial turnover of the bidder during the last three years, ending on 31st March of the previous financial year, should be as indicated above in the bid document. Documentary evidence in the form of certified Audited Balance Sheets of relevant periods or a certificate from the Chartered Accountant / Cost Accountant indicating the turnover details for the relevant period shall be uploaded with the bid. In case the date of constitution / incorporation of the bidder is less than 3-year-old, the average turnover in respect of the completed financial years after the date of constitution shall be taken into account for this criteria.
6. Years of Past Experience required: The bidder must have experience for number of years as indicated above in bid document (ending month of March prior to the bid opening) of providing similar type of services to any Central / State Govt Organization / PSU. Copies of relevant contracts / orders to be uploaded along with bid in support of having provided services during each of the Financial year.
7. Estimated Bid Value indicated above is being declared solely for the purpose of guidance on EMD amount and for determining the Eligibility Criteria related to Turn Over, Past Performance and Project / Past Experience etc. This has no relevance or bearing on the price to be quoted by the bidders and is also not going to have any

impact on bid participation. Also this is not going to be used as a criteria in determining reasonableness of quoted prices which would be determined by the buyer based on its own assessment of reasonableness and based on competitive prices received in Bid / RA process.

8. Past Experience of Similar Services: The bidder must have successfully executed/completed similar Services over the last three years i.e. the current financial year and the last three financial years(ending month of March prior to the bid opening): -

1. Three similar completed services costing not less than the amount equal to 40% (forty percent) of the estimated cost; or
2. Two similar completed services costing not less than the amount equal to 50% (fifty percent) of the estimated cost; or
3. One similar completed service costing not less than the amount equal to 80% (eighty percent) of the estimated cost.

**This Bid is based on Quality & Cost Based Selection (QCBS) . The technical qualification parameters are :-**

Parameter Name	Max Marks	Cutoff Marks	Qualification Methodology Document
As per RFP	100	70	<a href="#">View File</a>

**Total Minimum Qualifying Marks for Technical Score: 70**

**QCBS Weightage(Technical:Financial):70:30**

**Presentation Venue:** NHIDCL Office, 1st & 2nd Floor, World Trade Centre, Tower-A, near Nauroji Nagar Ring Road, New Delhi 110029

#### Pre Bid Detail(s)

मूल्य भिन्नता खंड दस्तावेज़/Pre-Bid Date and Time	प्री-बिड स्थान/Pre-Bid Venue
23-01-2026 16:00:00	NHIDCL Office, 1st & 2nd Floor, World Trade Centre, Tower-A, near Nauroji Nagar Ring Road, New Delhi 110029

#### Financial Audit Services - Concurrent Internal Auditor; CAG Empaneled Audit Or CA Firm ( 1 )

#### तकनीकी विशेषियाँ /Technical Specifications

विवरण/ Specification	मूल्य/ Values
<b>कोर / Core</b>	
Scope of Work	Concurrent Internal Auditor
Type of Financial Audit Partner	CAG Empaneled Audit or CA Firm
Type of Financial Audit	Internal Audit
Category of Work under Financial Audit	As per RFP
Type of Industries/Functions	As per RFP
Frequency of Progress Report	Monthly
MIS Reporting for Financial Audit support	Yes
Frequency of MIS reporting	Monthly

विवरण/ Specification	मूल्य/ Values
State	NA
District	NA
<b>एडऑन /Addon(s)</b>	
Post Financial Audit Support	NA

#### क्रेता द्वारा निर्धारित न्यूनतम मूल्य/Minimum Floor Price defined by Buyer

क्रेता द्वारा निर्धारित न्यूनतम मूल्य/Minimum Floor Price defined by Buyer	Yes
<b>प्राचल/Parameter</b>	<b>मूल्य/Values</b>
कोर / Core	2400000

#### अतिरिक्त विशिष्ट दस्तावेज /Additional Specification Documents

#### परेषिती/रिपोर्टिंग अधिकारी /Consignees/Reporting Officer and Quantity

क्र.सं./S.N o.	परेषिती/रिपोर्टिंग अधिकारी /Consignee Reporting/Officer	पता/Address	संसाधनों की मात्रा / To be set as 1	अतिरिक्त आवश्यकता /Additional Requirement
1	Shivani Narula	110029, NHIDCL, 1st Floor, Tower-A, World Trade Centre, Nauroji Nagar, New Delhi- 110029	1	N/A

#### क्रेता द्वारा जोड़ी गई बिड की विशेष शर्तें/Buyer Added Bid Specific Terms and Conditions

##### 1. Generic

OPTION CLAUSE: The buyer can increase or decrease the contract quantity or contract duration up to 25 percent at the time of issue of the contract. However, once the contract is issued, contract quantity or contract duration can only be increased up to 25 percent. Bidders are bound to accept the revised quantity or duration

##### 2. Service & Support

AVAILABILITY OF OFFICE OF SERVICE PROVIDER: An office of the Service Provider must be located in the state of Consignee. DOCUMENTARY EVIDENCE TO BE SUBMITTED.

##### 3. Generic

**Bidder financial standing:** The bidder should not be under liquidation, court receivership or similar proceedings, should not be bankrupt. Bidder to upload undertaking to this effect with bid.

#### 4. Forms of EMD and PBG

Bidders can also submit the EMD with Payment online through RTGS / internet banking in Beneficiary name

National Highways & Infrastructure Development Corporation Limited

Account No.

90621010002610

IFSC Code

CNRB0019062

Bank Name

Canara Bank

Branch address

Transport Bhawan, New Delhi

Bidder to indicate bid number and name of bidding entity in the transaction details field at the time of online transfer. Bidder has to upload scanned copy / proof of the Online Payment Transfer along with bid.

#### 5. Buyer Added Bid Specific ATC

Buyer uploaded ATC document [Click here to view the file.](#)

#### 6. Buyer Added Bid Specific SLA

File Attachment [Click here to view the file.](#)

### अस्वीकरण/Disclaimer

The additional terms and conditions have been incorporated by the Buyer after approval of the Competent Authority in Buyer Organization, whereby Buyer organization is solely responsible for the impact of these clauses on the bidding process, its outcome, and consequences thereof including any eccentricity / restriction arising in the bidding process due to these ATCs and due to modification of technical specifications and / or terms and conditions governing the bid. If any clause(s) is / are incorporated by the Buyer regarding following, the bid and resultant contracts shall be treated as null and void and such bids may be cancelled by GeM at any stage of bidding process without any notice:-

1. Definition of Class I and Class II suppliers in the bid not in line with the extant Order / Office Memorandum issued by DPIIT in this regard.
2. Seeking EMD submission from bidder(s), including via Additional Terms & Conditions, in contravention to exemption provided to such sellers under GeM GTC.
3. Publishing Custom / BOQ bids for items for which regular GeM categories are available without any Category item bunched with it.
4. Creating BoQ bid for single item.
5. Mentioning specific Brand or Make or Model or Manufacturer or Dealer name.
6. Mandating submission of documents in physical form as a pre-requisite to qualify bidders.
7. Floating / creation of work contracts as Custom Bids in Services.
8. Seeking sample with bid or approval of samples during bid evaluation process. (However, in bids for [attached categories](#), trials are allowed as per approved procurement policy of the buyer nodal Ministries)
9. Mandating foreign / international certifications even in case of existence of Indian Standards without specifying equivalent Indian Certification / standards.
10. Seeking experience from specific organization / department / institute only or from foreign / export experience.
11. Creating bid for items from irrelevant categories.
12. Incorporating any clause against the MSME policy and Preference to Make in India Policy.
13. Reference of conditions published on any external site or reference to external documents/clauses.
14. Asking for any Tender fee / Bid Participation fee / Auction fee in case of Bids / Forward Auction, as the case may be.
15. Buyer added ATC Clauses which are in contravention of clauses defined by buyer in system generated bid

template as indicated above in the Bid Details section, EMD Detail, ePBG Detail and MII and MSE Purchase Preference sections of the bid, unless otherwise allowed by GeM GTC.

16. In a category based bid, adding additional items, through buyer added additional scope of work/ additional terms and conditions/or any other document. If buyer needs more items along with the main item, the same must be added through bunching category based items or by bunching custom catalogs or bunching a BoQ with the main category based item, the same must not be done through ATC or Scope of Work.

Further, if any seller has any objection/grievance against these additional clauses or otherwise on any aspect of this bid, they can raise their representation against the same by using the Representation window provided in the bid details field in Seller dashboard after logging in as a seller within 4 days of bid publication on GeM. Buyer is duty bound to reply to all such representations and would not be allowed to open bids if he fails to reply to such representations.

**All GeM Sellers/Service Providers shall ensure full compliance with all applicable labour laws, including the provisions, rules, schemes and guidelines under the four Labour Codes i.e. the Code on Wages, 2019; the Industrial Relations Code, 2020; the Occupational Safety, Health and Working Conditions Code, 2020; and the Code on Social Security, 2020 as and when notified and brought into force by the Government of India.**

**For all provisions of the Labour Codes that are pending operationalisation through rules, schemes or notifications, the corresponding provisions of the pre-existing labour enactments (such as The Minimum Wages Act, 1948, The Payment of Wages Act, 1936, The Payment of Bonus Act, 1965, The Equal Remuneration Act, 1976, The Payment of Gratuity Act, 1972, etc. and relevant State Rules) shall continue to remain applicable.**

**The Seller/ Service Providers shall, therefore, be responsible for ensuring compliance under:**

- All notified and enforceable provisions of the new Labour Codes as mentioned hereinabove; and
- All operative provisions of the erstwhile Labour Laws until their complete substitution.

**All obligations relating to wages, social security, safety, working conditions, industrial relations etc. and any other statutory requirements shall be strictly met by the Seller/ Service Provider. Any non-compliance shall constitute a breach of the contract and shall entitle the Buyer to take appropriate action in accordance with the contract and applicable law.**

This Bid is governed by the [सामान्य नियम और शर्तें/General Terms and Conditions](#), conditions stipulated in Bid and [Service Level Agreement](#) specific to this Service as provided in the Marketplace. However in case if any condition specified in सामान्य नियम और शर्तें/General Terms and Conditions is contradicted by the conditions stipulated in Service Level Agreement, then it will over ride the conditions in the General Terms and Conditions.

जेम की सामान्य शर्तों के खंड 26 के संदर्भ में भारत के साथ भूमि सीमा साझा करने वाले देश के बिडर से खरीद पर प्रतिबंध के संबंध में भारत के साथ भूमि सीमा साझा करने वाले देश का कोई भी बिडर इस नियिदा में बिड देने के लिए तभी पात्र होगा जब वह बिड देने वाला सक्षम प्राधिकारी के पास पंजीकृत हो। बिड में भाग लेते समय बिडर को इसका अनुपालन करना होगा और कोई भी गलत घोषणा किए जाने व इसका अनुपालन न करने पर अनुबंध को तत्काल समाप्त करने और कानून के अनुसार आगे की कानूनी कार्रवाई का आधार होगा।/In terms of GeM GTC clause 26 regarding Restrictions on procurement from a bidder of a country which shares a land border with India, any bidder from a country which shares a land border with India will be eligible to bid in this tender only if the bidder is registered with the Competent Authority. While participating in bid, Bidder has to undertake compliance of this and any false declaration and non-compliance of this would be a ground for immediate termination of the contract and further legal action in accordance with the laws.

**---धन्यवाद/Thank You---**

**REQUEST FOR PROPOSAL  
(RFP)**

**For**

**Engagement of a Firm / LLP of Chartered Accountants for  
Selection of Concurrent Internal Auditors of NHIDCL for the  
FY 2026-27**



**National Highways & Infrastructure Development Corporation Limited**

**First Floor, Tower A, World Trade Centre, Nauroji Nagar,  
New Delhi - 110029**

**Phone No.: 011-26768950**

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## **RFP for Selection of Concurrent Internal Auditors of NHIDCL for the FY 2026-27**

To select **experienced professional** firm/Limited Liability Partnership (LLP) of Chartered Accountants to conduct concurrent Internal Audit (IA) of NHIDCL (hereinafter referred as ‘the Company’) for the financial year 2026-27 as per scope given in this RFP for following locations:

1. Head Office at Delhi as well as five Regional Offices (ROs) at Dehradun, Port Blair, Jammu, Srinagar and Ladakh;

The Company has been incorporated as a Public Sector Undertaking under the Companies Act, 2013, on 18<sup>th</sup> July, 2014 under the aegis of Ministry of Road Transport & Highways (MoRTH), Government of India (GOI). The Company is soliciting proposals from qualified firms of Chartered Accountants for conducting concurrent internal audit of the Company’s books and transactions for the FY 2026-27 (The tenure can be extended on the satisfactory performance of the firm and with the mutual agreement of the both parties). The Company has its Head Office at Tower ‘A’, 1<sup>st</sup> and 2<sup>nd</sup> Floor, NBCC World Trade Centre, Nauroji Nagar, New Delhi and 14 ROs at (i) Agartala, (ii) Aizawl, (iii) Dehradun, (iv) Gangtok, (v) Guwahati, (vi) Imphal, (vii) Itanagar, (viii) Jammu, (ix) Kohima, (x) Leh, (xi) Port Blair, (xii) Shillong, (xiii) Srinagar, and (xiv) Siliguri. The books of accounts of the Company are maintained in ERP System (SAP). The selected firms are expected to conduct concurrent audit of the Head Office as well as its ROs mentioned earlier.

2. Schedule of bidding is as under. However, the schedule may be changed, at the discretion of the Company, without assigning any reason. Change of date(s), if any, shall be suitably notified through GeM Portal (<https://gem.gov.in>). Bidders are advised to periodically monitor the information relating to this tender on the GeM Portal.

<b>Sl. No.</b>	<b>Event(s)</b>	<b>Date (Unless otherwise notified separately)</b>
i.	Period of Contract	01.04.2026 to 31.03.2027
ii.	Tender uploading on the GeM Portal	____.12.2025
iii.	Last date for submission of queries/clarifications by bidders	As per Gem portal
iv.	Clarifications of the queries	As per Gem portal
v.	Pre bid conference	5 days before Bid Due Date
vi.	Last date/time for submission of e-bids (i.e. Bid due date)	As per Gem portal
vii.	Presentation of PPT by Team Leader	5 days from Bid Due Date
viii.	Online opening of Technical Bids	As per Gem portal

## 1. Scope of Work

The Company mainly executes projects for construction of roads, bridges, highways and infrastructure projects and maintenance thereof on behalf of GoI and other departments on cost plus basis from the funds provided by them. The books of accounts of the Company are maintained in the ERP System (SAP) and financial statements are prepared on Ind AS notified by the Ministry of Corporate Affairs under the Companies Act, 2013. The financial statements for the year 2023-24 can be accessed on the website of the Company. The Internal Audit Team shall conduct concurrent audit in line with the Internal Audit Standards prescribed by the ICAI, including evaluation of the internal controls and suggest areas for improvements. The illustrative list of areas to be covered during the internal audit is given below in brief and in more details are given in the Internal Audit Manual of the Company:

1. Whether all receipts, payments, income, expenditure for the Project and Establishment are in line with the relevant provisions of the contracts and applicable laws and are recorded after approval of the competent authority. Further, the recorded transactions are in line with the internal procedures of the Company.
2. Whether the applicable statutory compliance w.r.t. GST, Income Tax and other Statutes has been correctly done on a timely basis.
3. Whether accounting of all the transactions have been done correctly in the ERP system by following the prescribed procedure.
4. Whether the interim payments to the agencies have been done as per the respective contractual provisions and final bill has been prepared and processed as per the terms and conditions of the respective contracts.
5. The existing Internal Audit Manual (which is under updation) along-with checklists have been prepared by the Company wherein key area been assessed/identified for all the auditable activities. (Thus, the selected bidder is required to carry out concurrent internal audit of the Company considering the IA Manual (placed as **Annexure-I**) & corresponding checkpoints as available therein).
6. The Internal Auditor is required to submit the Internal Audit Report on Monthly, quarterly and Annual basis in two parts (Executive Summary which merit immediate attention of the top management and Minor Observations which needs to be addressed by the local management). The Internal Audit Report shall also contain an annexure on the action taken by the management on the previous outstanding internal audit observations.
7. Internal Auditor is required to conduct the testing of Internal financial Control of the Company.
8. The Internal Auditor will be required to make a presentation on their audit observations on the monthly and Quarterly basis to the management and Audit Committee.
9. The Internal Auditors will be required to conduct Audit of each of the ROs by taking at least two weeks per quarter (or as decided by the Company) by a team of at least two Members (One Qualified Chartered Accountant and one semi qualified Chartered Accountant.

10. Bidders are required to check all of the tenders successfully awarded by the company during the agreement period.
11. Thus, the successful bidder is required to conduct internal audit of the operations of the Company considering the checkpoints as available in IA Manual for the period 1<sup>st</sup> April 2026 to 31<sup>st</sup> March 2027.
12. The bids may be submitted for the following:

- i. Head Office as well as five Regional Offices (ROs) at Dehradun, Port Blair, Jammu, Srinagar and Ladakh;

## **2. Reimbursable Costs**

The Internal Audit Team is expected to go on tour for conducting the Internal Audit of the outstation ROs for which the team will be provided TA/DA as per following entitlements:

1. Travel by Car/Train/Air in respect of travel from the base Office to the ROs assigned for audit.
2. Stay in the transit accommodation or hotel upto limit of Rs.4500 per day plus taxes for team leader and Rs.3000 per day plus taxes for other Team Members.
3. Food or DA @ Rs.1,500 per day for the Team Leader and Rs.1,000 per day for other Team Members.
4. Partner/Senior Partner is considered as equivalent to DGM level and TA/DA payment were due accordingly

These charges are in addition to the fee quoted by the bidder. The tours shall be undertaken with prior approval of the **GM (Finance)**, HQ of the Company. No TA/DA will be awarded for the base location i.e. Delhi.

## **3. Team Composition**

The bidder must ensure that adequately skilled & experienced team is deployed to conduct concurrent internal audit of the Company for completion of the assignment in the stated timelines. The requisite composition of the audit team is given below:

1. One Chartered Accountant (CA) with minimum 5 years of experience (**Team Leader**) and relevant experience of conducting internal audit of Road/Infrastructure sector on SAP ERP System at least for one year,
2. One Chartered Accountants (CA)/Cost Accountants with minimum 2 years of post-qualification experience on SAP ERP System, and
3. Two IPCC/Intermediate qualified Article Assistant having experience of more than 1 year on SAP ERP System.

**The CVs of all the resources to be deployed in the Company needs to be submitted along-with the Tender Document for Technical Bid, otherwise, the bid shall be rejected.**

#### **4. Deployment of Resources:**

The selected bidder shall deploy the '**Internal Audit Team**' in line with the following terms and conditions:

1. The Company expects that all the team members specified in the proposal should be available during the internal audit assignment at the Company's HO at Delhi or the respective ROs.
2. The Company will not consider any substitution of the team members except under the compelling circumstances beyond the control of the Audit Firm and the concerned Team Members. Such substitution shall be subject to equally or better qualified and experienced personnel being provided with the prior approval of the Company.
3. The bidder should specifically note that substitution of the Team Leader will not normally be considered during the assignment and it may lead to reduction of 5% in their **monthly** fee for each change of team leader for the first 3 changes and 10% in their monthly fee per change beyond three changes. Any change beyond 5 changes may lead to disqualification of the bidder or termination of the Contract at the discretion of the Company.
4. The team is required to be deputed at the Company premises on full time basis and must be available as per Company's office working days/timing. The Company may take a decision regarding change of team members of the selected bidder, if their services are not found satisfactory.
5. In case of absence of the Team members upto 10% of the attendance, no fee will be deducted. In case of shortage of attendance more than 10% of the attendance, proportionate fee shall be deducted.
6. The responsibility of successful completion of the concurrent internal audit assignment within the scheduled time shall lie with the selected bidder.

## 5. Tender Methodology

1. The tender methodology adopted is “Two Bid System” i.e., Technical Bid and the Financial Bid through the **GeM Portal**.
2. The bidder shall bear all costs associated with the preparation and submission of the bid and the Company will in no case be responsible or liable for those costs, regardless of the conduct or the outcome of the tendering process.
3. Bids sent by courier, fax or e-mail will not be considered for evaluation.
4. Bids submitted without Bid Security/Earnest Money Deposit (EMD) will not be considered for evaluation.
5. Procurement Policy for Micro and Small Enterprises (MSEs):
  - a. The Company follows the Public Procurement Policy for Micro and Small Enterprises (MSEs) as circulated by the Ministry of MSME, GoI.
  - b. The MSEs under the above provisions would be entitled for exemption from furnishing EMD upon submission of proof of MSME and bid security declaration form.
  - c. Agencies/Bidders desirous of availing exemptions/preference under above provisions should submit a **copy of proof of registration** as per the provisions of the above policy and undertaking in this regard as per the prescribed format placed at *Annexure - X*.

## 6. **Proposal**

Bidders may submit the bid/proposal for the concurrent internal audit assignment as per the terms of this RFP. Bidders should ensure that separate technical and financial proposals are submitted for the assignment proposed to be conducted.

In preparing their proposals, bidders are expected to examine in detail the documents comprising the RFP. Material deficiencies in providing the information requested may result in rejection of proposal/bid.

### 6.1 **Eligibility Criteria**

Proposals/bids of only those bidders who satisfy the eligibility criteria will be considered for evaluation process. In case the bidder applies without satisfying all the eligibility criteria, their bid/proposal will be rejected. The bidder is expected to provide proof for each of the points for eligibility. Any credential detail not accompanied by the requisite proof documents will not be considered for evaluation. The Company may accept or reject a bid without assigning any reason whatsoever. The decision of the Company would be final and binding on all the Bidders to this document.

The bidders must fulfil the following eligibility criteria:

- (i) The bidder should be a Partnership/LLP firm of Chartered Accountants with **minimum 7 (Seven) partners of which at least 5 (Five) partners should be FCA(s)/FCMA(s)** - *The details of each partner including experience, qualification etc., and their Registration Number to be furnished as documentary proof.*
- (ii) The bidder should be registered with ICAI – *Bidder to furnish proof of valid registration/ Certificate of Practice from the Institute of chartered Accountants of India (ICAI). (Participation through Network / JV / Consortium firms not Allowed)*
- (iii) At least 3 (Three) partners of the bidder should have a continuous association with the firm of a minimum of 5 (Five) years as per the *ICAI record*.
- (iv) The bidder must have successfully completed at least 5 Audit assignments in the capacity of Internal Auditor, Concurrent Auditor/Statutory Auditor in Public Institutions/PSUs/Infrastructure Company in the last 5 years - *LOI/Contract for the assignment (including the scope of work undertaken) and Work Completion Certificate to be furnished.*
- (v) The bidder must be an Indian Firm/Indian Citizen.
- (vi) The bidder must have its office in Delhi/NCR. *Bidder to furnish address proof in form of electricity bill, telephone bill etc.*
- (vii) The bidder should have average annual revenue of at least Rs. 100 Lacs in last three years 2022-23, 2023-24 and 2024-25.

**Note The exemption will be allowed to the MSME bidders for EMD, Turnover and Experience in eligibility criteria.**

## 6.2 Technical Proposal

- i. The bidder should meet the eligibility criteria to be considered for technical evaluation.
- ii. Bidders are required to submit a Technical Proposal (TP) including the information indicative in the following paragraph from (a) to (c). Submission of wrong Technical Proposal will result in the proposal being rejected.
  - a. **Annexure II** is a sample cover letter which is to be submitted along-with the technical proposal indicating that the bidder has understood the RFP and agrees to abide by it and also declaration that the bidder has not been blacklisted or debarred for being appointed as Internal Auditor by any Company.
  - b. The Bidder shall furnish as part of the technical proposal, **Annexure III** (Format reflecting project experience) and other requisite documents establishing the technical eligibility and required for evaluating technical bid/proposal as per Clause 7.1.
  - c. The bidder shall submit a EMD of Rs. 1,00,000 (Rs. One Lakh only) (as per Rule 170 of GFR 2017) either by a demand draft, E-Bank Guarantee or Insurance Surety Bond in favor of the Company or **Bid security declaration form applicable to MSME**.
  - d. A certificate cum declaration relating to "Conflict of Interest" as per format given at **Annexure IV** is to be furnished.
  - e. Integrity Pact as per format **Annexure V** and Bank details should be furnished by bidder as per **Annexure VI** at the time of signing of the contract.
- iii. The technical proposal shall not include any financial information. Technical proposal containing financial information may be rejected.
- iv. The bidders are required to upload entire set of documents required under the Technical Proposal and documents establishing the technical qualification to perform the assignment to be submitted on GeM Portal.

## 6.3 Financial Proposal

- i. The bidder should be technically eligible to be considered for evaluation of 'Financial Proposal'.  
The Financial Proposal shall be prepared using the prescribed form given in **Annexure VII**. It shall take into account all expenses and all costs associated with the assignment, including remuneration for professional staff Including taxes, duties & statutory levies such as goods & service tax etc. The financial proposal should not include TA/DA for outstation tours to visit ROs.

## 7. Receipt and Opening of Bids

The evaluation by the Company will be undertaken by an Evaluation Committee formed by the Company. The decision of the evaluation committee shall be final.

The evaluation will be a three-phase process:

- Phase 1 – Technical Bid Evaluation (including eligibility evaluation)
- Phase 2 – Financial Bid Evaluation
- Phase 3 - Techno-Financial Evaluation

On the technical bid opening date, the technical bid will be opened and subsequently the bids shall be evaluated by the Company's Evaluation Committee. The bids will be examined by the Company to determine responsiveness of the bids. A bid determined as not substantially responsive will be rejected. Any effort on the part of bidder to influence the bid evaluation process or award of contract may result in the rejection of the bid. Financial bid of technically eligible bidders will be opened and evaluated by the Company's Evaluation Committee. The details of date, time and place of opening of bids are mentioned in the Tender Summary (Table 1). It shall also be notified separately on the website of Govt. e-procurement/GeM Portal.

## 8. Evaluation of Bid:

Bids shall be evaluated as per the evaluation criteria given below:

### i. Technical Feasibility/Evaluation:

Detailed technical evaluation by the Evaluation Committee of the Company will include, scrutiny of technical information submitted. The bidder will demonstrate/ substantiate all claims made in the technical bid to the satisfaction of the Company. The Evaluation Committee shall evaluate the technical bids on the basis of bidder's responsiveness and by applying the evaluation criteria and sub-criteria as given below:

Sl. No.	Description	Allocation of Marks	Maximum Marks
A.	<b>Past Experience</b>		
1.	Year of establishment of the Chartered Accountant Firm, Limited Liability Partnership (LLP) of the Chartered Accountants.  <i>(Registration certificate to be submitted as a documentary proof). Copy of relevant audited financial statements. Auditor's certificate stating operation income in relevant financial years.</i>	Only the period/years having operational income will be considered for evaluation.  07 years of existence – 5 Marks & for every additional year 01(one) mark shall be granted subject to a maximum of 10 (ten) marks.	10

2.	<p>The average of annual revenue of Last three financial years starting from the FY 2022-23 of the bidder.</p> <p>(Audited financial statement to be submitted as a documentary proof/if audit is not applicable the same need to be certified by a CA firm with UDIN)</p>	<p>Upto Rs.2.5 crore – 5 marks. For every additional turnover of Rs.25 lakhs, an additional 1 (one) mark shall be granted subject to maximum of 10 marks.</p>	10
3.	<p>The CA firm must have successfully completed at least 5 (Five) audit assignments in the capacity of Internal Auditor, Concurrent Auditor / Statutory Auditor in Public Institutions/ PSUs/ Infrastructure Company in the last 5 years starting from the FY 2020-21.</p> <p><i>(Work completion certificate from the client or Account statement/Form 26AS reflecting that amount due towards the completion of the assignment has been duly received by the bidder).</i></p>	<ul style="list-style-type: none"> <li>Up to 5 audit assignments – 10 Marks</li> <li>More than 5 and up to 10 audit assignments – 15 Marks</li> <li>More than 10 audit assignments – 20 Marks</li> </ul> <p><i>Copy of relevant letter of assignment duly signed by the client / competent authority and acceptance/ completion.</i></p> <p>the Company reserves the right to ask for contact details (Name, email, contact number) of the clients at the time of technical evaluation.</p>	20
4.	<p>The CA firm must have an ongoing assignment or successfully completed at least 1 (One) audit assignments in SAP environment in the last 5 years starting from the FY 2020-21.</p>	<p>Number of audit Assignments conducted in SAP environment</p> <ul style="list-style-type: none"> <li>≥1 5 Marks</li> <li>≥2 7 Marks</li> <li>≥3 10 Marks</li> </ul>	10
<b>B.</b>	<b>Qualification and experience of Key Staff</b>		
1.	<p>No. of FCA/ACA Partners</p> <p><i>(The details of each partner including experience, qualification etc., and their Registration Number to be furnished as documentary proof as per ICAI record.</i></p>	<ul style="list-style-type: none"> <li>Up to Seven – 05 Marks</li> <li>More than Seven and up to Ten – 07 Marks</li> <li>More than Ten – 10 Marks</li> </ul>	10

2.	At least three partners should have a continuous association with the firm of a minimum of 5 years.	<ul style="list-style-type: none"> <li>5 years' continuation – <b>5 marks</b></li> <li>5 to 7 years' continuation – <b>7 marks</b></li> <li>More than 7 years continuation – <b>10 marks</b></li> </ul>	10						
3.	<p>The firm should have staff strength of minimum 15 employees including minimum 3 paid CAs, other qualified (CAs/CMAs)/ semi-qualified (CA-Inter/CMA-Inter) as on the date of tender.</p> <p>List of paid CAs and other qualified/semi qualified staff along-with the qualification and experience to be provided in the following format.</p> <table border="1" data-bbox="306 876 796 1024"> <thead> <tr> <th>Name</th> <th>Qualified/ Semi- Qualified</th> <th>Experience</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>	Name	Qualified/ Semi- Qualified	Experience				<ul style="list-style-type: none"> <li>Up to 15 – 05 Marks</li> <li>More than 15 and up to 20 – 07 Marks</li> <li>More than 20 – 10 Marks</li> </ul>	10
Name	Qualified/ Semi- Qualified	Experience							
C	<b>Other Requirements</b>								
1.	The firm/LLP should be empaneled with the Office of the C&AG.	5 Marks	05						
2.	Bidder to submit a PowerPoint Presentation (PPT) covering its past experience, as well as the approach and methodology to be adopted for timely and effective completion of the assignment.	The PPT shall be presented only by the proposed Team Leader before the Evaluation Committee. The Team Leader must personally explain the firm's understanding of the scope of work, proposed implementation strategy, and resource deployment plan. No substitute, representative, or junior member shall be allowed to make the presentation on behalf of the Team Leader. Marks shall be awarded by the Evaluation Committee based on the quality and clarity of the presentation and the Team Leader's response during the discussion.	10						
3.	Peer Review: The firm Should have a Valid Peer Review Certificate.	5 Marks	05						
	<b>Total Marks</b>		<b>100</b>						

In the first stage of evaluation, bid/proposal shall be rejected if it is found deficient as per the requirement indicated for responsiveness of the proposal. Only responsive proposals shall be further taken up for evaluation. Evaluation of the technical bid/proposal will start first and at that stage the financial bid/proposal will remain unopened.

Based on the details submitted by the bidders in the Technical Proposal, the Technical Evaluation of the eligible bidders will be carried out.

Technical bid will be assigned a technical score (Ts) out of a maximum of 100 (one hundred) points as given above. Bidders who have Ts of 70 (Seventy) or more shall be technically eligible.

## **ii. Refund of EMD**

EMD of the unsuccessful bidders shall be returned in the designated bank of the bidder within one month of finalization of the bid. The EMD of the successful bidder will be returned/adjusted upon submission of performance Security.

## **iii. Financial Evaluation**

The financial bid/proposal of those bidders who will be found to be technically eligible will be opened. The financial bid of ineligible bidders will not be opened. The financial bid should contain the total contract value, on a fixed cost basis, inclusive of all fees & expenses. The price quoted includes taxes, duties & statutory levies such as goods & service tax etc. the Company will provide for reimbursement of expenditure towards travel ticket, airfares, train fares, accommodation, halting expenses, transport, lodging, boarding etc. on actual basis, subjects to limit as defined earlier, for the approved visit to the ROs of the Company. It is pertinent to mention that the Company will not provide for reimbursement of expenditure towards any type of accommodation, travel ticket, airfares, train fares, halting expenses, transport, lodging, boarding etc. for the conduct of concurrent internal audit at the Company HO and places where the bidder has office.

The financial bid will be normalized on a scale of 100 (One hundred), with lowest bid being normalized to 100 (One hundred) and the rest being awarded on a pro-rata basis. Such normalized scores would be considered for the purpose of Quality cum Cost-Based Selection (QCBS) Evaluation, as explained in section below:

The individual bidder's commercial scores (CS) are normalized as per the formula below:  
$$Fn = F_{min}/F_b * 100$$
 (rounded off to 2 decimal places)

Where,

$F_n$  = Normalized commercial score for the Bidder under consideration

$F_b$  = Absolute financial quote for the bidder under consideration

$F_{min}$  = Minimum absolute financial quote

#### **iv. Techno Financial Evaluation – Final Evaluation Criteria (QCBS)**

70% (Seventy percent) weightage will be awarded for technical evaluation and 30% (Thirty percent) weightage will be awarded for financial evaluation.

**Final Score =  $(T_s * 0.70) + (F_n * 0.30)$**

Bidder with **the highest Final Score** will be considered for award of the Assignment. If due to any reason, the bidder with the highest final score fails to undertake the assignment or after undertaking fails to complete the assignment due to any reason, the assignment would be awarded to the bidder with the next highest score in the list.

Evaluation process as decided by the Company will be binding to the bidders. The Company in its sole/absolute discretion can apply whatever criteria deemed appropriate in determining the responsiveness of the proposal submitted by the bidders. The Company may reject any/all bid(s)/proposal(s) at any stage without assigning any reason thereof.

#### **9. Award of Contract**

The Company shall issue a letter of intent (LOI) to the successful bidder and promptly notify all other bidders who have submitted proposals about the decision taken. The LOI needs to be accepted unconditionally and such accepted letter shall be delivered by the successful bidder in writing within 14 (fourteen) days from the date of issue of the LOI. The failure, delay or evasion by the successful bidder to accept the offer will result in cancellation of the LOI and the Company retain its right to issue offer to the next highest Bidder.

The successful bidder will sign all pages of RFP within 5 (five) days of issuance of the LOI. The successful bidder is expected to commence the assignment from the date of LOI

## **10. Performance Security**

The successful bidder on receipt of a LOI from the Company shall furnish a bank guarantee, by way of performance security, equivalent to 5% (Five per cent) of the total contract value/bid value, within 30 (thirty) days from notification of award/at the time of signing of contract, whichever is earlier, unless specified to the contrary. In case the successful bidder fails to submit performance security within the time stipulated, the Company may at its sole discretion cancel the LOI without giving any notice and forfeit EMD furnished by the Bidder, in addition to any other right available to it under this RFP. The performance security furnished by the successful bidder shall be in the manner as prescribed (**Annexure VIII**) by the Company. The successful Bidder shall ensure, the performance security will be valid at all times during the term of the assignment of the FY 2026-27 audit and for a period of 90 (Ninety) days beyond term of the LOI. No interest will be paid on the amount of performance security.

## **11. Report Submission/Deliverables**

1. Draft report for the HO and RO containing the lapses/gaps/issues observed during audit shall be submitted by the audit firm within 20 days from the completion audit of each month.
2. Consolidated quarterly report containing the open and closed observations for all the locations is to be submitted within 30 days of close of each quarter. The selected bidder can avail the grace period of additional 10 days in case of occurrence of delay which is not attributable to the selected bidder, however, the same shall be available to the bidder at the sole discretion of the Company.
3. Final compliance/closure report is to be submitted within 45 days of the completion of the audit for the financial year. The compliance report to segregate compliances done and pending compliances observations along-with the name of the concerned department and count of observations with marking of low, medium and high-risk category.

## **12. Timeframe of Deliverables**

The successful bidder will start the assignment within **7 days from the date of LOI or from the appointed date as per LOI**. The actual audit exercise as well as submission of final compliance/closure report shall adhere to respective timelines defined under “Report Submission/Deliverables” mentioned above.

### 13. Fee/Payment Schedule

The engagement fees would be linked to the deliverables of the assignment as follows:

1. The estimated annual cost for providing Concurrent Internal Audit Services for FY 2026–27, covering NHIDCL Head Office and 5 Regional Offices, is Rs. 30,00,000/- (Rupees Thirty Lakh only) per year inclusive of GST and all applicable charges except TA & DA as per applicable rates.
2. The payment for the assignment will be paid as given below against submission of invoices:

Particulars	Amount of Payment
Submission of Consolidated Quarterly Report for quarter ending June 30, 2026	20% of the Bid Amount
Submission of Consolidated Quarterly Report for quarter ending September 30, 2026	20% of the Bid Amount
Submission of Consolidated Quarterly Report for quarter ending December 31, 2026	20% of the Bid Amount
Submission of Consolidated Quarterly Report for quarter ending March 31, 2027	20% of the Bid Amount
Submission of Final Closure/Compliance Report by May 15, 2027	20% of the Bid Amount

3. TDS will be deducted at source for any payment made by the Company, as per applicable provisions of Income Tax Act/Rules.
4. All payments under this RFP shall be made to the successful bidder through electronic mode only and the currency of all payments shall be in Indian Rupees subject to any statutory deductions at source (TDS etc.).
5. All taxes & duties (Including GST and other local taxes), if any, that may be levied, shall be borne by the successful bidder and the Company shall not be liable for the same.
6. All expenses, stamp duty and other charges/expenses in connection with the Agreement to be executed shall be borne by the successful bidder.
7. The Company may withhold payment of any charges that it disputes in good faith, and may set-off penalty amount and any other amount which the successful bidder owes to the Company against charges payable to them under the Contract to be executed.
8. Minimum floor price for the bid is Rs. 24,00,000 (Rupees Twenty-Four Lakh only) per year inclusive of GST and all applicable charges except TA & DA as per applicable rates.

#### **14. Penalty Clause**

1. The Company may impose penalty, in case of delay of any deliverables at the rate of 2.5% of the total project cost per week delay, either for completion of audit exercises or submission of final draft report, subject to a maximum of 5% of the total bid price, for delays attributable directly to the successful bidder.
2. The Company may invoke the performance security in the event of a material breach by the successful Bidder leading to termination of contract for material breach.
3. The Company may impose penalty, *in case of non-compliance of deputation of a suitable team for completion of the assignment in the stated timelines* at the rate of 2.5% of the total project cost per month, subject to a maximum of 5% of the total cost.
4. The Company may impose penalty for change in Team Leader at the rate of 5% in their monthly fees for first three change and 10% in their monthly for any change beyond three changes. Any change beyond 5 changes may lead to disqualification of the bidder or termination of the Contract at the discretion of the Company.
5. If at any time during performance of the contract, the successful bidder shall encounter unexpected conditions impeding timely completion of the services under the Contract and performance of the services, the successful bidder shall promptly notify the Company in writing of the fact of the delay, its likely duration and its cause(s). As soon as practicable, after receipt of the successful bidder's notice, the Company shall evaluate the situation and may at its sole discretion extend the successful bidder's time for performance, in which case the extension shall be ratified by the parties.
6. Performance of the obligations under the Contract shall be made by the successful bidder in accordance with the time schedule specified in this RFP.
7. No penalty shall be levied in case of delay(s) in deliverables or performance of the contract for the reasons not attributable to the successful bidder. On reaching the maximum of penalties specified, the Company reserves the right to terminate the contract without any notice thereof. Upon termination, no fee shall be payable for the work performed prior to the delay in deliverables and performance.

#### **15. Tenure of the Contract**

The selected bidder shall enter into an agreement and it would initially be assigned for completion of the scope under this RFP. Based on the satisfactory performance of the selected bidder the agreement may be extended for further two more terms/audits (one year/audit at a time) on same terms and with a fee escalation upto 10%.

The proposed assignment would be subject to periodical review at the discretion of the Company and is liable to be terminated at any time, if not found satisfactory, by giving a prior written notice of 30 (Thirty) days. On satisfactory performance, before the end of the contract period, the Company may give a written notice to the Internal Auditor seeking their consent for reappointment or extension of the assignment on the same terms

and conditions.

The acceptance of the Bid, will be communicated in writing to the selected bidder by means of offer of contract/letter of appointment at the address given by the bidder in the tender process. The offer of contract/letter of appointment needs to be accepted unconditionally and such accepted letter shall be delivered by the bidder in writing within 14 (Fourteen) days from the date of issue of the offer. The failure, delay or evasion by the successful bidder to accept the offer will result in cancellation of the offer and the Company retain its right to issue offer to the next highest bidder.

## **16. Termination**

### **A. Termination by the Company**

- i. The Company may at any time terminate the LOI by giving 30 days written notice to the successful bidder, if the successful bidder becomes bankrupt or otherwise insolvent. In this event, termination will not prejudice or affect any right of action or remedy, which has accrued or will accrue thereafter to the Company.
- ii. the Company reserves the right to cancel the contract in the event of occurrence of one or more of the following conditions:
  - a. Failure of the successful bidder firm to accept the contract and furnish the performance security within specific days as given by the Company;
  - b. Abnormal delays (beyond maximum penalty as stated herein) in offering services;
  - c. Delay in completing the assignment/submission of reports.
  - d. Delay in deputation of suitable team or non-compliance of deputation of a suitable team (during assignment the team is not provided by the bidder continuously for 15 days without prior approval of the Company).
  - e. As the result of Force Majeure, if the Company is unable to perform any of its obligations under the contract for period of not less than (two) months.
  - f. In case of termination, the Company will not pay any fee.

In addition to the cancellation of contract, the Company reserves the right to appropriate the damages through encashment of performance security given by the successful bidder.

The Company reserves the right to terminate the services/contract by giving 30 (thirty) days' written notice, without assigning any reasons, or legitimate outstanding fee subject to satisfactorily performance to the Company prior to the effective date of termination (unless the termination was occasioned by the default of the successful bidder).

### **B. Termination by Successful Bidder**

The successful bidder may terminate this agreement, by giving not less than thirty (30) days' written notice to the Company in following circumstances: (a) if the Company fails to pay fees due to the successful bidder as per the agreed terms pursuant to the contract and not subject to any dispute and (b) if, as the result of Force Majeure, the successful bidder is unable to perform a material portion of the services for a period of

not less than 1 (one) month.

## **17. Resolution of Disputes**

It will be the Company endeavor to resolve amicably any disputes or differences that may arise between the Company and the successful bidder from misconstruing the meaning and operation of the RFP and the breach that may result. In case of dispute or difference arising between the Company and the successful bidder relating to any matter arising out of or connected with this RFP, such disputes or differences shall be settled in accordance with the Arbitration and Conciliation Act, 1996. The successful bidder shall continue work under the RFP during the arbitration proceedings unless otherwise directed in writing by the Company or unless the matter is such that the work cannot possibly be continued until the decision of the Arbitrator, as the case may be, is obtained. Arbitration proceedings shall be held at New Delhi, India, and the language of the arbitration proceedings and that of all documents and communications between the parties shall be English

## **18. Forfeiture**

The bid security [EMD] may be forfeited: if a firm withdraws its bid during the period of bid validity specified by the firm on the Bid; Or if the successful/selected firm fails to accept the scope of work/RFP or furnish performance security.

the Company shall be at liberty to set off/adjust the proceeds of the performance security towards the loss, if any, sustained due to the Bidder's failure to complete its obligations under the Contract. This is without prejudice to the Company's right to proceed against the Bidder in the event of the security being not enough to fully cover the loss/damage.

## **19. Other Terms & Conditions**

- i. The bidder shall ensure that the concurrent internal audit be carried out in a professional manner and in case of any misconduct & negligence, the Company may approach the concerned professional bodies with complaints of professional misconduct, if any, on the part of any professional engaged by the Company. Accordingly, the Company may also recommend their name to ICAI/ RBI/ IBA/SEBI/CAG or any other authority, for suitable action thereon by them.
- ii. The Company reserves the right to change the terms and conditions of this RFP before the submission of the bids. However, any such changes will be published on the **GeM Portal** (<https://gem.gov.in>).
- iii. Submission of bids shall be deemed to have been done after careful study and examination of the RFP with full understanding of its implications.
- iv. The bidders are advised in their own interest to submit their bid documents well in advance from last date/time of submission of bids so as to avoid problems which the bidders may face in submission at last moment/during rush hours.
- v. The bidders are required to quote strictly as per terms and conditions, specifications, standards given in the tender document and not to stipulate any deviations.

- vi. The bid cannot be withdrawn after submission of the same.
- vii. Sub-contracting of the assignment awarded through the bidding process is prohibited.
- viii. The CA Firm shall keep information related to the Company confidential and will not divulge to outside agencies without written consent from the Company. The CA Firm upon selection shall sign the declaration as given in the **Annexure IX**, before commencement of the assignment.

**ix. Use of Contract Documents and Information**

The selected bidder shall not, without the Company's prior written consent, disclose the contract, or furnish any provision thereof, or any specification, sample or information, to any person other than a person employed by the selected bidder in the performance of the contract. Disclosure to any such employed person shall be made in confidence and shall extend only so far as may be necessary for purposes of such performance. The selected bidder will treat as confidential all data and information about the Company, obtained in the execution of his responsibilities, in strict confidence and will not reveal such information to any other party without the prior written approval of the Company.

**x. Procurement Policy on Micro and Small Enterprises (MSEs)**

- a. The Company follows the Public Procurement Policy for Micro and Small Enterprises (MSEs) as circulated by The Ministry of MSME, GoI.
- b. The MSEs under the above provisions would be entitled for exemption from furnishing tender fee and earnest money deposit (EMD).
- c. Agencies/Bidders desirous of availing exemptions/preference under above provisions should submit a copy of proof of Registration as per the provisions of the above policy.

**xi. No Legal Relationship**

No binding commercial relationship will exist between any of the Bidders and the Company until execution of an agreement.

**xii. Evaluation of Offers**

Each bidder acknowledges and accepts that the Company may in its absolute discretion apply selection criteria specified in the RFP document for evaluation of proposals for short listing /selecting the eligible CA Firm (s).

**xiii. Errors and Omissions**

Each bidder should notify the Company of any error, omission, or discrepancy found in this RFP document.

**xiv. Acceptance of Terms**

A bidder will, by responding to the Company for RFP, be deemed to have accepted the terms of this agreement.

- xv. All submissions, including any accompanying documents, will become the property of the Company. Bidders shall be deemed to license, and grant all rights to the Company to reproduce the whole or any portion of their submission for the purpose of evaluation, to disclose the contents of the submission to other bidders and to disclose and/or use the contents of the submission as the basis for processing of RFP, notwithstanding any copyright or other intellectual property right that may subsist in the submission or accompanying documents.

**xvi. Communication with bidders**

The Company may, in its absolute discretion, seek additional information or material from any bidders after the RFP closes and all such information and material provided must be taken to form part of that bidder's response.

The bidders should provide details of their fax, email and full address(s) to ensure that replies to RFP could be conveyed promptly.

If the Company, in its absolute discretion, deems that the originator of the question will gain an advantage by a response to a question, then the Company reserves the right to communicate such response to all bidders.

The Company may, in its absolute discretion, engage in discussion or negotiation with any bidder (or simultaneously with more than one Bidder) after the RFP closes to improve or clarify any response.

\*\*\*\*\*

### Check List

Sl. No.	Particulars	Status of submission	Reference (page number of the bid)
1.	Cover letter	(YES/No)	
2.	Technical Proposal	(YES/No)	
3.	Registration Certificate with ICAI	(YES/No)	
4.	Proof of GST Registration	(YES/No)	
5.	PAN Card/ Registration	(YES/No)	
6.	MSME Registration, if applicable	(YES/No)	
7.	CAG Empanelment Letter	(YES/No)	
8.	Registration with RBI	(YES/No)	
9.	Peer Review Certificate	(YES/No)	
10.	EMD/Bid declaration form in the prescribed format at Annexure X in case of MSME	(YES/No)	
11.	Experience of completed audit assignments in last three years with letter from clients	(YES/No)	
12.	Annual accounts for last three years	(YES/No)	
13.	Financial Proposal	(YES/No)	

### Annexures

Sl. No.	Particulars	Page No.
I.	Internal Audit Manual	
II.	Cover letter and undertaking	
III.	Format for project experience	
IV.	Certificate of non-conflict of interest	
V.	Integrity Pact	
VI.	Bank Details	
VII.	Financial Proposal	
VIII.	Format of Performance Security	
IX.	Confidentiality agreement	
X.	Bid Security Declaration form	
XI.	Technical Proposal form	

**Annexure – II**

**LETTER OF PROPOSAL SUBMISSION**

(Location, Date)

To,  
The General Manager (Finance)  
National Highways and Infrastructure Development Corporation Limited (NHIDCL)  
2<sup>nd</sup> Floor Tower A NBCC World Trade Center,  
Narauji Nagar,  
**Delhi – 110 023**

Dear Sir/Ma'am,

We the undersigned, offer to provide the Professional Services to NHIDCL in conducting Concurrent Internal Audit (IA) of NHIDCL for FY 2026-27 in accordance with your Request for Proposal no. \_\_\_\_\_ dated..... We are hereby submitting our bid/proposal, which includes this Technical Bid/Proposal, and a Financial Bid/Proposal. We hereby declare that all the information and statements made in this proposal are true and accept that any misinterpretation contained in it may lead to our disqualification. We understand you are not bound to accept proposal you receive.

- a. Earnest Money Deposit (EMD): We have remitted the EMD vide UTR No. The EMD is liable to be forfeited in accordance with the provisions mentioned in the RFP. Or Being MSME, we are exempt from submitting EMD. **(Please strike out what is not applicable.)**
3. We agree to keep this offer valid for 180 (One Hundred & Eighty) days from the last Date of submitting the proposal specified in the Invitation.
4. We agree to undertake the assignment, if allotted by you, as per the scope of work.
5. We agree and undertake to abide by all the terms and conditions of the RFP. We submit this Bid/Proposal under and in accordance with the terms of the RFP.
6. We certify that we fulfil the eligibility criteria as mentioned in the RFP and relevant documents for the same have been attached with this proposal.
7. We certify that we have not been black listed/debarred/ disqualified by any regulatory/ statutory body or Government entity or any International/National agency/Private/public Bank for corrupt or fraudulent practices.
8. We are not declared as insolvent or any insolvency petition is pending against us in any court.
9. No criminal proceedings are pending or has ended up in conviction against us, including our directors/promoters/partners, in Court.
10. We certify that we do not have an adverse litigation history.
11. We certify that we are not a related party to NHIDCL as per Companies Act, 2013, as amended from time to time.
12. We understand and agree that NHIDCL at its sole discretion and determination may add any

other relevant criteria for evaluating the proposals received in response to this Invitation and NHIDCL has the right to accept or reject any or all applications submitted in response to the Invitation document at any stage without assigning any reason thereof

Yours Sincerely,

(Signature, name and designation of the authorized signatory)

Date:

Place:

Mobile No/Telephone No/Fax Email:

Website:

**Attached:**

1. Power of Attorney in favor of the authorized signatory along with valid authority letter.
2. KYC documents as per RBI Guidelines.
3. Declaration that the bidder must not have been under any declaration of ineligibility by any authority.
4. Certificate cum declaration of no conflict of interest.
5. Integrity Pact.
6. Format reflecting project experience.

**Annexure-III**

**FORMAT OF PROJECT EXPERIENCE**

Project credentials relevant to the criteria should be attached (As specified in the **Evaluation of Technical Proposal Clause**, please attach additional sheet for more projects):

Project 1/2/3/4.....

<b>Particulars</b>	Project 1	Project 2	Project 3	Project 4
Name of the Client				
Assignment Description				
Project Type: Government/Govt Related Institutions				
Please specify whether Central Govt./Name of State Govt/ UTs/Govt. Related Institutions				
Whether the books of accounts are maintained in SAP				
Whether the books of Accounts are maintained on Ind AS				
Assignment fee charged (in INR Lakh)				
Activities performed by the Bidder for the Project				
Year (start date; end date)				
Duration				
Contract Value (INR)				
<b>*Attach the LOI/Contract for the Assignment</b>				

Signature .....

In the Capacity of .....

Duly authorized to sign proposal for and on behalf of .....

Date .....

Place .....

**Annexure-IV**

**CERTIFICATE CUM DECLARATION OF NO CONFLICT OF INTEREST**

1. It is certified that as on date, no conflict of interest exists, with any other organization, department or party(ies) with respect to the nature of work we are applying for and that during the assignment we will not undertake any assignment/work/job which may affect the interest of the NHIDCL.
2. It is also certified that we are neither the Statutory Auditors nor Internal Auditors nor consultant nor service providers to any of the contractors of NHIDCL.

Date: \_\_\_\_\_

Bidder: -

Name: -

Place: \_\_\_\_\_

Designation: -

Signature:

## **INTEGRITY PACT**

Between National Highways and Infrastructure Development Corporation Limited, a wholly owned CPSE under Ministry of Road Transport and Highways and registered as a company registered under the Companies Act, 2013, with corporate identification number U45400DL2014GOI269062, and having its Registered Office at 1<sup>st</sup> and 2<sup>nd</sup> Floor Tower A NBCC, World Trade Center Narauji Nagar New Delhi- 110023 (hereinafter referred to as “NHIDCL” or “The Principal”, which expression shall, unless it be repugnant to the context or meaning thereof, be deemed to include its successors, transferees, assigns and novates);

And

-----, (Agency/Firm) hereinafter referred to as “The Bidder/Contractor/Consultant”

### **Preamble**

The Principal intends to award, under laid down organizational procedures, contract/s for \_\_\_\_\_. The Principal values full compliance with all relevant laws of the land, rules, regulations, economic use of resources and of fairness/ transparency in its relations with its Bidder(s) and / or Contractor(s)/ Consultant(s).

In order to achieve these goals, the Principal will appoint a Committee, who will monitor the tender process and the execution of the contract for compliance with the principles mentioned above.

### **Section 1 - Commitments of the Principal**

1. The Principal commits itself to take all measures necessary to prevent corruption and to observe the following principles:
  - a) No employee of the principal, personally or through family members, will in connection with the tender for, or the execution of a contract, demand, take a promise for or accept, for self or third person, any material or immaterial benefit which the person is not legally entitled to.
  - b) The Principal will, during the tender process treat all Bidder(s) with equity and reason. The Principal will in particular, before and during the tender process, provide to all Bidder(s) the same information and will not provide to any Bidder(s) confidential/additional information through which the Bidder(s) could obtain an advantage in relation to the tender process or the contract execution.
  - c) The Principal will exclude from the process all known prejudiced persons.
2. If the Principal obtains information on the conduct of any of its employees which is a criminal offence under the IPC/PC Act, or if there be a substantive suspicion in this regard, the Principal will inform the Chief Vigilance Officer and in addition can initiate disciplinary actions.

## **Section 2 - Commitments of the Bidder(s)/ Contractor(s)/ Consultant(s)**

The Bidder(s)/ Contractor(s)/ Consultant(s) commit himself to take all measures necessary to prevent corruption. He commits himself to observe the following principles during his participation in the tender process and during the contract execution.

1. The Bidder(s)/ Contractor(s)/ Consultant(s) will not, directly or through any other person or firm, offer, promise or give to any of the Principal's employees involved in the tender process or the execution of the contract or to any third person any material or other benefit which he/ she is not legally entitled to, in order to obtain in exchange any advantage of any kind whatsoever during the tender process or during the execution of the contract.
2. The Bidder(s) / Contractor(s)/ Consultant(s) will not enter with other Bidders into any undisclosed agreement or understanding, whether formal or informal. This applies in particular to prices, specifications, certifications, subsidiary contracts, submission or non-submission of bids or any other actions to restrict competitiveness or to introduce cartelisation in the bidding process.
3. The Bidder(s) / Contractor(s)/ Consultant(s) will not commit any offence under the relevant IPC/PC Act; further the Bidder(s) /Contractor(s)/ Consultant(s) will not use improperly, for purposes of competition or personal gain, or pass on to others, any information or document provided by the Principal as part of the business relationship, regarding plans, technical proposals and business details, including information contained or transmitted electronically.
4. The Bidder(s) will not instigate third persons to commit offences outlined above or be an accessory to such offences.
5. The Successful bidder(s) signing the integrity pact shall not approach the courts while representing the matters to committee and he/she will await their decision in the matter.

## **Section 3 Disqualification from tender process and exclusion from future contracts**

If the Bidder(s)/Contractor(s)/ Consultant(s), before award or during execution has committed a transgression through a violation of Section 2, above or in any other form such as to put their reliability or credibility in question, the Principal is entitled to disqualify the Bidder(s) /Contractor(s)/ Consultant(s) from the tender process.

Any violation of integrity pact would entail disqualification of the bidders and exclusion from future business dealings, as per the existing provisions of GFR, 2017, PC Act, 1988 and other financial rules/guidelines etc. as may be applicable.

## **Section 4- Compensation for Damages**

1. If the Principal has disqualified the Bidder(s)/Contractor(s)/Consultant(s) from the tender process prior to the awarding of the Project according to Section 3, the Earnest Money Deposit (EMD) / Bid Security furnished, if any, along with the offer, as per terms of the Invitation of Tender, shall also be forfeited. The Bidder(s)/Contract(s)/Consultant(s)

understands and agrees that this will be in addition to the disqualification and exclusion of the Contractor(s)/Consultant(s)/Bidder(s) as may be imposed by the Principal, in terms of Section 3 above.

2. If, at any time after the awarding of the Project, the Principal has terminated the contract according to Section 3, or if the Principal is entitled to terminate the contract according to Section 3, the Security Deposit/ Performance Bank Guarantee furnished by the Consultant, if any, as per the terms of the NIT/Contract shall be forfeited without prejudice to any other legal rights and remedies available to the Principal under the relevant clauses of General / Special Conditions of Contract.

### **Section 5 - Previous transgression**

1. The Bidder declares that no previous transgressions occurred in the last 3 (three) years with any other company in any country conforming to the anti-corruption approach or with any Public Sector Enterprise in India that could justify his exclusion from the tender process.
2. If the Bidder makes incorrect statement on this subject, he can be disqualified from the tender process.

### **Section 6 - Equal treatment of all Bidders /Contractors/Subcontractors/Consultant(s)**

1. The Bidder(s)/ Contractor(s)/ Consultant(s) undertake(s) to demand from all subcontractors a commitment in conformity with this Integrity Pact, and to submit it to the Principal before contract signing.
2. The Principal will enter into agreements with identical conditions as this one with all Bidders, Contractors/ Consultant(s) and Sub-contractors.
3. The Principal will disqualify from the tender process all bidders who do not sign this Pact or violate its provisions.

### **Section 7 - Criminal charges against violating Bidder(s)/Contractor/Sub Contractor/ Consultant(s)**

If the Principal obtains knowledge of conduct of a Bidder, Contractor/ Consultant(s) or Subcontractor or of an employee or a representative or an associate of a Bidder, Contractor Consultant(s) or Sub contractor which constitutes corruption, or if the Principal has substantive suspicion in this regard, the Principal will inform the same to the Chief Vigilance Officer.

### **Section 8 - Pact Duration**

This pact begins when both parties have legally signed it. It expires for the Contractor in 24 months after the last payment under the contract.

If any claim is made / lodged during this time, the same shall be binding and continue to be valid despite the lapse of this pact as specified above, unless it is discharged / determined by Managing Director of NHIDCL.

### **Section 9 - Other provisions**

1. This agreement is subject to Indian Law. Place of performance and jurisdiction is the Registered Office of the Principal, i.e. New Delhi.
2. Changes and supplements as well as termination notices need to be made in writing. Side agreements have not been made.
3. If the bidders/contractors/consultant(s) is a partnership, a joint venture or a consortium,

this agreement must be signed by all partners or consortium members. In case of sub-contracting, the principal contractor shall take the responsibility of the adoption of Integrity Pact (IP) by the sub-contractor. It is to be ensured that all sub-contractor also sign the integrity pact.

4. Should one or several provisions of this agreement turn out to be invalid, the remainder of this agreement remains valid. In this case, the parties will strive to come to an agreement to their original intentions.

For adoption and implementation of Integrity Pact at NHIDCL appointed General Manager (Finance) as details are given in **Annexure A**.

(For & On behalf of the Principal) (For & On behalf of Bidder/Contractor Consultant)

---

(Office Seal)

---

(Office Seal)

Place: \_\_\_\_\_

Date: \_\_\_\_\_

Witness 1: -  
(Name & Address)

---

Witness 2: -  
(Name & Address)

---

**“Annexure A”**

NHIDCL has appointed Sh. Anil Kumar Gautam for adoption and implementation of Integrity Pact (IP) at NHIDCL and will have access to all contract documents.

**BIDDER BANK DETAILS FORM**

**(Please fill in the information in CAPITAL LETTERS)**

Name of Bidder: \_\_\_\_\_

Address: \_\_\_\_\_

City \_\_\_\_\_ Pin code \_\_\_\_\_

E-mail id: \_\_\_\_\_

Phone No. with STD code: \_\_\_\_\_

Mobile No.: \_\_\_\_\_

Permanent Account Number \_\_\_\_\_

**1. Particulars of Bank account:**

Beneficiary Name			
Bank Name		Branch Name	
Branch Place		Branch City	
PIN Code		Branch Code	
MICR No.		Account Type	
Account No.		IFSC	

I hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected for reasons of incomplete or incorrect information, I shall not hold NHIDCL responsible. I also undertake to advise any change in the particulars of my account to facilitate updation of records for purpose of credit of amount through RBI RTGS/NEFT.

Place: \_\_\_\_\_

Date: \_\_\_\_\_

Signature of the party / Authorized Signatory

Certified that particulars furnished above are correct as per our records.

Bank's stamp:

Date:

(Signature of the Authorized Official from the Banks)

N.B.: RTGS/NEFT charges if any, is to be borne by the party

## Annexure VII

### **FINANCIAL PROPOSAL SUBMISSION LETTER**

(Location, Date)

To,

The General Manager (Finance)  
National Highways and Infrastructure Development Corporation Ltd (NHIDCL)  
1<sup>st</sup> and 2<sup>nd</sup> Floor NBCC, World Trade Center  
Narauji Nagar  
**Delhi – 110023**

Dear Sir/Madam,

We the undersigned, offer to provide the Professional Services of conducting Concurrent Internal Audit (IA) of NHIDCL for the financial year 2026-27 in accordance with your Request for Proposal no. \_\_\_\_\_ dated ..... Our attached financial proposal is for the sum of Rs..... (Insert amount (s) in words and figures). This amount is **inclusive of GST**. We hereby confirm that the financial proposal is unconditional and we acknowledge that any condition attached to proposal shall result in rejection of our financial proposal.

1. We declare that the above quoted price is firm and shall remain valid for the entire period of the assignment. We further declare that the above quoted price is all inclusive (Including taxes) payable to us under this assignment. We further agree that the quoted prices shall be deemed to cover for the full scope as aforesaid.
2. We further understand that where there are discrepancies between amounts stated in figures and words, the amount stated in words shall prevail.
3. We hereby confirm that any Income Tax, surcharge or any other tax as attracted under the law, we agree to pay the same to the concerned authorities.
4. We declare that the services will be rendered strictly in accordance with the RFP.
5. We confirm that in case our bid is accepted then the work would be taken up immediately and the work will be completed in time.
6. We confirm that the bank details required by NHIDCL to release payment through electronic fund transfer system, has been furnished by us.

Yours sincerely,

Signature

..... In the

Capacity of .....

Duly authorized to sign proposal for and on behalf of

.....

Date .....

Place .....

**Annexure VIII**

**FORMAT OF PROFORMA OF BANK GUARANTEE TOWARDS PERFORMANCE SECURITY**

**Performance Security**

To,

The General Manager (Finance)

National Highways and Infrastructure Development Corporation Ltd (NHIDCL)

1<sup>st</sup> and 2<sup>nd</sup> Floor NBCC, World Trade Center,

Narauji Nagar,

Delhi – 110023

(Hereinafter referred to as "NHIDCL")

Whereas consequent to your Request For Proposal (RFP)/Tender No.....dated ..... you have issued a Letter of Intent (LOI) dated \_\_\_\_\_ to M/s \_\_\_\_\_, having its corporate office at \_\_\_\_\_ (hereinafter referred to as "the Bidder") for rendering Professional Services to NHIDCL of Internal Audit (IA) of NHIDCL for FY 2026-27.

Whereas as per the payment terms of the said RFP, the Bidder has to submit a Bank Guarantee from any scheduled commercial bank, in favor of NHIDCL.

And whereas, we, \_\_\_\_\_ Bank, having our branch office at \_\_\_\_\_ (Hereinafter referred to as "the Guarantor") on the request of the bidder hereby expressly and unreservedly undertake and Guarantee to pay to NHIDCL, a sum not exceeding ₹ \_\_\_\_\_/- (Rupees \_\_\_\_\_ Only), being 5% (Five percent) of the value of the RFP, in the event of any breach by the Bidder of the obligations under your said Contract, or reasons attributable to the Bidder on account of the same. This Guarantee shall be limited to an amount not exceeding ₹ \_\_\_\_\_/- (Rupees \_\_\_\_\_ Only). NHIDCL may raise a demand on us in writing stating the amount claimed under the Guarantee and on receipt of your claim in writing, without any demur, protest or contest and without any reference to the Bidder, we the Guarantor shall make the payment under this Guarantee to NHIDCL within 24 (twenty-four) hours of receipt of written claim / demand.

We, the Guarantor, further confirm that a mere letter from the NHIDCL that there has been a breach by the Bidder of its obligations or there are sufficient reasons for invoking this

Guarantee, shall without any other or further proof be final conclusive and binding on the Guarantor.

We shall not be discharged or released from this undertaking and the Guarantee by any arrangement, variation, violation between NHIDCL and the Bidder, indulgence to Bidder by NHIDCL with or without our consent or knowledge and this Guarantee shall be in addition to any other Guarantee or security NHIDCL possess against the Bidder.

This Guarantee shall be a continuing Guarantee and shall not be discharged by any change in the constitution of NHIDCL, Guarantor or the Bidder. It is further guaranteed that the payment under this Guarantee shall be made by us on receipt of your written demand as aforesaid making reference to this Guarantee.

Notwithstanding anything contained hereinabove, our liability under this Guarantee is restricted to ₹ \_\_\_\_\_/- (Rupees \_\_\_\_\_ Only).

This Guarantee shall remain in full force and effect for a period of 1 (one) year from the date of the commencement of Consultancy services/Assignment, all your rights under this Guarantee shall be forfeited and we shall be relieved and discharged from all liabilities there under. Thereafter, our Guarantee shall be considered as null and void whether returned to ourselves or not.

Date :

Place :

For \_\_\_\_\_  
(Branch and Bank)

## Annexure IX

### **INDEMNITY & CONFIDENTIALITY DECLARATION TO BE SIGNED BY THE BIDDER**

(To be filled in by Authorized Signatory of the Bidder while accepting the Assignment)

1. We, Shri \_\_, son/daughter of Shri \_\_, aged about \_\_ years, Indian inhabitant residing at \_\_,
2. Shri \_\_, son/daughter of Shri \_\_, aged about \_\_ years, Indian inhabitant residing at \_\_,
3. Shri \_\_, son/daughter of Shri \_\_ aged about \_\_ years, Indian inhabitant residing at \_\_, the partners of \_\_, a partnership firm carrying on its business at \_\_ (Hereinafter referred to as "Firm") do hereby solemnly declare and state as follows:
  - (i) We say that we are the partners of the firm.
  - (ii) We will keep information related to NHIDCL confidential and will not divulge to any outside agency or person without written consent from NHIDCL. This shall include passwords, access codes, pass phrases used by the personnel of my company. We will ensure that any user ids / manuals / NHIDCL related information in printed / soft form / hardware items used by the personnel of our company shall be returned / handed over to the concerned person in NHIDCL upon the completion of the task assigned to the company or as per the guidelines issued by NHIDCL.
  - (iii) We shall also indemnify and keep NHIDCL indemnified and hold NHIDCL, its employees, personnel, officers, directors, harmless from and against any and all losses, damages, costs, claims and expenses whatsoever which NHIDCL may suffer, pay or incur by reason of or in connection with any such default on the part of the \_\_\_\_\_ (Entity /Company).

Signature of Authorized .....  
Signatory .....

Name of the Authorized .....  
Signatory .....

Designation .....

Name of the Organization .....  
.....

Seal

Place:  
Date:

**Bid Security Declaration**  
(on Bidders Letter-Head)

Bidder's Name \_\_\_\_\_  
 [Address and Contact Details]  
 Bidder's Reference No. \_\_\_\_\_

Date.....

To  
 General Manager (F)  
 National Highways and Infrastructure Development Corporation Limited,  
 Tower 'A', World Trade Centre,  
 Nauroji Nagar,  
**New Delhi-110029**

Ref: Your Tender / Bid Document No. \_\_\_\_\_ dated \_\_\_\_\_ for engagement of firm for  
 Concurrent Internal Audit of NHIDCL for the Financial Year 2026-27.

**Subject:-Bid Security Declaration**

Sir/ Madam

We, the undersigned, solemnly declare that:

We understand that according to the conditions of this Tender Document, the MSE OEM/System Integrator registered with NSIC/KVIC or such Central procuring agencies/Ministries and STARTUPS registered with DPIIT are exempted from submission of Earnest Money Deposit. Accordingly, we M/s .....eligible for exemption from EMD and relevant documents/certificates are attached. Accordingly we hereby declare that :

We unconditionally accept the conditions of this Bid Security Declaration. We understand that we shall stand automatically suspended from being eligible for bidding in any tender in Procuring Organisation for **1 years** from the date of opening of this Bid if we breach our obligation(s) under the tender conditions if we:

- 1) withdraw/ amend/ impair/ derogate, in any respect, from our bid, within the Bid validity; or
- 2) being notified within the bid validity of the acceptance of our bid by the Procuring Entity:
  - (a) refused to or failed to produce the original documents for scrutiny or the required Performance Security within 15 days from the date of issue of supply order/contract.
  - (b) Fail or refuse to sign/accept the contract.

We know that this bid-security Declaration shall expire if the contract is not awarded to us, upon:

- 1) receipt by us of your notification
  - (a) of cancellation of the entire tender process or rejection of all bids or
  - (b) of the name of the successful bidder or
- 2) forty-five days after the expiration of the bid validity or any extension to it.

(Signature with date)

.....  
 (Name and designation)

Duly authorized to sign bid for and on behalf of.....  
 [name & address of Bidder and seal of company]

Dated on ..... day of..... [insert date of signing]  
 Place .....[ insert place of signing]

**Technical Proposal**

**FORMAT OF INFORMATION**

**(On the letter head of the Entity submitting the bid document)**

To  
The General Manager (Finance)  
National Highways and Infrastructure Development Corporation Ltd  
(NHIDCL) 1<sup>st</sup> and 2<sup>nd</sup> Floor NBCC, World Trade Center,  
Narauji Nagar,  
**Delhi – 110023**

**Subject: Technical Proposal for Engagement of Concurrent Internal Auditor in  
NHIDCL for Group (I/II)**

Sir,

With reference to RFP/Tender No. \_\_\_\_\_ dated \_\_\_\_\_ issued by NHIDCL; we submit our details as under:

1. Name of Organization:
2. Web Site:
3. Date of Establishment/Incorporation/Commencement of Business:
4. Goods & GST Registration Number:
5. Permanent Account Number:
6. MSME Regn. No., if applicable
7. Empanelment No. with C&AG
8. Regn. No. with RBI, if any
9. The books of the Firm have been peer reviewed (Yes/No)
10. Name, Qualification, experience and Regn. No. of the Partners in the format given below:

<b>Sl. No.</b>	<b>Name</b>	<b>Qualification</b>	<b>Experience in completed years as on the last date of Submission of Bids</b>	<b>Date since Partner with the firm</b>	<b>Remarks, if any.</b>
1.					
2.					
3.					
4.					
5.					
6.					

7.					
----	--	--	--	--	--

8.					
9.					
10.					
11.					

11. Name, qualification, experience and Regn. No. of the Employees in the format given below

Sl. No.	Name	Qualification CA/ICWA Final/IPCC	Experience in Completed Years as on the last date of submission of bids	Date since partner with the firm	Remarks, if any.
1.					
2.					
3.					
4.					
5.					
6.					
7.					

12. Annual turnover of the Firm in last three years:

Sl. No.	Year	Professional Fee in Rs.
i.	2022-23	
ii.	2023-24	
iii.	2024-25	
	Total	
	Average	

(Please attach the annual accounts for last three years)

13. Number of Audit Assignments completed in last three years in the following format:

	No of Audit Assignments	Number of Audit Assignments in CPSEs	Number of Audit Assignments completed in private sector	Nature of Audit Assignments
Statutory Audit				
Internal Audit				

**(A list of such assignments and the letters from the clients may be attached)**

14. Particulars of the authorized signatory of the Bidder

- a. Name
- b. Designation Address
- c. Phone Number (Landline) Mobile Number
- d. Fax Number
- e. E-Mail Address

15. Provide details of team leader and team members (Bidder shall appoint an experienced Team Leader dedicated to the Internal audit execution. The bidder should provide CV of Team Leader that demonstrates proven experience in executing projects similar in scope & complexities).

16. Details of Team members who will be assigned for undertaking responsibilities listed under the Scope of Work in the RFP, to the extent available at the time of bid submission are given below:

<b>Sl. No</b>	<b>Name</b>	<b>Qualification</b>	<b>Certifications</b>	<b>Core Competency</b>	<b>Total experience (in years)</b>	<b>Experience with the Entity/firm (in years)</b>
1						
2						
3						
4						
5						

(Add additional rows as per requirement)

17. Details of the Deposit of EMD of Rs. One lakh. (The pay order/NEFT date should not be later than the last date of submission of the bid).

<b>Pay order /NEFT/RTGS No.</b>	<b>Dated</b>	<b>Drawn on</b>	<b>In favour of</b>	<b>Ref:</b>

In case of MSME, the Bid security declaration form is applicable.

18. Number of Offices/Establishments in various parts of the Country and Contact Person Details:

Details:

Name of the Contact person:

Address

E-mail:

Phone:

19. It is certified, to the best of my knowledge and belief, all the information provided above is correct.

Signature of Authorized person  
(In full and initials)  
Name and Title of Signatory:

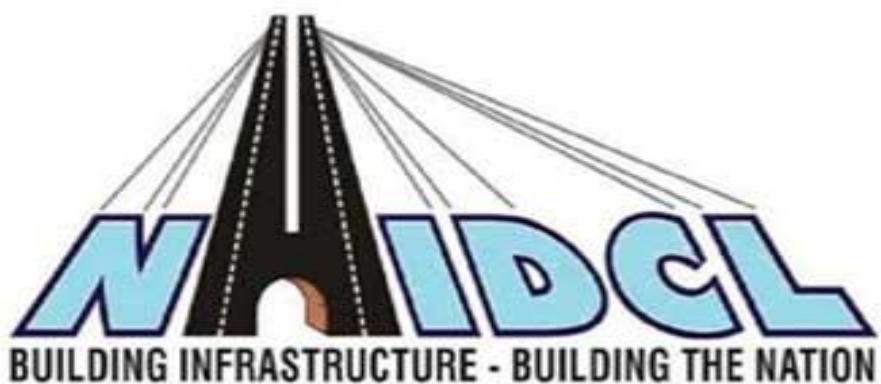
Seal of Entity

(Signature and seal of entity to be put on  
all pages of Annexure)

Place:

Date:

# INTERNAL AUDIT MANUAL



**National Highways & Infrastructure Development Corporation Limited**  
(A Public Sector Undertaking under the Ministry of Road Transport & Highways, Government of India)  
**1<sup>st</sup> and 2<sup>nd</sup> Floor, Tower A, World Trade Centre, Ring Road, Nauroji  
Nagar, New Delhi – 110029, India**

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## CHAPTER- I INTRODUCTION

This Internal Audit Manual provides comprehensive guidance for conducting the internal audits within the National Highways & Infrastructure Development Corporation Limited (NHIDCL). It defines the objectives, scope, and methodologies for the internal auditors aiming to strengthen governance, enhance risk management, and improve control processes within the organization. Effective internal auditing is essential for NHIDCL achieving its mission of developing and maintaining high-quality infrastructure that contributes to national economic growth.

Although internal to the organisation, internal auditing is an important tool for providing relatively independent view to the management, with the objective assurance and designated value so as to bring about improvement in the organisation's operations. It helps an organisation accomplish its objective by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. The Framework for Standards on Internal Audit issued by the Institute of Chartered Accountants of India (ICAI) defines *Internal Audit* as:-

“Internal audit provides independent assurance on the effectiveness of internal controls and risk management processes to enhance governance and achieve organisational objectives.”

The above definition highlights the following facets of the internal audit:

- (i) **Independence:** Internal audit shall be an independent function, achieved through the position, organization structure and reporting of the internal auditor. At times, in addition to providing assurance, the internal auditor may adopt an advisory role to help an organization achieve its objectives, provided this does not compromise the independence of the internal auditor. Further, there has to be policies in place to protect internal auditors from undue influence.
- (ii) **Internal controls and risk management** are integral parts of management function and business operations. An internal auditor is expected to evaluate the design and operating effectiveness of internal controls and risk management processes (including reporting processes) as designed and implemented by the management.
- (iii) **Governance** is a set of relationships between the company and its various stakeholders and provides the structure through which the company's objectives are achieved. It includes compliance with internal policies and procedures and laws and regulation. Internal Audit supports governance by ensuring compliance with an organization's policies, procedures, laws, and regulations through a structured and risk-based approach.
- (iv) **Organizational objectives** incorporate the interests of all stakeholders and include the short and medium term goals that an organisation seeks to accomplish.

This above definition forms the underlying foundation of all the Standards on Internal Audit (SIAs) issued by the ICAI. The ICAI recommends the adoption of the Standards on Internal Auditing (SIA) while performing internal audit so as to ensure a consistent approach and quality in the discharge of the professional duties.

## 1. About National Highway and Infrastructure Development Corporation Limited (NHIDCL)

NHIDCL executes projects for construction of Highways and Infrastructure mainly on behalf of Ministry of Road Transport and Highways (MoRTH) on mainly on EPC (Engineering, Procurement and Construction), Hybrid Annuity Model (HAM) and Design Build Finance Operate and Transfer (DBFOT) modes. Entire contracting part from preparation of bidding documents, inviting of tenders and award of work is handled by NHIDCL, Headquarter in respect of contracts for preparation of Detailed Project Report (DPR), engagement of Consultant for supervision of work (called Authority Engineers), EPC contractors. Entire execution of project is handled by the Regional offices. All payments to the contractors are made by Regional offices. All work relating to Maintenance and Repairs (M&R) works are handled by Regional office from invitation of bids to execution thereof.

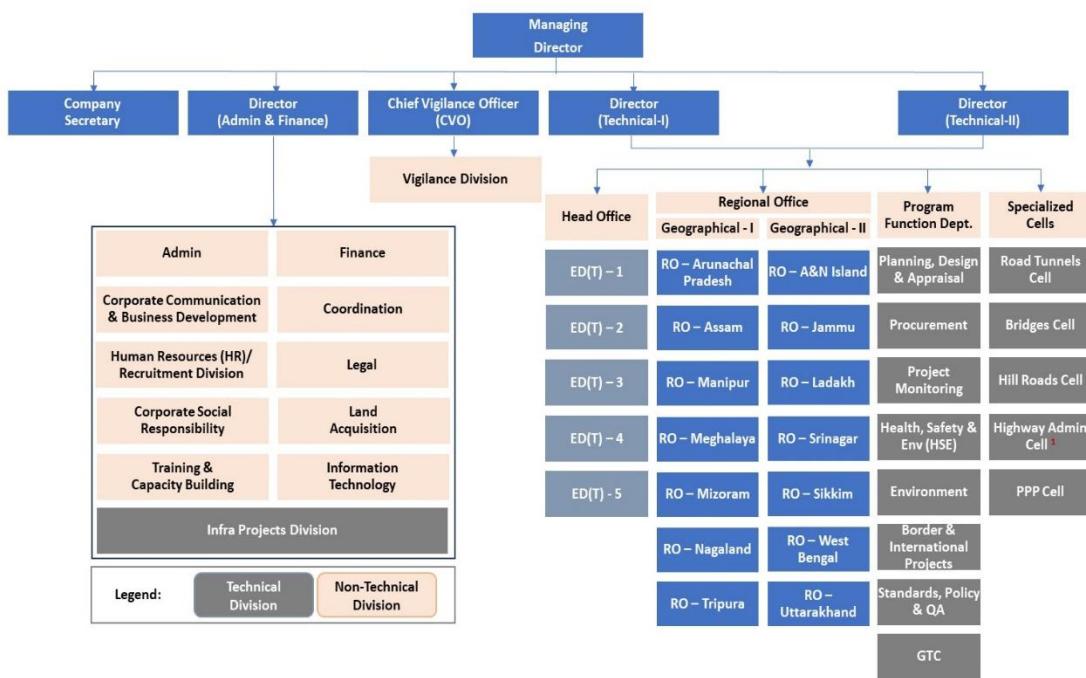
NHIDCL functions as an implementing agency of the MoRTH. The Schemes are sanctioned by the Government based on the schemes, the Company gets DPR prepared. Based on the DPR, the Company in consultation with the MoRTH identifies the projects to be executed and invites competitive bids and submits proposals to the MoRTH for sanction. Upon sanction, the MoRTH issues Administrative Approval and Financial Sanctions (AAFS). Upon issue of sanction, the contractors are awarded for execution of the projects. Thereafter, after receipts of requisite acceptance and performance security, the contracts are provided to the Regional offices for execution.

The works for maintenance and repairs of the road and highways have been delegated to the Regional Offices. The ED(P) is authorised to issue AAFS for M&R works. Upon the issue of AAFS, the ED(P) are to invite the competitive and transparent bids before award of the work.

In past, the Internal Audit was conducted by the firms of Chartered Accountants appointed as Internal Auditors. From 2019–20, the Company started taking a list of firms from the office of the C& AG and appointing separate Internal Auditors of the head quarter office and each of the regional office. From 2024-25, the Company has appointed two firms of Chartered Accountants as Concurrent Internal Auditors and allocating the work amongst them.

NHIDCL has prepared its Accounting Manual encompassing all the activities being performed by the Finance Division.

## Organisational Structure of NHIDCL



1: Also undertaking functions of Road Safety & Disaster Management Cell

The Finance Division operates under the overall supervision of the Director (Administration & Finance), who also serves as the Chief Financial Officer (CFO) of the organization. The Division is responsible for managing the financial affairs of NHIDCL in accordance with applicable statutory and regulatory requirements. The Finance Division is organized into specialized functional sections, each dedicated to a specific area of financial management.

These sections are responsible for the following key functions:

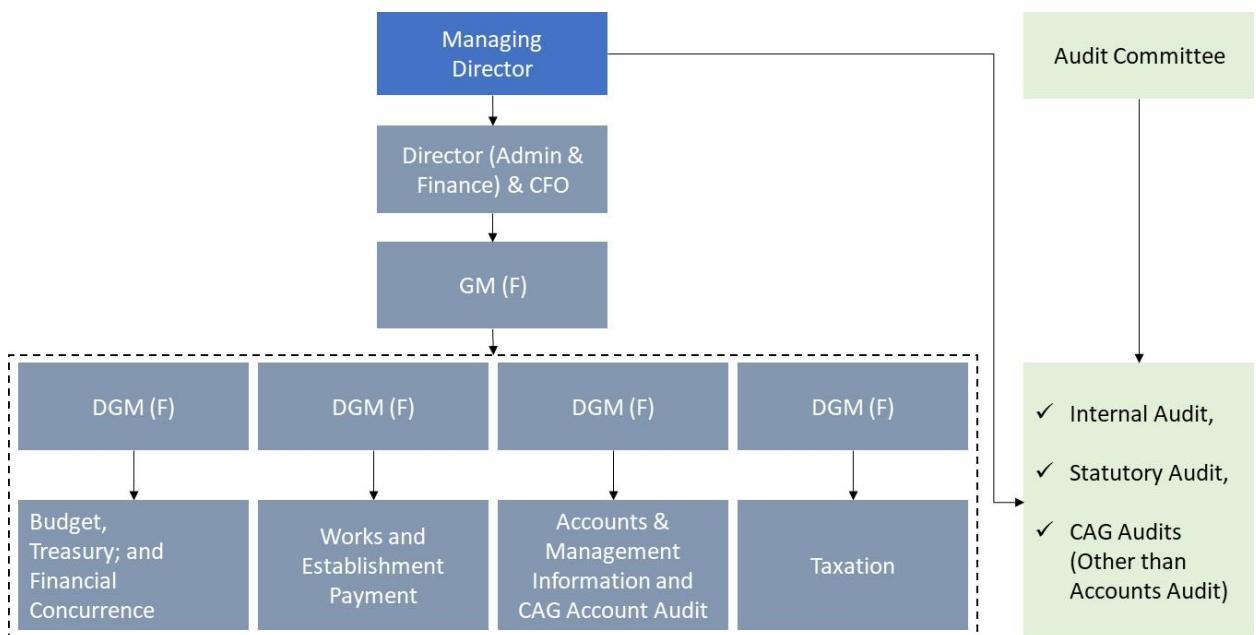
- Budgeting, Treasury Management, and Financial Concurrence,
- Works and Establishment Expenditure & Payments,
- Accounting, Management Information and Reporting,
- Taxation and Statutory Compliances
- Audit Section

Each functional section is headed by a Deputy General Manager [DGM (F)], who reports to the General Manager [GM (F)]. The GM (F), in turn, reports directly to the Director (A&F)/CFO, thereby enabling smooth coordination and clear accountability across all levels of the finance division.

The Internal Audit Section functions independently to maintain objectivity and impartiality. Accordingly, the Internal Audit Section reports directly to the Managing Director (MD) and the

Audit Committee, thereby facilitating an independent review and evaluation of internal controls, risk management, and compliance frameworks.

A brief overview and key functions of the Finance Division<sup>1</sup> is provided below:



## 2. Internal audit – Statutory Provisions

Section 138 of the Companies Act, 2013 provides as under:

- (1) *Such class or classes of companies as may be prescribed shall be required to appoint an internal auditor, who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company.*
- (2) *The Central Government may, by rules, prescribe the manner and the intervals in which the internal audit shall be conducted and reported to the Board.*

Under section 143(3) of the Companies Act, the Statutory Auditors are required *inter alia* to report whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls

Evaluation of internal financial control controls and risk management systems is one of the functions of the Audit Committee under Section 177 of the Companies Act, 2013, which further provides that the Audit Committee call for the comments of the auditors about internal control systems, scope of audit, including the observations of the auditors and review of financial

<sup>1</sup> The structure of finance division and responsibilities outlined above are indicative and subject to change based on management directives.

statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.

### **3. Objectives of Internal Audit**

3.1 The objective of Internal Audit in NHIDCL is to assist management at all levels in the effective discharge of their responsibilities by furnishing them weaknesses of internal control system along with relevant analysis, appraisals, recommendations, and pertinent comments concerning the activities reviewed. Any possible improvement in economy, efficiency, or effectiveness of business activity of the corporation should also be highlighted by the Internal Auditor.

Internal Auditor is expected to go beyond the accounting and financial records, and obtains a full understanding of the operations under review. Reviewing and appraising the soundness, adequacy, and application of accounting, financial, and other operating controls, as well as promoting the effective control at reasonable cost should be seen by the Internal Auditor for attaining the overall objective of internal audit as stated above. For discharge of these duties Internal Audit team can be multifunctional.

**3.2** According to Standard on Internal audit (SIA) - 230, Objectives of Internal Audit, the objectives of internal audit vary widely and depend on the size, structure and complexity of the entity subject to internal audit. These objectives are also influenced by the laws and regulations and specific requirements of management and, in most cases, defined by those charged with governance.

- While the specific objectives of any internal audit may vary from company to company, these objectives should be consistent with the overall definition of *Internal Audit*.

Internal control is an integral part of corporate governance and thus internal auditors are important players in the field of corporate governance. Internal auditors, in their assessment of risk management and internal control, largely focus on the essential dimensions of corporate governance.

**3.3** Objective of Internal Audit is systematic evaluation of the NHIDCL's operations and controls to determine if;

- Financial and operating information is accurate and reliable.
- Risks are identified and minimised
- External regulations and internal policies and procedures are followed
- Standards are met satisfactorily
- Resources are used efficiently and economically
- Organisational objectives are effectively achieved
- Existence of sufficient internal controls.

### **4. Scope of Internal Audit**

The scope of internal auditing includes:

- Reviewing the reliability and Integrity of financial and operating information and the means used to identify measure, classify, and report such information.

- Reviewing the adequacy of systems established to ensure compliance with those policies, plans, procedures, laws, rules, and regulations, which could have a significant impact on operations.
- Appraising the economy and efficiency with which financial/other resources are employed.
- Procurement are done in conformity with applicable rules, manuals, procedures, applicable guidelines in a fair and transparent manner.
- Evaluating operations or programs to ascertain whether results are consistent with establish objectives and goals and whether the operations or programs are being carried out as planned.
- Reviewing the correctness of financial statements / compliance with prevailing accounting standards and internal policies.
- Reviewing the means of safeguarding assets as appropriate.
- Apprise of the quality of performance in carrying out the responsibilities assigned to functional departments, and to recommend operational improvements, in order to achieve corporate goals.
- Analysing opportunities,
- Assessing economy, efficiency and effectiveness of resources.
- Raising issues based on the sound analysis of facts and features to the management to take final view.

While a pre-defined scope for an auditor's work at the micro level is difficult to draw, a better way of dealing with it is to indicate the broad areas where audit can be conducted. This will incidentally allow discretion to the team in charge to concentrate on the important points that come up during the audit and accordingly set the exact course of action.

## 5. Scope of the Manual

This Internal Audit Manual defines the scope, authority, and responsibilities of the internal audit function within the NHIDCL. It provides a comprehensive framework for planning, executing, and reporting on internal audits, guiding auditors in assessing the adequacy and effectiveness of governance, risk management, and internal controls. The manual encompasses all operational and financial activities of NHIDCL, with a particular focus on project management, contract administration, and regulatory compliance. It details methodologies for risk assessment, fraud detection, and performance evaluation, ensuring alignment with international best practices and NHIDCL's strategic objectives. The manual also establishes clear reporting lines and communication protocols to facilitate effective oversight by senior management and the Audit Committee. Intended for use by all internal audit personnel, this document serves as a practical

guide that will be regularly reviewed and updated to reflect changes in NHIDCL's operating environment and evolving industry standards

## CHAPTER - II INTERNAL AUDITOR

An internal auditor is an auditor who is appointed by the Board of directors of the company in order to carry out the internal audit function. Generally, an employee of the company acts as an internal auditor, whereas some companies appoint an external expert as an internal auditor. The internal auditor independently and objectively evaluates the organization's operations, processes, and internal controls to provide assurance and improve overall performance. They serve as the "eyes and ears" of senior management and the board of directors, gathering relevant and objective information to help ensure the company's goals are being met and risks are being managed effectively.

In NHIDCL technical skills are important for the Internal Auditor, specifically.

- **Specific Technical Competencies:** Include key technical skills such as:
  - Infrastructure project planning and design review.
  - Construction practices and quality control testing.
  - Contract management and dispute resolution.
- **Behavioural Skills:** To be an effective leader, an auditor needs to be able to present information, resolve disputes and collaborate. Also, the auditor is able to navigate the nuances in the organisation.

### 6. Code of ethics of Internal Auditor

A code of ethics becomes necessary for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about governance, risk management, and control.

As also stated in Basic Principles of Internal Audit, there are set of core principles fundamental to the internal audit function and activities. These basic principles of internal audit are critical to achieve the desired objectives as set out in the definition of *Internal Audit*.

#### Basic Principles

##### a) Independence

The independence of the internal audit function as a whole, and the Internal Auditor within the organisation, plays a large part in establishing the independence of the Internal Auditor. The Internal Auditor shall be free from any undue influences from the management. The Internal Auditor shall resist any undue pressure or interference in establishing the scope of the assignment of Internal Audit.

At times, the Internal Auditor is exposed to a different type of risk to independence, whereby management seeks active business support from the Internal Auditor. Apart from providing basic assurance and advisory inputs, the Internal Auditor is assigned certain operational responsibilities (such as risk management, compliance, system automation, process re-engineering, etc.).

##### b) Integrity and objectivity

The Internal Auditor shall be honest, truthful and be a person of high integrity. He shall operate in a highly professional manner and seen to be fair in all his dealings. He shall avoid all conflicts of interest and not seek to derive any undue personal benefit or advantage from his position. All

internal auditors will disclose prior work relationships with parties they are auditing. The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement. For the principle of integrity, Internal Auditors are expected to observe following rules of conduct: –

- Shall perform their work with honesty, diligence, and responsibility
- Shall observe the law and make disclosures expected by the law and the profession.
- Shall not knowingly be a party to illegal activity, or engage in acts that are discreditable to the professionals of internal auditing or to the organisation.
- Shall respect and contribute to the legitimate and ethical objectives of the organisation.
- Shall not allow prejudice or bias to override his objectivity, especially in arriving at conclusions or reporting his opinion.

For the principle of objectivity, Internal Auditors are expected to observe following rules of conduct: –

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
- Shall not accept anything that may impair or be presumed to impair their professional judgement.
- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

#### **c) Confidentiality**

The Internal Auditor shall at all times, maintain utmost confidentiality of all information acquired during the course of the audit work. He shall not disclose any such information to a party outside the internal audit function and any disclosure shall be on a “need to know basis”.

The Internal Auditor shall keep confidential information secure from others. Under no circumstance any confidential information shall be shared with third parties outside the company, without the specific approval of the Management or Client or unless there is a legal or a professional responsibility to do so (e.g., to share information with Statutory Auditors). For the principle of confidentiality, internal auditors are expected to observe following goals of contact: –

- Shall be prudent in the use and protection of information acquired in the course of their duties.
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

#### **d) Skills and Competency**

The Internal Auditor shall have sound knowledge, strong inter-personal skills, practical experience and professional expertise in certain areas and other competence required to conduct a quality audit. Internal auditors apply the knowledge, skills, and experience needed in the performance of internal audit services. For the principle of competency, Internal Auditors are expected to observe following roles of conduct: –

- Shall engage only in those assignments for which they have the necessary knowledge, skills, and experience.
- Shall perform internal audit assignments in accordance with the Standards on Internal Audit issued by the ICAI and other relevant requirements.
- Shall continually improve their proficiency and the effectiveness and quality of their services.

**e) Due Professional Care**

The Internal Auditor shall exercise due professional care and diligence while carrying out the internal audit. "Due professional care" signifies that the Internal Auditor exercises reasonable care in carrying out the work to ensure the achievement of planned objectives. Auditors will use professional judgment in selecting the audit procedures appropriate for each engagement, including the use of data analytics and other advanced techniques.

For the principle of due professional care, Internal Auditors are expected to observe following roles of conduct: –

- Shall pay particular attention to certain key audit activities, such as establishing the scope of the engagement to prevent the omission of important aspects
- Recognise the risks and materiality of the areas, having required skills to review complex matters,
- Establish the extent of testing required to achieve the objectives within specified deadlines.

**f) Risk Based Audit**

The Internal Auditor shall identify the important audit areas through a risk assessment exercise and tailor the audit activities such that the detailed audit procedures are prioritised and conducted over high risk areas and issues, while less time is devoted to low risk areas through curtailed audit procedures. Additionally, this approach shall ensure that risks under consideration are more aligned to the overall strategic and company objectives rather than narrowly focused on process objectives.

A risk-based audit shall ensure the following three-fold objectives:

- Audit procedures need not cover the whole process and can be limited only to the important controls in the process;
- Establish linkage to the aspects relevant and connected with company and functional objectives; and
- Findings and issues highlighted are significant and important and time is not devoted to areas with low probability of significant observations.

**g) System and Process Focus**

An Internal Auditor shall adopt a system and process focused methodology in conducting audit procedures. This methodology is more sustainable than the one adopted to test transactions and balances as it goes beyond “error detection” to include “error prevention”. It requires a root cause analysis to be conducted on deviations to identify opportunities for system improvement or automation, to strengthen the process and prevent a repetition of such errors.

Deployment of Information Technology by companies is widely prevalent and should be understood for effective internal audits. This is a more sustainable approach as this helps the Internal Auditor to move away from “people to process” and from “detection to prevention”.

#### **h) Participation in Decision Making**

In conducting internal audit assignments, the Internal Auditor shall avoid passing any judgement or render an opinion on past management decisions. As part of his advisory role, the Internal Auditor shall avoid participation in operational decision making which may be subject of a subsequent audit.

The focus of the Internal Auditor shall remain with the quality and operating effectiveness of the decision-making process and how best to strengthen it, such that the chance of flawed or erroneous decisions is minimised. However, the Internal Auditor is at full liberty to present the lessons which can be learnt from such past decisions.

#### **i) Sensitive to Multiple Stakeholder Interests**

The Internal Auditor shall evaluate the implications of his observations and recommendations on multiple stakeholders, especially where diverse interests may be conflicting in nature. In such situations, the Internal Auditor shall remain objective and present a balanced view. This would permit senior management to make a decision using all the information and balance the strategy and objectives of the company with the expectations and interests of its multiple stakeholders.

#### **j) Quality and Continuous Improvement**

The quality of the internal audit work shall be paramount for the Internal Auditor since the credibility of the audit reports depends on the reliability of reported findings. The Internal Auditor shall have in place a process of quality control to:

- ensure factual accuracy of the observations;
- to validate the accuracy of all findings; and
- continuously improve the quality of the internal audit process and the internal audit reports.

The Internal Auditor shall ensure that a self-assessment mechanism is in place to monitor his own performance and also that of his subordinates and external experts on whom he is relying to complete some part of the audit work.

### **7. Areas of contribution.**

The internal auditors can contribute in the following ways:

**Risk assessment:** The auditor shall be required to give an opinion on whether all risks likely to be faced by the organisation are evaluated and adequate steps initiated by the management to mitigate the risks.

**Controls opinion:** The auditor shall comment on whether the design of the controls will help achieve the entity's objectives and on whether the internal controls structure is adequate.

**Strategy Evaluation:** The auditors can contribute in the area of strategy formulation, and monitoring implementation, through a validation process that will ensure that the underlying assumptions and facts presented to the board are reliable.

**Value Addition:** Current theory postulates value addition to the stakeholders of the company. Internal auditors with their objective, expertise, resources to benchmark and transfer best practises can highlight areas of improvement, which can add value to the operations of the company.

**Accuracy of MIS:** The internal audit function could also ensure that data and reports that are circulated to the directors and tabled at the board meetings are factually correct, and that generally accepted methodologies are used in preparing the reports.

## 8. Responsibility of Internal Auditor

- Standard on Internal Audit (SIA) 360 - Communication with those Charged with Governance mandates the need to have an effective two-way communication with the management for achievement of internal audit objectives. According to SIA 360 All communication with those charged with governance shall be independent, objective, effective and timely through an established relationship.
- The nature of communication is left to the professional judgements of the Internal Auditor and those charged with governance. However, a formal communication process, pre-agreed with them, shall be put in place to facilitate effective and timely communication.
- Certain information considered important for communication is mandated by other Standards on Internal Audit, which shall be included in the list of essential matters for communication. In addition, certain information for communication may be mandated by laws and regulations which shall also be adhered to and included in the list of essential matters for communication.
- During the course of conducting audit assignments, the Internal Auditor may come across certain sensitive information or situations. These may require the attention of those charged with governance. The Internal Auditor shall discuss such sensitive matters with the Management and agree on a communication protocol of these with those charged with governance.

The above will facilitate in the following:

- a) Providing a framework for continuous communication with those charged with governance;
- b) Indicate the need to conduct such communication in a process driven manner; and

- c) Establish certain essential matters which should be communicated to those charged with governance.

The Internal Auditor shall also consider the Accounting Manual of NHIDCL so as to ensure the compliance of the relevant areas of Accounting Manual while conducting the Internal Audit.

However, Internal audit has neither direct responsibility for any of the activities reviewed, nor does it have any direct authority over any of the functional management, except the Internal audit function.

Internal audit review and appraisal do not relieve other officials in NHIDCL of their functional responsibilities. In other words, basic responsibility for compliance with applicable guidelines / circular, establishment of desired adequate internal control systems remains with the concerned head of the divisions / office.

## **CHAPTER - III INTERNAL CONTROLS & RISK FRAMEWORK**

### **9. Accounting System and Internal Controls.**

Operational Division is responsible for maintaining an adequate accounting system incorporating various internal controls to the extent appropriate to the size and nature of the business. The Internal auditor should reasonably assure himself that the accounting system is adequate and that all the accounting information which should be recorded has in fact been recorded. Internal controls normally contribute to such assurance. Operational divisions should provide clear and documented evidence to internal auditors, demonstrating the design and effectiveness of their key internal controls relevant to financial reporting and operational efficiency

The Internal auditor should gain an understanding of the accounting system and related internal controls and should study and evaluate the operation of those internal controls upon which he wishes to rely in determining the nature, timing and extent of the audit procedures.

### **10. Relationship with External Auditor**

Objectives of Internal Audit may differ from that of the external auditor, who is appointed to report independently on financial information. Nevertheless, some of the means of achieving their respective objectives are often similar. However, being part of organisation, internal audit function cannot be expected to have the same degree of independence as an external audit.

Nevertheless, the external auditor may also use the work performed by the Internal Auditor as part of discharging his duties. External Auditor or Statutory Auditor drives confidence in the systems and internal controls on the basis of Internal Audit Reports. Therefore, Internal Audit Reports should promptly be made available to external/statutory auditor. Also, Internal Auditor should exchange relevant information with the statutory auditor to coordinate the audit work and procedures. The internal audit function should establish a documented protocol for regular communication and information sharing with the statutory auditor, including the sharing of audit plans, findings, and reports, to ensure coordinated audit coverage and avoid duplication of effort.

### **11. Audit Materiality**

The concept of 'Materiality' is applied by the internal auditor in both planning and performing the audit and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements. A key issue for internal audit to address is that of 'Materiality', i.e. the significance of the issue to the organisation. There is no standard quantitative definition of materiality but it is a matter of judgement about relative significance or importance of a particular matter in the context of organisation as a whole. Materiality in internal auditing is defined as the threshold at which a misstatement or omission could reasonably influence the decisions of management or other stakeholders. This requires auditors to apply professional judgment, considering both quantitative and qualitative factors, to determine the appropriate materiality level for each audit engagement. Materiality depends on the size of the item or error judged in the particular circumstances of its omissions or misstatements. Thus, materiality provides a threshold or cut-off point rather than being primary qualitative characteristic which information must have if it is to be useful.

Thus, the auditor must determine materiality before qualifying whether the observation falls under significant audit observation or not.

## 12. Audit Sampling

Since it is not possible to verify all the transactions, events, records, etc., the auditors use risk assessment to narrow down to areas or groups of transactions with higher risk for audit. Once the area or group is selected based on risk, auditors may select transactions for audit using a sampling technique so that the audit conclusions would apply to the entire population.

As per Standard on Internal Auditing (SIA) 5, Sampling, "Audit sampling" means the application of audit procedures to less than 100% of the items within an account balance or class of transactions to enable the internal auditor to obtain and evaluate audit evidence about some characteristic of the items selected in order to form a conclusion concerning the population. Certain testing procedures, however, do not come within the definition of sampling. Tests performed on 100% of the items within a population do not involve sampling. Likewise, applying internal audit procedures to all items within a population which have a particular characteristic (for example, all items over a certain amount) does not qualify as audit sampling with respect to the portion of the population examined, nor with regard to the population as a whole, since the items were not selected from the total population on a basis that was expected to be representative. Such items might imply some characteristic of the remaining portion of the population but would not necessarily be the basis for a valid conclusion about the remaining portion of the population.

When designing an audit sample, the internal auditor should consider the specific audit objectives, the population from which the internal auditor wishes to sample, and the sample size. When determining the sample size, the internal auditor should consider sampling risk, the tolerable error, and the expected error. The lower the risk that the internal auditor is willing to accept, the greater the sample size needs to be.

Having carried out, on each sample item, those audit procedures that are appropriate to the particular audit objective, the internal auditor should:

- a. analyse the nature and cause of any errors detected in the sample;
- b. project the errors found in the sample to the population;
- c. reassess the sampling risk; and
- d. consider their possible effect on the particular internal audit objective and on other areas of the internal audit engagement.

While 100% checking is required for Project Payments, the extent of reliance on sampling procedures should align with risk assessment outcomes, the nature of the control being tested, and the need to obtain sufficient appropriate audit evidence.

## 13. Audit Evidence

Gathering appropriate and reliable audit evidence is a critical part of the internal audit process. Standard on Internal Audit (SIA) 320, Internal Audit Evidence, refers it to all the information used by the Internal Auditor in arriving at the conclusions on which the auditor's opinion is based. It includes both information collected from underlying entity records and processes as well as information from the performance of various audit activities and testing procedures.

The overall objective of obtaining appropriate and reliable evidence is to allow the Internal Audit to form an opinion on the outcome of the audit procedures completed. The evidence collected

must stand on its own and not require any follow up clarification or additional information to arrive at the same conclusion. All audit evidence collected shall be recorded and the internal audit function shall maintain a written process explaining the manner in which audit evidence is to be gathered, reviewed, documented and stored.

#### **14. Analytical Procedures**

The internal auditor should apply analytical procedures as the risk assessment procedures at the planning and overall review stages of the internal audit to obtain an understanding of the business, the entity and its environment, including the entity's internal control, to identify and assess the risks of material misstatement, whether due to fraud or error, in the information subjected to internal audit. Analytical procedures may also be applied at other stages. The internal auditor may also utilise the tool of ratio analysis to identify indicators. The internal auditor must analyse changes in the financial statements, account balances and ratios between two accounting periods. According to Standard on Internal Audit (SIA) 6- *Analytical Procedures*, Application of analytical procedures may indicate aspects of the business of which the internal auditor was unaware and will assist in determining the nature, timing and extent of other internal audit procedures.

#### **15. Risk Management and Internal auditing**

A new paradigm has emerged where the focus is on "Risk". Risk Management is a key concept in internal audit. Definition of Internal audit also indicates "Risk Management" as a basic expectation of Internal Audit. In this new approach, the auditor is concerned with identification of risks and developing plans to avoid, diversify, share, transfer, control or accept the risk. This is a very proactive and broad based approach that turns focus to the present and the future. The auditor deals with the obstacles that could be faced by the management in the future. Hence, this adds immense value to the audit process.

According to Standard on Internal Audit (SIA) 130 - Risk Management, the Risk Management is a process with a series of steps taken on a continuous basis to identify the threats and vulnerabilities, assess them for severity and likelihood monitor risks, prioritise them for action and to minimise their possible negative impact through mitigate actions. Internal audit is a key part of the lifecycle of risk management. The risk function establishes the policies and procedures, and the assurance phase is accomplished by internal audit.

Unless specially excluded from the audit approach, the Internal Auditor shall plan and conduct risk based internal audits. This requires the application of risk management concepts to ensure that the audits are prioritised in areas of importance, appropriate resources are allocated effectively where needed most, audit procedures are designed to give due attention to important matters and issues identified and reported are significant in nature. While the responsibility for managing and mitigating risks resides with management, internal auditors should evaluate the design and effectiveness of the organization's risk management framework and provide recommendations for improvement, while maintaining their independence and objectivity

The internal auditor shall perform audit procedures over risk management framework with an overall objective to review the organisation ability to:

- a) identifying the risk;
- b) assessing them objectively.

## 16. Audit Decisions aided By Risk assessment

Risk assessment is normally undertaken to identify significant audit areas, to allocate audit resources to the most important audit areas and to help prioritise key audit decisions such as audit frequency, intensity and timing. According to Standard on Internal Audit (SIA) 220-*Conducting Overall Internal Audit Planning*, a risk-based planning exercise shall form the basis of the overall internal audit plan. The Internal Auditor shall undertake an independent risk assessment exercise to prioritise and focus the audit work on high risk areas, with due attention to matters of importance, complexity and sensitivity. The overall internal audit plan shall be continuously monitored during the execution phase for achievement of the objective and to identify any deviations.

Some of the decisions that are facilitated by Risk Assessment are:

### ➤ Audit frequency

The Internal Audit needs to be conducted in quarterly basis of Head Quarters office as well as all of the Regional offices.

### ➤ Audit intensity

Units that are perceived to be more risky should be audited with more intensity. This intensity can be in the form of frequency of audit, sample, sizes, seniority of audit staff, skill, etc.

### ➤ Putting The Risk Paradigm to work

In the risk based auditing approach, the internal auditor considers the same risks to achieving the goals established by the organisation and what the management is going to mitigate these risks. The audit consists of the tests of these mitigation activities including a test of the internal controls but is not limited to it. Thus, risk based auditing starts and ends with consideration of the business risks. Internal control is a major part of mitigation. Internal auditors should recommend appropriate controls and risk mitigation procedures. Risk based internal auditing involves the following processes:

- Listing the process steps, tasks, or components of the system.
- Ranking the processes in order of their criticality in achieving the unit's goals and objectives.
- The following questions should then be answered for each process in the system:
  - What is the risk? What can go wrong?
  - What are the risk management activities or controls that mitigate the risks?
  - What is the best evidence that these mitigation steps are working as desired?

To be able to reply to the above mentioned questions and frame an opinion on the existence of adequate risk mitigation controls, the auditor need to conduct risk assessment, and then review the steps taken by the management to mitigate the risks.

The first phase of risk assessment is to identify and catalogue the auditable activities. Auditable activities consist of those subjects, units or systems which are capable of being defined and evaluated. These may include:

- Policies and procedures
- Major contracts

- Cash and bank disbursements
- Collections
- Statutory compliances

The risk factors are the criteria used to identify the relative significance of and the likelihood that conditions and/or events may occur that could adversely affect the organisation. Risk Factors include:

- Competence and integrity of personnel
- Asset size
- Liquidity
- Financial and economy conditions
- Impact of government regulations
- Technological changes
- Geographical dispersion of operations

## **17. Quality assurance in Internal Audit**

According to the Standard on internal Audit (SIA) 7 *Quality Assurance in Internal Audit*:

Quality assurance can be achieved in Internal Audit by undertaking the following activities:

- Developing an internal audit manual clearly defining the specific role and responsibilities, policies and procedures, documentation requirements, reporting lines and protocols, targets and training requirements for the staff, internal audit performance measures and the indicators.
- Ensuring that the internal audit staff at all levels is appropriately trained and adequately supervised and directed on all assignments.
- Identifying the customers of the internal audit activity
- Establishing a formal process of feedback from the users of the internal audit services, such as the senior management executives, etc. . Some of the attributes on which the feedback may be sought include quality, timeliness, value addition, efficiency, innovation, effective communication, audit team, time management. The responses received from the users of the internal audit services should also be shared with the appropriate levels of management and those charged with governance
- Establishing appropriate performance criteria for measuring the performance of the internal audit function. In case the internal audit activity is performed by an external agency, the contract of the engagement should contain a clause for establishment of performance measurement criteria and periodic performance review. These performance measurement criteria should be approved by the management.
- Identify and benchmark with industry/ peer group performance.

## **18. Quality of Internal audit Work**

According to the Standard on Internal Audit (SIA)- 7, *Quality Assurance in Internal Audit*, a system for assuring quality in internal audit should provide reasonable assurance that the internal auditors comply with professional Standards, regulatory and legal requirements, so that the reports issued by them are appropriate in the circumstances. A few performance parameters that can be adopted for evaluation are defined below:

- Audit findings: An important criteria for evaluation is the quality, materiality, relevance, etc. of the audit findings presented by the auditor in his audit reports.
- Early Warning Signals: The internal auditor can be expected to provide advance information regarding unfavourable impacts, which are likely to affect the operations of the organisation.
- Good Practice Feedback: Feedback given by the internal auditors regarding the good practices being followed at the audit locations which are critical and which can result in operational efficiencies when implemented, at other locations, shall be always appreciated.
- Accuracy of findings: The data reported by the internal auditor should not have any mistakes or erroneous calculations. All the statements made in the report should have been supported by adequate supporting data, whether in the body of the Report or as part of his working papers.
- Quality of Recommendations: Practicality and possibility of implementing the recommendations made by the internal auditor should be assessed. Recommendations of cost rationalisations, business process, improvements, process modifications to prevent *malafide* transactions, etc. will always be encouraged.
- Timeliness: Adherence to the audit schedule and timely submission of the reports shall form a very important criterion for evaluation.

## CHAPTER - IV FRAUD AND INTERNAL AUDIT

Fraud is defined as an intentional act by one or more individuals among management, those charged with governance, or third parties, involving the use of deception to obtain unjust or illegal advantage. A fraud could take form of misstatement of an information (financial or otherwise) or misappropriation of the assets of the entity.

The primary responsibility for prevention and detection of frauds rests with management and those charged with governance. They achieve this by designing, establishing and ensuring continuous operation of an effective system of internal control.

### 19. Role of Internal Auditor in Fraud detection

While it is true that given the size and complexity of the business processes, it is impossible for any internal auditor to cover every area in detail in search of existence of fraud, it is also true that the auditor can play important role in prevention and detection of fraud

According to Standard on Internal Audit (SIA) 11 - *Consideration of Fraud in an Internal Audit*, an internal auditor should use his knowledge and skills to reasonably enable him to identify indicators of frauds. Although, normally, an internal auditor is not expected to possess skills and knowledge of a person expert in detecting and investigating frauds, he should, however, have reasonable knowledge of factors that might increase the risk of opportunities for frauds in an entity and exercise reasonable care and professional skepticism while carrying out Internal audit. Internal auditors must maintain a level of professional skepticism and perform a fraud risk assessment as part of each audit engagement to identify potential vulnerabilities and assess the adequacy of existing controls.

During course of carrying out internal audit, if internal auditor comes across any actual or suspected fraud or any other misappropriation of assets, he should immediately bring the same to the attention of the management.

The internal auditor should carefully review and assess the conclusions drawn from the audit evidence obtained, as the basis for his findings contain in his report and suggest remedial action. The internal auditor should document fraud risk factors identified as being present during the internal auditor's assessment process and document the internal auditor's response to any other factors. If during the performance of the internal audit fraud risk factors are identified that cause the internal auditor to believe that additional internal audit procedures are necessary, the internal auditor should document the same.

### 20. Auditors' role and responsibilities

During the conduct of internal audit, the internal auditor not only needs to access the risk profile of the business but also review the adequacy or otherwise of the internal control structures. According to Standard on Internal Audit (SIA) 120 – *Internal Controls Evaluation*, the Internal auditor shall ensure that the entity has designed, implemented and maintains effective and efficient Internal Controls. The audit procedures shall be sufficient to allow the Internal Auditor to check the design, proper implementation and operating effectiveness of the Internal Controls. Any shortcoming shall result in recommendations for improvement and suggestions on how to

make the Internal Controls more efficient and effective in line with the objectives. The Internal Auditor should examine the continued effectiveness of the internal control system through evaluation and make recommendations, if any, for improving that effectiveness. In doing so, the auditors are in a position to identify the high risk areas which are vulnerable to fraud. It is impossible to tell whether this prevents fraud but it certainly helps in putting in place the necessary preventive measures.

As per SIA 11, an internal auditor should use his knowledge and skills to reasonably enable him to identify indicators of frauds. However, the internal auditor cannot be expected to possess the expertise of a person with specialized knowledge and skills in detecting and investigating frauds.

As per SIA 11, the primary responsibility for prevention and detection of frauds is that of the management of the entity. The internal auditor should, however, help the management fulfil its responsibilities relating to fraud prevention and detection. The responsibility of an auditor for failure to detect fraud arises only when such failure is a result from non-compliance with general accepted auditing standards, or from negligence in the performance of his duties. However, the ultimate responsibility for the deterrence and prevention of fraud resides with management.

The system of Internal controls comprises of the following 5 elements:

- Control Environment - The internal auditor should obtain an understanding of the various aspects of the control environment and evaluate the same as to the operating effectiveness.
- Risk Assessment - The internal auditor should obtain an understanding of the policies and procedures adopted by the management to identify risks that can affect the achievement of the objectives of the entity and to distinguish risks from opportunities and evaluate the effectiveness of these policies and procedures. In the context of prevention of frauds, the internal auditor should specifically evaluate the policies and procedures established by the management to identify and assess the risk of frauds, including the possibility of fraudulent financial reporting and misappropriation of assets.
- Information System and Communication - The internal auditor should assess the operating effectiveness of the policies and procedures established by the management to identify, capture and communicate relevant information to the concerned persons in the entity to enable them to make timely and effective decisions and discharge their responsibilities efficiently.
- Control Activities - The internal auditor should assess whether the controls implemented by the management to ensure that the risks identified are responded to as per the policy or the specific decision of the management, as the case may be, are in fact working effectively and whether they are effective in prevention or timely detection and correction of the frauds or breach of internal controls.
- Monitoring - The internal auditor should evaluate the mechanism in place for supervision and assessment of the internal controls to identify instances of any actual or possible breaches therein and to take corrective action on a timely basis.

Investigating Fraud – Once it has been established that fraud has been committed, the management may ask the internal auditor to extend his examination to cover the incident.

If during an audit assignment internal auditors identify control weaknesses that could lead to fraud or corruption, the internal auditor should:

- a. Immediately report the matter to an audit manager or team leader;
- b. Decide with the audit manager and/or team leader whether to extend audit work to include additional tests directed towards the identification of activities which may indicate that fraud or corruption is occurring;
- c. Make recommendations to management to reduce the risk of fraud or corruption.

## 21. Fraud indicators

Although it is not the primary responsibility of an internal auditor to detect fraud, he should be aware of the possible areas where fraud could be committed. He should be able to identify indicators and control weaknesses which signal the existence of fraud. He should be able to determine whether a detailed investigation is necessary. Internal auditors are not expected to investigate existence of fraud during routine audit. It also does not guarantee that if the audit has been carried out with due professional care, fraud will be detected. Some examples of situations where an auditor must be wary of the possibility of fraud are as follows:-

- Where managers do not have a positive reputation
- Where managers are not co-operative, overly egoistic, and not willing to work with others
- Where unreasonable objectives have been set up for realisation.
- Where there is tendency to obtain desired result at all costs. Undue pressure is placed on personnel to achieve goals,
- Where there is an impression that anything less than extraordinary results would be considered disappointing.
- Where a divisional project is experiencing unusual, profits, growth, or losses.

## 22. Methods of manipulating information.

The internal auditor should ensure that his audit programme covers all known areas of manipulation. A few examples are given below;

- Unusual and significant transactions especially at the year end.
- Recording amounts received or expected to be received in the next accounting period as being received in the current period.
- Recording expenses as acquisitions of property, plant, and equipment to delay recognising the entire immediate expense.
- Reducing or delaying depreciation.
- Not recognising or disclosing contingent liabilities.
- Recording an expense as a prepaid expense, an asset with a usefulness extended beyond the end of the current fiscal year, thereby reducing or delaying current period charge-off to future periods.

Given below are some red flags / danger signs pointing towards the possibility of fraud being committed by an employee. The management as well as the auditor should be alert in case of existence of any such situation –

- Continuing failure to correct internal control weaknesses pointed out in earlier audits.
- Problems in obtaining appropriate audit evidence.
- Incomplete files and incomplete documentation.
- Independent confirmations from third parties reveal differences in the account balance.
- Difference in trial balance.
- Bank reconciliations not completed properly
- Rewriting records under the pretext of neatness in preparation
- Giving unreasonable explanations to questions or getting annoyed at reasonable questions.

### **23. Identification of fraud.**

An internal auditor may come across an indicator at any stage of audit. He may suspect that something is wrong at the time of preliminary survey when he is gathering information about the auditee division/office. It could be at the time of interviewing staff or managers or even during casual interaction with them.

Some of the indicators are –

- A formal schedule of authority does not exist.
- Policies, procedures, reports, and such other mechanisms are non-existent to monitor activities to safeguard the assets of the company.
- Employee turnover is unusually high in any particular department or within a broad authority level, such as mid – or upper – management.
- The company has history of changing audit firms, has recently changed audit firms, or has had disputes with its auditors.

### **24. Investigating Fraud**

If fraud is suspected during the course of an audit, the internal auditor must document everything, gather and preserve evidence, and report the findings to appropriate management and the audit committee. The audit team, after gathering basic details of the suspected fraud, should inform the appropriate level of management. It should then be the prerogative of the management to decide the future course of action. If fraud involves management, the auditor must escalate the issue to higher levels. The auditor should then follow the organization's policies and procedures, which may include an investigation and recommendations for strengthening controls. If the management or those charged with governance decide that it warrants detailed investigation and then a detailed investigation would be required into the suspected aspects. The management may decide to conduct an investigation on their own or may ask the internal auditor to conduct a detailed examination and report his findings along the financial impact of the fraud. The auditor must study the method in which the fraud was committed and ensure that his audit program is revised to include such process gaps and controls which would detect fraud of a similar nature in future. Before the persons involved suspect of detection of their activities, they should be

transferred to other duties. This would not stop the theft but also ensure that they do not destroy the evidence. Speed as well as thorough investigation is a crucial factor in such cases.

While investigating fraud, an internal auditor must –

- Determine the nature of fraud and the resources required to investigate effectively. If the necessary skills are not available, services of other experts must be sought.
- Once the investigation is complete the auditor must issue a report. This report must be a confidential report and the distribution of the report should be restricted to the head of internal audit and such other persons as instructed by him. If the investigation is a lengthy and time consuming one, an interim report may be issued. The final report must include:
  - a. Summarised findings that serve as the basis of the decision
  - b. Modus Operandi of the fraud (Method of fraud)
  - c. Names of the persons involved
  - d. List of records and transactions involved in the fraud
  - e. Specific dates and amount of each defalcation
  - f. Total loss sustained
  - g. State the weaknesses in the internal controls
  - h. Recommend corrective action to be taken to prevent fraud in future.

## 25. Importance of Internal Controls in Fraud

Internal Controls are very important especially in the deterrence of fraud. Establishment of an adequate internal control system is the responsibility of the management. An internal auditor is not responsible for setting up of the internal controls. His role is of review and recommendation. Similarly, detection of fraud is not his primary responsibility. During his usual audit process, an internal auditor must keep an eye to identify deficiencies in the control system. He must also be alert to the proper functioning of the control system and to see that the controls are not being circumvented by the employees. The responsibility to prevent fraud lies primarily with the management who should make sure that a robust control system is in place and is actually working in the manner it was intended to. The management is also responsible to create a culture that promotes honesty and integrity and discourages unethical behaviour by its employees. Such an environment itself may deter some persons from committing fraud. The responsibility of the management will include:

- Organisation structure to have clear lines of authority and responsibilities.
- Open communication lines from top management to the levels below and vice versa.
- Division of labour such that no single person handles a transaction.
- Reconciliation procedures are established and work effectively.
- Appropriate supervision at all levels.
- Information system to be such that they would trigger alarm bells in case of excessive exposure to risks
- Code of conduct and ethics to be formulated and circulated among all employees of the organisation

Some examples of internal controls to deter fraud are –

- Segregate function of responsibility and record keeping.
- Appropriate supervision and cross-verification of data
- Restriction on unauthorized access to assets
- Reconciliation of records across various sources of information
- Access controls depending on the job requirements of employees,
- Rotation of personnel jobs every few years.

## **CHAPTER - V PERFORMANCE OF AUDIT**

To effectively demonstrate its value, the internal audit function should routinely measure and report on its contributions to the organization's strategic goals. This evaluation should be conducted from both the management and internal auditors' perspectives, encompassing both quantifiable and non-quantifiable benefits. While the management should be assured of the proper utilisation of resources for internal audit work, the internal auditor needs self analysis for improving future audit performance. Though all the services of internal audit are not amenable to quantification, yet an approach to measure the audit performance may be made, which is explained in the following paragraphs.

The performance of audit can be broadly classified into the following categories:

**a) Quantifiable Aspects**

- i. Documented cost savings resulting from improved efficiency of operations identified and implemented through audit recommendations
- ii. Increase in income
- iii. Recommended recoverable
- iv. Savings due to fraud detection

**b) Non-quantifiable Aspects**

- i. Change in policies/controls/guidelines on recommendation of Internal Audit.
- ii. Demonstrated improvements in the design and effectiveness of internal controls, measured by a reduction in control deficiencies and a more efficient and effective control environment
- iii. Better compliance with statutory rules, regulations, systems and procedures.
- iv. Increased confidence and satisfaction of stakeholders.

The value addition as above may be informed by Internal Audit Division to the management through internal audit reports, Quarterly Progress Report or any other mechanism developed from time to time. The Internal Audit Division should use a balanced scorecard approach to report performance in the internal audit report. Such metrics may include average time to issue audit report, status on implementation of recommendations made in previous audit reports

## Chapter - V

### REQUIREMENTS OF INTERNAL AUDIT AND INTERNAL AUDIT REPORT

#### **26. Internal Audit at Regional offices**

Internal audit should be done by Internal Auditor(s) considering Standard on internal auditing, guidance notes and other technical material issued by ICAI and terms of the engagement. The Auditor is expected to evaluate efficacy and effectiveness of the internal controls through innovative and deep review of internal controls, compliance of delegations of powers, judicious spending and highlight all cases of irregularities, suspicious transactions, theft and fraud prone areas. Sudden/surprise checks, physical verification, integrity check and suspicious transactions all need to be-tracked by the Internal Auditor. The entire operations should be audited from all angles and significant and material issues to be brought to the notice of the management. Recommendations for these issues should provide practical solutions to mitigate the issues.

Internal Auditor shall ensure that there is no conflict of interest through rendering of any service to NHIDCLs contractors or otherwise. Any conflict of interest should be expressly disclosed prior to taking up of the assignment. Any conflict of interest arising subsequently should be expressly indicated and disclosed to NHIDCL management.

#### **27. Internal Audit Team**

Internal Auditors are guided by the Internal Auditing Standards issued by the ICAI. However, to facilitate uniformity and consistency in the approach of internal Auditors of ROs and their report, following may be kept in view by the Internal Auditors of ROs.

**Team Composition:** Internal Audit must be conducted under a supervision of at least one qualified Chartered Accountant and assisted by one Audit Assistant.

#### **28. Scope and coverage**

The scope and coverage of the internal audit should be determined by a risk assessment, but considering key risks specific to the regional office and the existing internal control system. However, following are minimum coverage that must be adhered to:

- i. Checking payment to the DPR consultants, EPC contractors, concessionaires in respect of Hybrid Annuity Model (HAM) and Design Build Finance, Operate and Transfer (DBFOT) projects, Authority Engineers and contractors of M&R works specially that the bills of the contractors are supported with detailed measurement of work and report of the quality tests as per contract. Review whether the bills are passed after following due process, supported with requisite documents and approved by the Competent Authority. They should also see that all are recorded in SAP on timely basis.
- ii. Checking of reconciliation of the balances of retention, withheld amounts, mobilisation advance and other advances of the contractors as per SAP and record of technical Division
- iii. Checking of Bank reconciliation, projects completed during the quarter, projects terminated during the quarter **Hundred per cent.**
- iv. Compliance of GST and Other Statutory Requirements.

- v. Checking of 100% bills for which payments are made.
- vi. **All final bills of the contractors and consultants related to project payments in line with the prescribed SOPs.**

**29. Additional work/assignments:** The Internal Auditor shall not take any other work from the Regional Office without express approval of NHIDCL Head office.

**30. Report of the Internal Auditor**

Audit report is the final deliverable of audit process and reflects the quality of audit. Dissemination of the results of internal audit and reporting the findings to managements and those charged with governance is an essential part of the internal audit. Reporting of results to be done with a certain level of uniformity and both the internal auditor and the company should have clarity and agreement with regard to the nature of assurance being provided through these reports. Hence, internal auditor should take utmost care in drafting the report.

Standard on Internal Audit (SIA) 370, Reporting Results, provides that on the basis of the internal audit work completed, the Internal Auditor shall issue a clear, well documented Internal Audit Report which includes the following key elements:

- a. An overview of the objectives, scope and approach of the audit assignments;
- b. The fact that an internal audit has been conducted in accordance with the Standards of Internal Audit;
- c. A detailed executive summary providing a clear and concise overview of the engagement, and key observations with their potential impact, recommendations, and management's response. This summary should be communicated through the proper channels for the ease of tracking action items
- d. A summary of the corrective actions required (or agreed by management) for each observation; and
- e. Nature of assurance, if any, which can be derived from the observations.

The Auditors are expected to send Internal Audit Report in a structured manner indicating the governing act, rules, regulations, clauses of the contract or instructions of GoI, NHIDCL Head office, actual observations and impact of the non-compliance/irregularity and recommendations to address the same. The Internal Audit shall provide initial observations to ED(P) with a timeline of one week to seek his views and provide an opportunity to rectify the error or omission. After considering his views and action taken, Internal Auditor shall finalise Internal Audit Report and send it to Managing Director, NHIDCL with a copy to the Director (A&F) and Executive Director (P). The critical observations of Internal Auditor are reported to the Audit Committee. An Illustrative format of the report is placed **at Annexure-I.**

The Internal Auditors are expected to maintain documentation of the work performed by them.

**Disclaimer:** This Manual has been drafted based on Internal Audit System in vogue in NHIDCL and statutory provisions in force. The actual implementation needs to be done in consonance with the latest standards, rules and regulations and guidance notes issued by Institute of Chartered Accountants of India (ICAI). The Manual is for use of internal purpose and no contents be used otherwise without prior approval of NHIDCL.



## CHAPTER - VII

### STANDARD OPERATING PROCEDURE OF OPERATIONS OF NHIDCL FOR INTERNAL AUDIT

#### *SOP for main operations of NHIDCL and its audit*

This chapter details the key SOPs for NHIDCL's main operations. The SOPs may be subject to change by the respective departments of NHIDCL. The Internal Auditor shall ensure that all the steps mentioned in the respective departmental SOPs have been followed appropriately:

#### **Project Payments**

At present, all project-related payments are processed at the RO level by the EDP, in accordance with the financial powers assigned in PFMS by the Head Office.

All ROs maintain at least two bank accounts, one for the Project Payment and second for Establishment Expenditure. Additional bank account is allowed for specific projects of the Government other than MoRTH with the specific approval of the Headquarter office. ROs are not authorised to transfer any sum to Project Monitoring Units (PMUs) and Site Offices. From September 2020, accounting operations of PMUs have been shifted to ROs. ROs are allowed to make payment of Imprest to PMUs and make payment of establishment expenditure of PMUs and Site Offices. Upto October 2020, NHIDCL Hqrs. office has been remitting money for making project payments. However, from November 2020, a Parent and Child system of banking has been introduced in which RO does not maintain any bank balance but all payment made by RO are transferred to Hqrs.

## Responsibility of Finance Division of NHIDCL

Director (Admin & Finance) and CFO	General Manager (Finance)	Deputy General Manager (Finance)	Managers and below
<b>Budgeting &amp; Financial Planning</b>  Oversee preparation and finalization of NHIDCL's annual budget and forecasts.  <b>Delegated Powers:</b> Sanction re-appropriation within the sanctioned budget up to 20%. Sanction new works/schemes not in budget up to INR 5,00,000.	<b>Budgeting &amp; Financial Planning</b>  (a) Assist the Director Finance/CFO in the preparation and consolidation of NHIDCL's annual budget and financial forecasts. (b) Coordinate with Regional Offices and internal divisions for timely submission of budgetary inputs. (c) Analyze budget variances and provide insights for mid-year reviews and corrective actions. (d) Review and approve financial concurrence for all proposals routed through GM/DGM (Finance), ensuring alignment with budget availability, financial prudence, and applicable policies. (e) Provide financial clearance for procurement, recruitment, consultancy, HR, and administrative proposals as per DoP. (f) Escalate exceptional cases to Director (A&F)/CFO, if needed.	<b>Budgeting &amp; Financial Planning</b>  (a) Compile and review budgetary inputs received from Regional Offices and other divisions. (b) Perform first-level scrutiny of budget proposals before submission to GM (Finance). (c) Monitor budget utilization and flag significant variances or overspending. (d) Assist in preparation of budget performance reports for internal use and board presentations. (e) Review financial concurrence notes prepared by the team, ensure compliance, and forward to GM (Finance) for approval as per DoP. (f) Coordinate with originating divisions to resolve discrepancies in proposals,	<b>Budgeting Support</b>  (a) Assist in preparation of detailed budget estimates for respective divisions/ROs. (b) Consolidate and format data received from field offices and divisions. (c) Track and record budget utilization on a real-time basis. (d) Support in preparation of variance reports and budget dashboards. (e) Draft financial concurrence notes with supporting documentation. (f) Perform initial checks (budget, policy, limits) and submit to DGM for review.
<b>Fund &amp; Treasury Management</b>	<b>Fund &amp; Treasury Management</b>	<b>Fund Management &amp; Disbursements</b>	<b>Fund Disbursement &amp; Monitoring</b>

<ul style="list-style-type: none"> <li>(a) Oversee timely availability of project funds by coordinating with MoRTH and Regional Offices.</li> <li>(b) Oversee surrender of excess funds before year-end.</li> <li>(c) Oversee investment of surplus establishment funds as per government norms.</li> <li>(d) Oversee cash flow and optimize fund usage.</li> <li>(e) Oversee Bank Guarantee and Treasury Management policies.</li> </ul> <p><b>Delegated Powers:</b> Avail cash credit/OD up to INR 5 crore. Open LC/operate bank accounts/sign negotiable instruments, 74). Invest short-term funds up to 6 months. Issue/forfeit guarantees, EMD, securities.</p>	<ul style="list-style-type: none"> <li>(a) Monitor and track fund releases from MoRTH and ensure timely disbursement to Regional Offices.</li> <li>(b) Coordinate with Regional Offices and Technical Divisions for surrender of unutilized funds before year-end.</li> <li>(c) Review cash flow forecasts and recommend optimal fund utilization strategies.</li> <li>(g) Implement the treasury management framework including daily fund positions and liquidity status.</li> <li>(h) Oversee and maintain the register of Bank Guarantees/E- Bank Guarantees / Insurance surety bonds and ensure timely renewal/closure.</li> </ul>	<ul style="list-style-type: none"> <li>(a) Ensure timely processing of fund disbursement requests from ROs upon approval.</li> <li>(b) Monitor the status of fund allocations and their actual utilization.</li> <li>(c) Prepare proposals for surrender of unutilized project funds before financial year closure.</li> <li>(d) Maintain detailed fund flow registers and ensure reconciliation with bank records.</li> </ul>	<ul style="list-style-type: none"> <li>(a) Ensure timely updating of fund receipts and expenditures in SAP.</li> <li>(b) Flag inconsistencies in fund utilization or document shortfalls.</li> </ul> <p>Prepare variance analysis report.</p>
		<p><b>Cash Flow &amp; Treasury Operations</b></p> <ul style="list-style-type: none"> <li>(a) Prepare rolling cash flow forecasts and submit periodic updates to GM (Finance).</li> <li>(b) Monitor daily bank balances and maintain liquidity positions.</li> <li>(c) Ensure timely issuance, monitoring, and closure of Bank Guarantees.</li> </ul>	<p><b>Cash Flow &amp; Bank Operations:</b></p> <ul style="list-style-type: none"> <li>(a) Monitor daily bank transactions and balances.</li> <li>(b) Prepare monthly cash/bank reconciliation statements.</li> <li>(c) Record monthly maturity, renewal, and issuance details of Bank Guarantees.</li> </ul>

		<ul style="list-style-type: none"> <li>(d) Implement treasury procedures including investments, renewals, and maturity tracking.</li> <li>(e) Review the annual financial statements, ensuring all necessary disclosures are made and that any past observations from CAG or auditors have been appropriately addressed before submission to the GM (Finance).</li> </ul>	<ul style="list-style-type: none"> <li>(d) Prepare documentation for investment and treasury transactions.</li> </ul>
<p><b>Accounting &amp; Internal Controls</b></p> <p>(a) Oversee maintenance of accounts as per Ind AS and Companies Act, 2013.</p> <p>(b) Oversee implementation and monitoring of internal financial controls across all functions.</p> <p>(c) Oversee adequacy and compliance of establishment-related payments (salaries, reimbursements, etc.) in coordination with HR/Admin including project related payment.</p> <p><b>Delegated Powers:</b> Sanction accounting provisions. Write back provisions/unclaimed liabilities. Approve financial transactions e.g., stationery, IT systems, utilities.</p>	<p><b>Accounting &amp; Internal Controls</b></p> <p>(a) Oversee maintenance of books of accounts and ensure compliance with applicable Ind AS and Companies Act, 2013 including quarter/year-end closures.</p> <p>(b) Ensure effective implementation of internal controls and mitigation of financial risks.</p> <p>(c) Monitor execution of establishment payments and ensure correctness of salary, advances, and statutory dues including project payments.</p> <p>(d) Review and approve key accounting transactions, provisions, and reconciliations.</p>	<p><b>Accounting Operations &amp; Internal Controls</b></p> <p>(a) Ensure accurate posting of financial transactions and adherence to Chart of Accounts.</p> <p>(b) Review accounting entries, schedules, and reconciliations prepared by Managers and below.</p> <p>(c) Monitor month-end and year-end closing activities.</p> <p>(d) Monitor controls over establishment payments and ensure compliance with HR policies and tax rules including project payments and report deviations if any.</p> <p>(e) Coordinate and generate MIS reports (budget utilization, fund flow, etc.) and</p>	<p><b>Accounting &amp; Bookkeeping:</b></p> <p>(a) Record transactions (including project expenditure, payroll, reimbursements, advances) in SAP as per Chart of Accounts.</p> <p>(b) Ensure compliance with supporting documentation, approvals, and policy for establishment-related payments and project related payments.</p> <p>(c) Perform reconciliations of ledgers, advances, and project expenses.</p> <p>(d) Maintain audit trail and logs in SAP; assist in data extraction and report generation.</p>

	<p>(e) Oversee reporting from SAP and other systems for accuracy, completeness, and decision-making support.</p>	<p>validate system controls (user rights, approval trails, etc.).</p>	<p>(e) Assist in preparation of MIS dashboards, reconciliations, and control checklists.</p> <p>(f) Prepare schedules and supporting documents for audits and financial reporting.</p> <p>(g) Ensure timely posting of accruals, provisions, and journal entries.</p> <p><b>Internal Control and Documentation</b></p> <p>(a) Follow standard operating procedures and internal control checklists.</p> <p>(b) Ensure availability and safekeeping of supporting documents, vouchers, and approvals.</p> <p>(c) Report control deviations, if any, to DGM (Finance) or designated authority.</p> <p>(d) Maintain audit trail and document logs in SAP and physical files.</p>
<b>Financial Reporting, Compliances &amp; Audit</b> (a) Oversee timely preparation and	<b>Financial Reporting, Compliances &amp; Audit</b>	<b>Audit Coordination &amp; Financial Reporting</b>	<b>Audit &amp; Compliance Support:</b>

<p>finalization of financial statements.</p> <p>(b) Interact with Internal Auditors/Statutory Auditors and C&amp;AG on critical aspects of financial statement and audit processes including submission of annual report to the Board.</p> <p>(c) Oversee compliances with Companies Act, 2013, Income Tax GST, and other applicable laws.</p> <p>(d) Oversee overall tax compliance including returns, assessments, and audits.</p> <p><b>Delegated Powers:</b> Act on audit observations. Sanction legal expenditure. Engage counsel/arbitrators within limits.</p>	<p>(a) Lead the preparation of annual financial statements along with supporting schedules and disclosures.</p> <p>(b) Liaise with internal and statutory auditors, including C&amp;AG auditor, and provide responses to audit queries.</p> <p>(c) Ensure timely closure of audit observations and implementation of audit recommendations.</p> <p>(d) Support the CFO in ensuring compliance with the provision of Companies Act, Income Tax, GST, and other financial regulations</p> <p>(e) Monitor tax filing status and review documentation related to assessments and appeals.</p>	<p>(a) Coordinate with statutory, internal, and C&amp;AG auditors during audits.</p> <p>(b) Facilitate timely provision of data, documents, and explanations to auditors.</p> <p>(c) Monitor closure of audit observations and update the status to GM (Finance).</p>	<p>(a) Provide necessary data, working papers, and explanations to auditors.</p> <p>(b) Ensure timely response to audit requisitions and coordination with audit teams.</p> <p>(c) Maintain records of past audit observations and track their resolution.</p> <p>(d) Prepare audit confirmation letters, reconciliations, and disclosures.</p>
<p><b>ERP Management</b></p> <p>Ensure effective functioning of ERP (SAP) for accounting, budgeting, and monitoring.</p> <p><b>Delegated powers</b> to approve procurement of IT/telecom systems – Computers, laptops, ERP related hardware/software. Oversight of SAP financial system controls (implicit from DoP &amp; governance role).</p>	<p><b>ERP (SAP) &amp; Financial Systems</b></p> <p>(a) Coordinate with IT/ERP teams for smooth functioning of SAP Finance module and other relevant software if any.</p> <p>(b) Ensure correct configuration of Chart of Accounts, cost centres, and reporting structures in SAP.</p> <p>(c) Support automation of finance processes including budgeting,</p>	<p><b>ERP (SAP) Operations &amp; Financial System Control</b></p> <p>(a) Ensure correctness of accounting entries, cost center mapping, and transaction coding in SAP.</p> <p>(b) Coordinate with ERP support team for issue resolution and configuration changes.</p> <p>(c) Monitor user access rights and ensure segregation of duties in SAP.</p>	<p><b>ERP (SAP) Operations:</b></p> <p>(a) Enter and validate transactions in SAP with appropriate codes and classifications.</p> <p>(b) Generate reports for financial, budget, and audit purposes.</p> <p>(c) Raise system-related issues and follow-up for resolution.</p> <p>(d) Support configuration testing and updates as guided.</p>

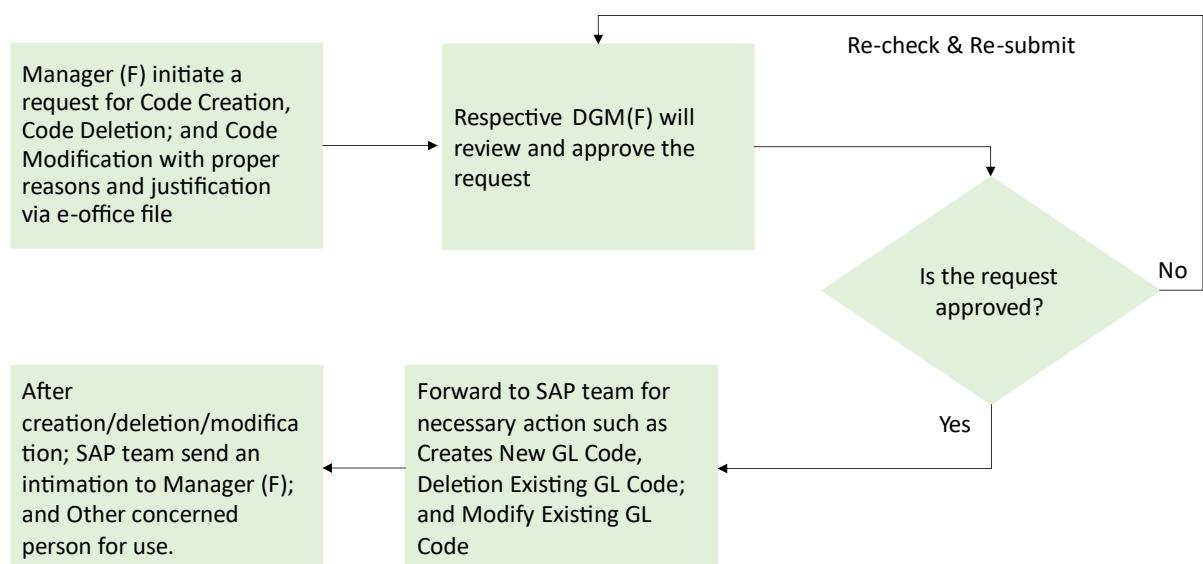
	<p>payment workflows, and audit trail mechanisms.</p> <p>(d) Monitor system-based controls for data integrity and accuracy of financial records.</p>	<p>(d) Train team members on usage of financial modules and reporting tools.</p>	
		<p><b>Taxation &amp; Statutory Compliance</b></p> <p>(a) Oversee timely filing of TDS, GST, and Income Tax returns.</p> <p>(b) Review workings related to tax provisions and deductions.</p> <p>(c) Coordinate with tax consultants for assessments, audits, and notices.</p> <p>(d) Maintain updated documentation for all statutory filings and assessments.</p> <p>(e) Identify any changes in tax laws and assess implications for NHIDCL.</p>	<p><b>Taxation &amp; Statutory Filings:</b></p> <p>(a) Prepare and file monthly/quarterly TDS and GST returns in coordination with seniors.</p> <p>(b) Maintain tax payment challans, return acknowledgments, and input/output registers.</p> <p>(c) Prepare tax workings including TDS applicability and GST reconciliation.</p> <p>Coordinate with DGM/consultants for scrutiny/audit responses.</p>
			<p><b>Proposal Review &amp; Financial Concurrence</b></p> <p>(a) Review proposals for correctness of financial data and applicable rules.</p> <p>(b) Ensure supporting documents are complete before forwarding for approval.</p>

			<ul style="list-style-type: none"> <li>(c) Provide preliminary financial concurrence and flag observations, if any.</li> <li>(d) Route proposals through defined approval hierarchy.</li> </ul>
<b>HR &amp; Establishment</b> <ul style="list-style-type: none"> <li>(a) Oversee adequacy and compliance of establishment payments (salaries, LTC, reimbursements).</li> <li>(b) Support HR/Admin in deputations, study leave, resignations.</li> <li>(c) Authorize honorarium &amp; incentives within delegated limits.</li> </ul> <p>Appointment/confirmation/resignation up to Manager level. Leave powers up to GM. Engagement of outsourced staff. Incentives/honorarium up to INR 10,000 per case. Pay fixation. Deputation of staff. Advance payments – housing/vehicle.</p>	<b>Leadership, Coordination &amp; Support</b> <ul style="list-style-type: none"> <li>(a) Act as SPOC for the finance division in inter-departmental and external communications on financial matters.</li> <li>(b) Supervise and guide the DGM (Finance) and other finance staff in execution of day-to-day operations</li> <li>(c) Build capacity within the finance team through training and knowledge-sharing initiatives.</li> </ul> <p>Escalate critical financial risks and strategic issues to the CFO for appropriate decision-making.</p>	<b>Team Supervision &amp; Support to GM (Finance)</b> <ul style="list-style-type: none"> <li>(a) Supervise Managers and below for day-to-day tasks and deliverables.</li> <li>(b) Allocate tasks, monitor performance, and ensure adherence to timelines.</li> <li>(c) Escalate unresolved operational issues to GM (Finance) with suggested solutions.</li> <li>(d) Support GM (Finance) in preparing board notes, MoRTH reports, and other strategic documents.</li> </ul>	<b>Cross-Functional Coordination</b> <ul style="list-style-type: none"> <li>(a) Liaise with HR, Admin, Procurement, and Projects divisions for seamless financial processing.</li> <li>(b) Coordinate for vendor payments, salary processing, asset accounting, etc.</li> <li>(c) Ensure financial perspectives are integrated in operational decisions.</li> <li>(d) Attend inter-departmental meetings as required.</li> </ul>
<b>Procurement &amp; Contracts</b> <ul style="list-style-type: none"> <li>(a) Provide financial concurrence for procurement and works contracts.</li> <li>(b) Approve non-GeM tenders, limited tenders, single tenders as per thresholds limits.</li> <li>(c) Oversee disposal of assets.</li> <li>(d) Approve variations/renewals of</li> </ul>	---	---	

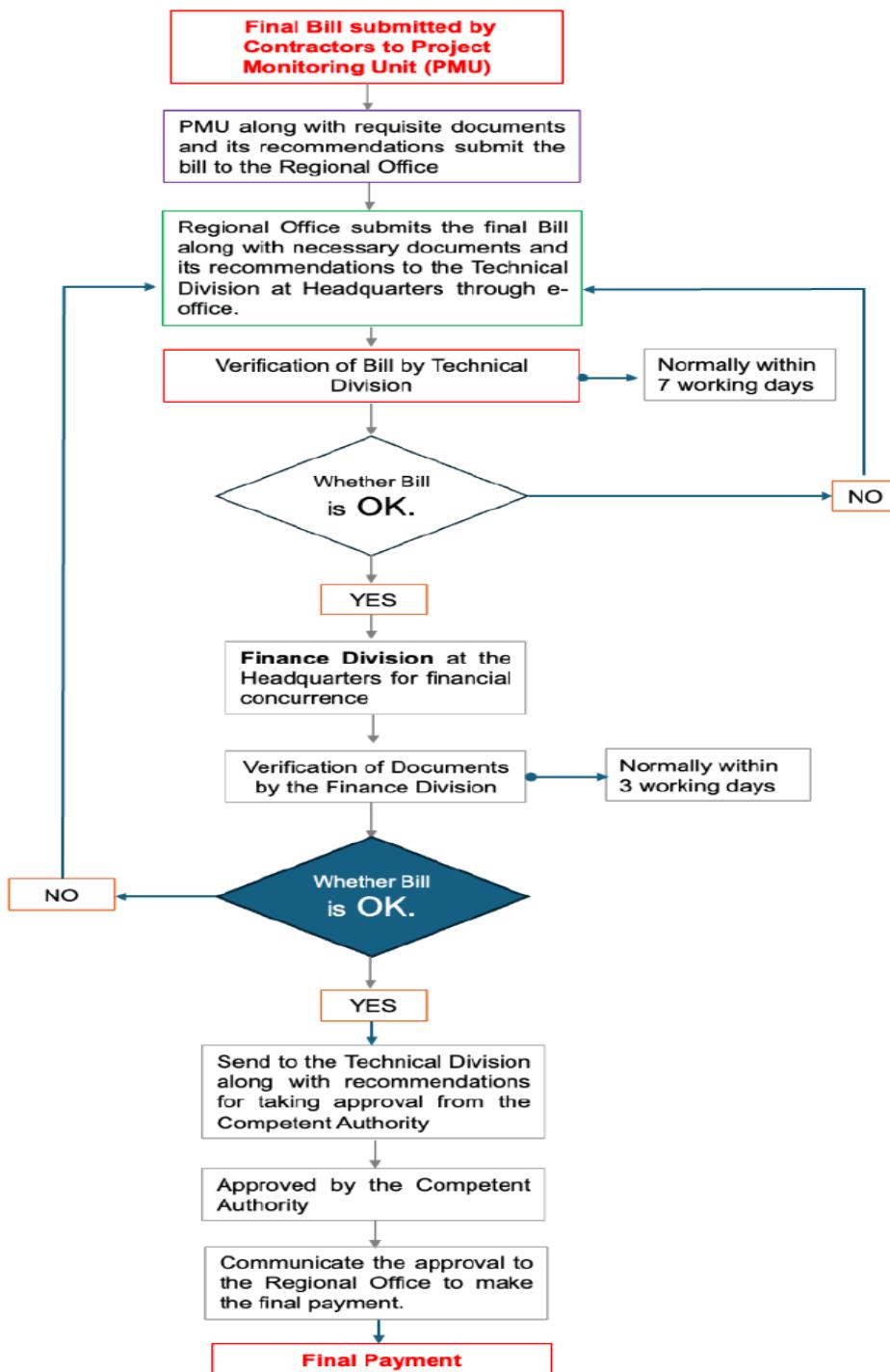
<p>contracts within powers</p> <p><b>Works/Projects approvals:</b> Accept open tenders up to INR 1.5 crore. Accept limited tenders up to INR 1.5 crore. Accept single tenders up to INR 10 lakh. Award works without tender up to INR 50,000. Administrative approval of works up to INR 50 lakh. Disposal of assets up to INR 10 lakh. Renewal of consultancy/contracts. Contractual payments up to INR 2 crore per case.</p>			
<p><b>Miscellaneous &amp; Contingencies</b></p> <p>(a) Sanction operational/administrative expenses as per norms.</p> <p>(b) Oversee insurance, housekeeping, security, hospitality, publicity, printing.</p> <p>(c) Approve miscellaneous or emergency expenditure</p> <p><b>Hiring of office space</b> up to INR 1,00,000 pm. Security/housekeeping up to INR 1,00,000 per case (max INR 10 lakh/year). Advertisement/publicity up to INR 10 lakh per case, max INR 2 crore/year. Hospitality up to INR 10,000 per case, max INR 2.5 lakh/year. Gift expenditure up to INR 50,000 per case,</p>	---	---	

max INR 5 lakh/year. Miscellaneous expenditure up to INR 1,00,000 (non-recurring), INR 15,000 per month (recurring). Emergency powers.			
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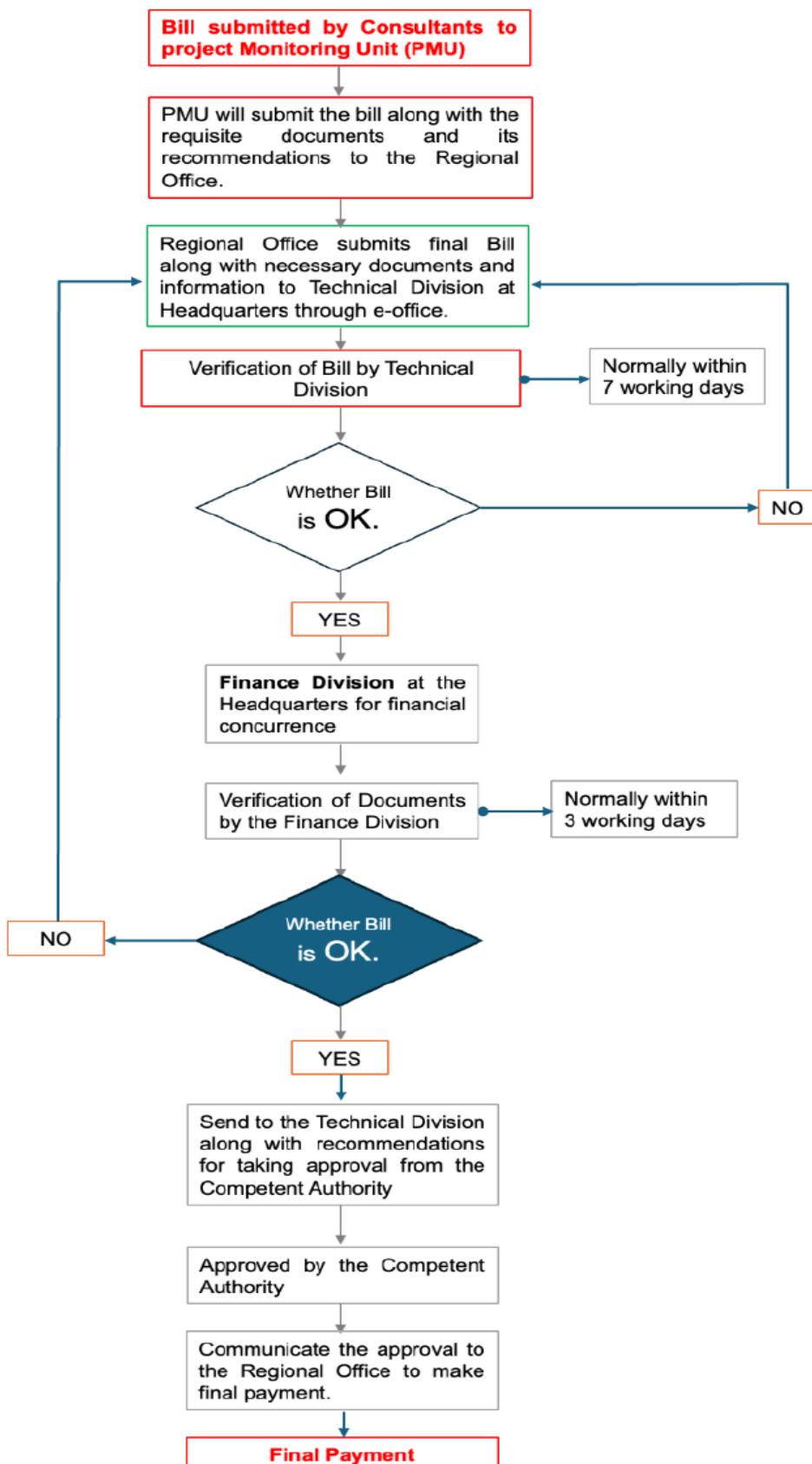
### Creation of New GL Code, Deletion or Modification of Existing GL Code



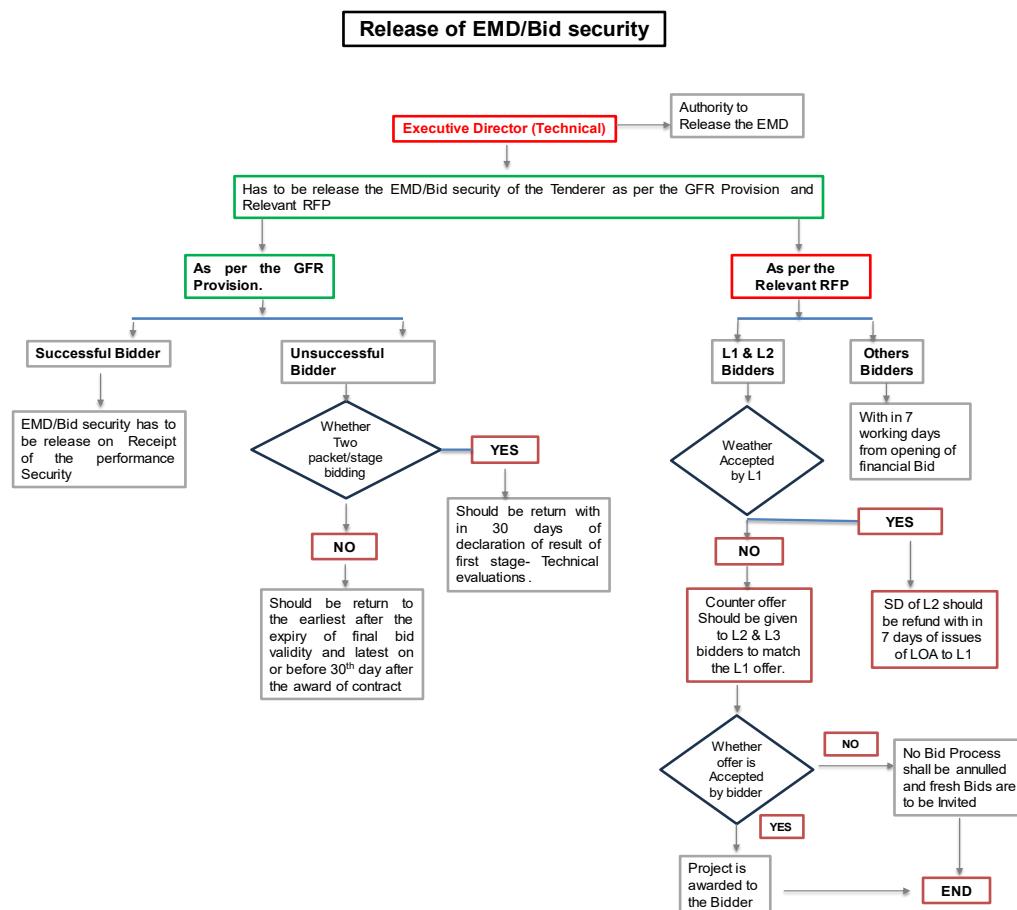
## Final Payment of EPC Contractors (excluding M & R Project)



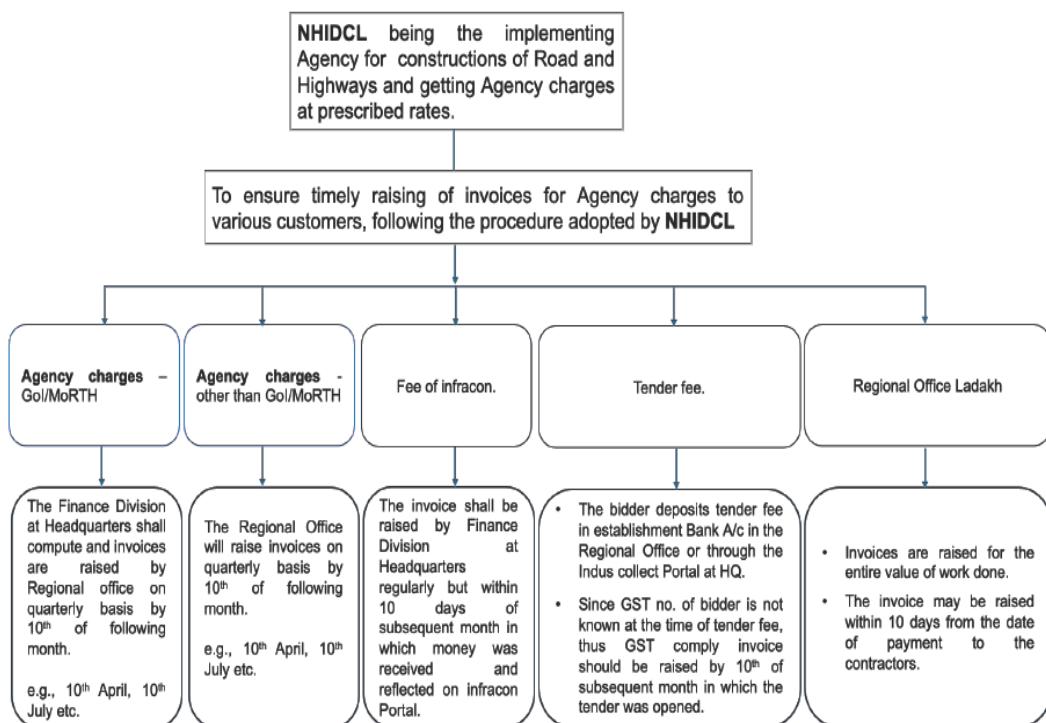
## 2. Final Payment of DPR Consultants



### 3. For Release and Payment of EMD/ Bid Security



#### 4. Raising of Invoices



**MoRTH** – Ministry of Road Transport and Highway

#### 5. Bidding Process

##### Inviting Bids

- i. Checking of the e-bid submission, it is mandatory for the Bidders to have user identification number & password (collectively referred to as the "**ID and Password**") which has to be obtained in Bidder's own name by registering themselves in NIC's Central Public Procurement Portal (CPPP) i.e. <http://etenders.gov.in>. The registration is free of cost and to report variations, if any.
- ii. Checking of the one of bid document is to be deposited by DD/ pay order/digital mode of payment in favour of National Highways & Infrastructure Development Corporation LTD.
- iii. Checking of the directors/partner signing the bids shall only be the digital signatory. In case partner/directors signing the bids and digital signatory are not the same, the bid shall be considered as non-responsive unless they are supported by duly authorised person through Power of Attorney.
  - (a) Checking of the e-tender –
  - (b) Registration should be valid at least up to Bid Due Date
  - (c) Bids can be submitted only during the validity of their registration.
  - (d) The amendments/clarifications to the bid document, if any, will be hosted on the NHIDCL website/e-portal only.
  - (e) If the firm is already registered with e-tendering portal of NHIDCL and validity of registration has not expired, the firm is not required to obtain fresh registration.

##### Brief Description of Bidding Process

NHIDCL has adopted two stage single envelop process for selection of the Bidder for award of the work. The technical bid (the "**Technical Bid**") consisting of the Bid Documents along with firms profile indicating the

capability experience as mentioned herein and the financial bids (the “**Financial Bid**”) containing the amount quoted by the Bidder shall be submitted online in the prescribed format before the date and time specified herein. Only those Bidders whose Technical Bids are found to be responsive (**herein referred to as Technically Qualified Bidders**) in terms of this RFP, shall be invited to participate in the on-line opening of their Financial Bids. The technically qualified Bidders may send their authorised representative along with the authorisation letter on the letter head of the Bidder for participating in online opening of the Financial Bid. The date and time of opening of Financial Bids of such Bidder and who chooses to attend the online opening of the Financial Bids shall be allowed to attend the opening of the Financial Bids.

In this regard, the following checks may be exercised.

- i. Checking of the technical bid process and Technically Qualified Bidders and the report the variation, if any
- ii. Checking of the Financial bid process and evaluation of financial bid and report the variation, if any
- iii. Checking of the remaining bidders shall be kept in reserve and may be invited to match or improve upon the Bid submitted by the lowest Bidder withdraws or is not selected for any reason. In the event that none of the other Bidders match the Bid of the lowest Bidder, the Authority may, in its discretion, either invite fresh bids from the remaining bidders or annul the Bidding Process.

#### Selection of Bidding Process

- i. Checking of the Last date & time of availability of RFP document for downloading
- ii. Checking of the Last date for receiving queries
- iii. Checking of the Pre-bid meeting held on the date notified at NHIDCL, HQ
- iv. Checking of the Authority response to queries latest by date notified on the website.
- v. Checking of the Bid due date (on line submission)
- vi. Checking of the Last date for submission of bid in physical form
- vii. Checking of the Opening of Technical bid
- viii. Checking of the Opening of Financial Bids within 20 days with the prior intimation to the Technically Qualified bidders.
- ix. Checking of the Letter of Award (LOA) within 30 days of Bid Due Date
- x. Checking of the Validity of bids 120 days from Bid Due Date.

#### 6. Cash and bank balance

All the Regional office are connected through Parent Child system of payment under which the ROs are authorised to make payment from the project bank account and actual payment gets transferred to the Parent Account maintained in the NHIDCL, Hqrs office. The ROs are required to account for IUT for the amount for which payments have been made on daily basis. Internal Auditor may check timely and regular recording of IUT and to matching with the Hqrs office. In addition, the following checks may be exercised. It is expected that there is no receipt of cash except RTI due. Further, the following checks may be exercised.

- i. Checking of fund receipts and payments and reasons for receipt and payment in cash, if any.
- ii. Check whether all payments are made only after entry in the SAP and generating payment advice from SAP after approval of the Executive Director (P). (**Conduct test check of at least one week's transactions.**)
- iii. Checking of timely and regular recording of Inter Unit Transfers and Checking of unsettled amount returned by bank in failure of RTGS/NEFT.
- iv. Checking of bank reconciliation statement and report if any un-reconciled amount lying unadjusted for more than one month.
- v. Checking of scheme-wise bank reconciliation (under RBI account) with scheme-wise expenditure on monthly basis prepared by ROs.
- vi. Payments to contractors and suppliers are made in serial/chronological order, any deviation report thereof.

- vii. Checking of outstanding balances in the bank statement, if any along with age analysis and reason for non-adjustment.

## 7 Contract Management

- i. The Internal Auditor is expected to get themselves well versed with the terms and conditions of the contract and verify that the Company has complied with the contractual provisions. The Company mainly enters into the following types of contracts:
  - a) Preparation of detailed project reports,
  - b) Execution of projects under EPC mode, (**Engineering, Procurement, and Construction Mode**)
  - c) Execution of projects under DBFOT (Design, Build, Finance, Operate and Transfer) mode,
  - d) Consultants engaged as Independent Engineers,
  - e) Maintenance and Repair projects either on EPC or Item rate basis.
- ii. The Internal Auditor should verify that before release of payments, the project has been created in the SAP, AA&FS (Administrative Approval and Financial Sanction) loaded in the SAP and following information may be verified:
  - a) Total breakup of the cost as approved in the AA&FS,
  - b) The Contract value at which work has been awarded,
  - c) The schedule H value as recorded in the SAP and comparing the same with the contract value,
  - d) The bills payments are made after recording the quantity executed by the contractors in the SAP and generating value done from the SAP.
- iii. Compare the cumulative value of work done as per SAP with that of note sheet and report the deviations.
- iv. Compare the vendor balances as per SAP with that of note sheet and report variations, if any in the report.

## 8 Bills of the Contractors/Authority Engineers and DPR Consultant

- i. Whether GST compliant invoice has been received
- ii. Whether the entry has been recorded in the SAP and posted in the correct WBS (Work Breakdown Structure) element (wherein WBS element is unique alpha numeric code to identify project and component of cost for project)
- iii. Whether variations in the note sheet and in the SAP is duly reconciled and recorded in the note sheet.
- iv. Whether the bill has been recommended by the AE, GM(P) of the PMU for payments.
- v. Whether prescribed checklist for payment has been compiled with.
- vi. Check the Quantities and rates recorded in the MoP (Schedule H) and match it with the contract and mentioned in the bill.
- vii. Whether the amount of the bill and invoice are matching.
- viii. Whether any Extension of Time or Change of Scope has been considered without the approval by the Competent Authority.
- ix. Whether booking has been done for 100% at SPS level and payment has been passed for not more than 90%.
- x. Whether interest of mobilisation has been correctly computed and recovered from the bill.
- xi. Whether due amount of recovery has been recovered.
- xii. Whether escalation amount has been computed correctly and payable upto the original date time of completion.
- xiii. Whether the retention or withheld as recommended and as applicable has been deducted.
- xiv. Whether the TDS under GST and TDS under IT Act have been taken on the variation.
- xv. Whether bills of the AE have been checked with reference to the contractual terms and reduction has been made.
- xvi. Whether BGs for PBG/APBG and advances have validity of more than two months from the current date; If not the list of all those PBG/APGB having validity less than two month must be reported.
- xvii. Any deviation must be reported in the Audit Report. A report of the test checked bill may be attached with the Internal Audit Report:

- xviii. Check receipt of PBG and APBG before release of first payment,
- xix. Check no subsequent SPS (Stage Payment System) bill is passed before passing of previous IPC (Interim Payment Certificate). All deviations may be reported.

## 9 Payment for acquisition of land:

Land acquisition is a critical activity in the execution of National Highway projects undertaken by the MoRTH through its implementing agencies. To institutionalize the process, MoRTH mandates disbursement of compensation through the Competent Authority for Land Acquisition (CALA), typically the District Collector, in accordance with the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (RFCLARR Act, 2013) and the National Highways Act, 1956 as applicable. The land acquisition process broadly involves:

- Valuation of land based on fair market value and applicable multipliers,
- Issuance of notifications under relevant sections of the National Highways Act, RFCLARR Act or the act as applicable,
- Determination of compensation payable to landowners and stakeholders, and
- Deposit and disbursement of funds through CALA in accordance with statutory procedures.

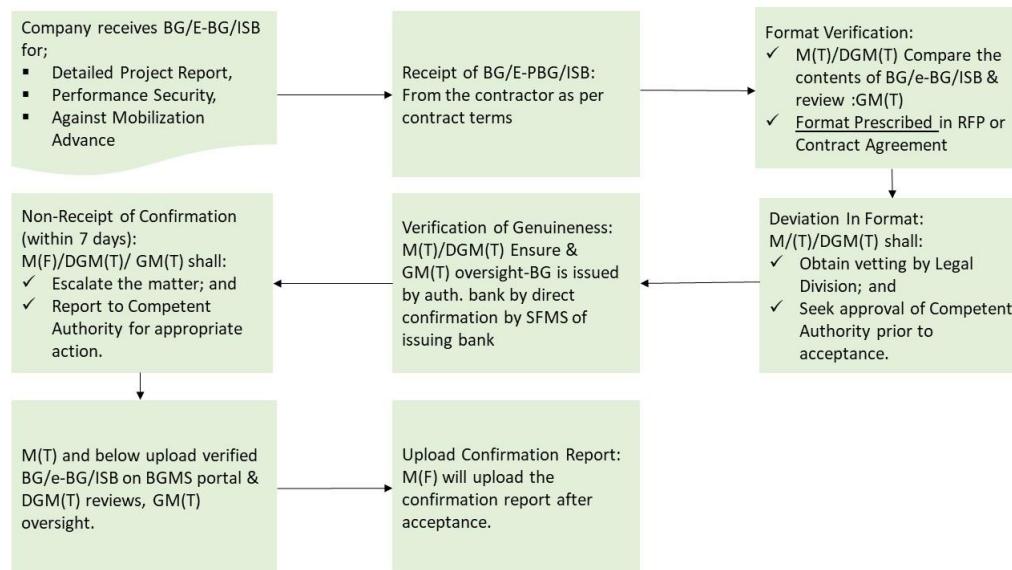
For road projects that are not implemented under the MoRTH, the CALA is not appointed. Instead, the acquisition is typically managed by the District Collector, or a Land Acquisition Officer (LAO) / Special Land Acquisition Officer (SLAO) designated by the State Government.

The Internal Auditor shall:

- Check whether the District Collector is designated as the CALA by the Central Government for acquiring land required for highway projects and appointment is notified through publication in the Official Gazette.
- Check that CALA, along with NHIDCL representatives, conducts a joint visit to Survey of the land; Measure and identify parcels; and Classify type of land (agricultural, residential, barren, etc.).
- Check that CALA prepares a detailed description of land proposed for acquisition, including Total area of land; Boundaries and ownership records; Land classification and Estimated compensation amount.
- Check that a public notification is issued describing the land to be acquired in Official Gazette and Two local newspapers (one in vernacular).
- Check that Land owners/interested parties have 21 days from notification to raise objections. CALA examines, hears parties, and issues a clearance certificate upon resolution.
- Check that after objections are resolved or if none are received, CALA submits report to MoRTH. Central Government issues declaration of acquisition in the Official Gazette. Land vests absolutely in Central Government, free from encumbrances.
- Check that CALA determines compensation based on RFCLARR Act, 2013
- Check that CALA, in coordination with GM(P), open a zero-balance bank account with an NHIDCL-empanelled bank. Central Government/NHIDCL grant CALA a project-wise authorization limit to issue transfers/cheques up to the approved amount.
- Check that CALA disburses compensation to landowners via **Bhoomi Rashi Portal** and **PFMS**. If there is a dispute, the amount is deposited with the court until resolution
- Check that after compensation is deposited, Government takes possession of land. Authorized officers may enter land for construction, maintenance, and operation.
- Check that CALA account for admin charges, which will be adjusted against CALA's advance given. CALA's provide annually Utilization Certificate including admin charges. NHIDCL receives interest income on CALA funds and remits the accrued interest to MoRTH on a monthly basis.
- Check Accounting treatment:
  - Land acquisition costs are recognized as advance to CALA/ authorized agency at the time of payment and reclassified as project expenditure upon receipt of the Utilization Certificate.
  - Such expenditure is adjusted against project funds received or recoverable from MoRTH/Other department.

- No capitalization in NHIDCL's as PPE, since NHIDCL is not the asset owner.
- NHIDCL accounts only for administrative/project facilitation expenditure, since it does not control the asset.
- Ensuring Compliance by Finance Division for Processing Payments of Land Acquisition Wing of the RO:
  - i. Whether the CALA Fund Management Bank's ID has been received; if not, whether the bank name has been provided.
  - ii. Whether the CALA Fund Management Bank's Dashboard is regularly viewed by the Land Acquisition (LA) Wing to monitor fund status.
  - iii. Whether efforts are being made to transfer the remaining CALA bank accounts to the CALA Fund Account (Escrow Accounts with Indian Bank or IndusInd Bank); a list of such bank accounts, their balances, and reasons for not shifting has been provided.
  - iv. Whether Utilisation Certificates (UCs) from all CALAs have been received.
  - v. Whether Bank Statements of all CALAs have been obtained.
  - vi. Whether excess balances with CALAs and accrued interest have been recovered (for accounts not transferred to the Escrow Account of CALA Fund Management).
  - vii. Whether efforts are being made to transfer the title of land acquired for the Project.
  - viii. Whether a proper library/record of land acquired has been maintained and the same forwarded to the LA Division at Head Office.
- **Accounting and reconciliation of CALA Fund** - RO Finance will account for utilization of CALA fund annually after verifying UCs and reconciling CALA funds.

## 10. Bank Guarantee Management:



**11. Identification of MSME and ageing of Outstanding Dues:** To check whether Office have adequate system to identify and differentiate the vendor registered as MSME and non MSME and whether the disposal of all outstanding dues to MSME units are done within the time as prescribed under MSME Act. Any delay in payment to MSME units beyond times allowed need to be reported. In addition to that the ageing of all outstanding dues need to be prepared and reported.

**12. Payment for forest clearance and utility shifting:** Payment for forest clearance and utility shifting is to be done at ROs after ascertaining availability of budget as per AAFS and after following due process as per SAP issued in this regard.

**13. Bills of Legal counsels:** Checking of legal bills whether paid as per schedule of legal fee to the empanelled advocates and to verify that supply order /work order are signed by the authorised officer empowered and verified with the specimen signature of these officials.

#### 14. HR Issues

- i. To check the bills of transfer grant and joining time being paid to the officials who joined in the quarter.
- ii. Check the pay being paid to the officials is in line with pay fixation order issued by the NHIDCL, Hqr (this may be test checked in respect of persons who joined in the RO/PMU/SO in the quarter)
- iii. Check that reimbursement of cost of laptop/tab/mobile handsets/briefcase/bags is supported by prescribed applications format and duly sanctioned.
- iv. Check no dues certificate issued to the official before relieving/issuance of LPC (Last Pay Certificate) and whether assets issued to the official including amount of laptop/tab/mobile handsets value (WDV) with perquisite tax is supported by prescribed applications format and duly sanctioned and has been realised from the executives on superannuation/ resignation/ termination.

#### 15. ESTABLISHMENT

##### Booking of hotel accommodation

- i. Whether booking of accommodation is done in the empanelled hotel and as per entitlement of the person concerned.
- ii. Whether the bill of Hotel is passed as per terms and condition of the contracts.
- iii. Whether the TA/DA has been paid as per governing rules (two three cases may be test checked in each quarter).

##### Vehicle

- i. Whether hiring of vehicle is done as per entitlement of the officials and as per rules and regulations governing hiring of vehicles?
- ii. Check whether the officials who have been allotted vehicle are not paid transport allowance.
- iii. Whether bill of service provider is passed as per terms and Conditions of the contracts?
- iv. To check that the recoveries have been made for use of vehicles for personal use.

##### Office premises

- i. To check Rent/Lease agreement of office premises is within the ceiling prescribed by the Hqrs office and is done after following the prescribed procedure.
- ii. The agreement is signed without any long-term liability with clause for its cancellation with a short notice as per standard format prescribed.
- iii. The proper bill is received for rent and payment is made in the bank account of the owner of the premises.

#### 16. SALARY & WAGES AUDIT

- i. To check that the appointment of employees on regular and deputation/contract/outsourcing basis.
- ii. Check computation of salary for one month and timely remittance of deductions from their salaries.
  - a. System & transaction audit to be carried out on sample basis in respect of each element of salary & wages/arrear of salary & wages calculated and processed for each category of employees and to report weaknesses and deficiencies in internal control.
  - b. Checking of pay fixation arising out of promotion/up-gradation, annual increment and stagnation increment of regular employees as per NHIDCL (Recruitment, Seniority and Promotion) Rules, 2025,. Also to check arrears arising out of such fixation/revision.
  - c. Checking of HRA sanction order specifically double HRA being paid to the officials posted in the NE States, A&N and J&K is based on proper sanction by the Hqrs office.

- d. To confirm that discontinuation of billing of departed employees is made in the same month and no payment through system is generated thereafter.
- e. Whether a Memo of Difference (reason for head wise difference of salary with reference to previous month) is made by the system department and checked by the finance dept.
- iii. Whether employees have necessary approval for long absenteeism and joining thereafter, if not to report.

## 17. LEAVE RECORDS

- i. To check that the leave records are properly maintained.
- ii. To check that the balances of leave are correctly carried forward and added for the current year as per eligibility, leave availed are correctly recorded.
- iii. Leave availed is supported by applications and duly sanctioned.
- iv. To check that the leave register is updated and corrected regularly and not once a month.
- v. To check the instances where leave has been availed but having no leave balance.
- vi. To check the instances where leave has been availed but attendance is also marked and paid accordingly.
- vii. To check that balance leave given in Last Pay Certificate is as per leave record.
- viii. Quarterly Reconciliation should be done between leave balance mentioned in pay slip and leave balance appeared in Leave records, any variance to report.

## 18. ADVANCES TO EMPLOYEES

- i. To check that **no advance** is sanctioned to any employee except imprest and advance for expenses of the Company and to check their timely settlement/recovery.
- ii. To check that the Debit Memos for the Transfer TA and other advances for the transferred employees have been issued timely to the place of transfer and recorded in the LPC.
- iii. List of advances may be attached with the Internal Audit Report.

## 19. STATUTORY PAYMENTS AND RETURNS

- i. To check that the relevant rules and regulations are followed on implementation of GST.
- ii. Verify proper determination of the Place of Supply for GST invoicing, tax payment, and return filing.
- iii. Checking that separate invoices from each respective GSTIN issued for the services attributable to that State/UT.
- iv. To check GST registration, Updation of principal and non-principal fields of GST Registration on timely basis, GST payment, GST invoice and GST returns and its compliance as per GST Law. Reconcile the invoice generated on the internal portal with the e-invoice on the GSTN portal at the time of filling of GSTR-1.
- v. To check that payment of GST component of the project expenditure has been released only after obtaining proof of payment for the vendor.
- vi. To check TDS deduction, TDS payment and TDS returns and its compliance as per Income Tax Law. Any Short deduction/non-deduction of TDS needs to be reported.
- vii. To check that the monthly payment of statutory dues (GST/TDS) have been deposited and reconciliation of collections/receipts as the case may be and payments of statutory levies and if any penalty due to late payment to report.
- viii. To check that all Statutory Returns (GST and TDS returns) have been filed in time, in case not compiled to report.
- ix. To check that all statutory deductions made from the bills of contractors are correct and deposited to the appropriate authorities within the time schedule like PF, ESI etc.
- x. To prepare a status of old pending cases at various levels and report on action being taken/necessary including suggestion on how to ensure that litigation is reduced.

The respective Regional Office (RO) is required to make payments for statutory dues. Internal Auditor should check that the payment of statutory dues has followed the following process:

- The DGM(F)/GM(F), RO, transfers the required amounts from the RBI sub-agency accounts to the designated project bank accounts for payment of statutory dues.
- From the project bank accounts, statutory payments are processed in accordance with applicable regulations after obtaining approvals from the GM(F) and ED(P).

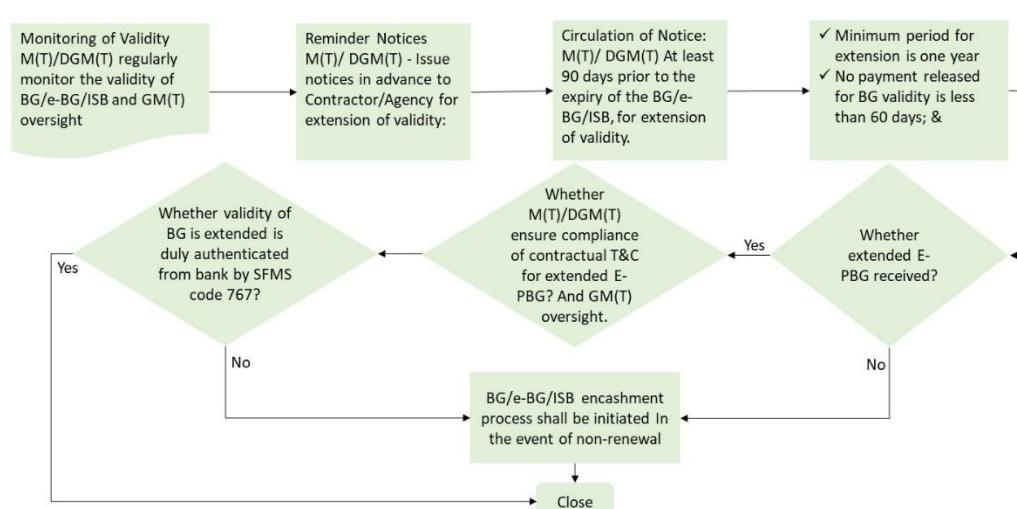
## 20. Property Plant and Equipment (PPE) and Intangible Assets

- i. Checking of Fixed Assets Register maintained by the Finance Division having all required details e.g. Quantity, unit, Location, Identification Number, Original Cost, Recognition of PPE as per Accounting Standard, Date of Capitalisation, Life of the Assets, Rate of Depreciation, Depreciation for the year, Additions, Deletions, Accumulated Depreciation, WDV etc.
- ii. To check that the PPE has been recorded under correct Transaction Codes under SAP.
- iii. To check that the annual Physical verification of fixed assets has been carried by an independent agency or through internal committee and discrepancies, if any observed have been accounted for with the prior approval of ED(P) at RO and GM(F)/Director(F) at HO. A Physical Verification Voucher prepared after completion of physical verification of fixed assets.
- iv. To check that the physical verification process is appropriate as per the nature and size of the organisation and its assets.
- v. To check the reconciliation of balance as per Fixed Assets Register and General Ledge and report for any difference.
- vi. Checking of Intangible Assets Under Development Register and completion Certificate received for Intangible Assets Under Development Register.
- vii. Checking of Asset under Lease Register having details regarding Lease Liability and ROU Asset, interest liability and depreciation on ROU etc. as per Accounting Standard.

## 21. Government Grants

- i. Checking authenticity, terms, and conditions of the grant as per approval of Manager (Finance).
- ii. Verifying utilization of grant, compliance with conditions, and amortization (for capital grants), supporting documentation as per approval of General Manager (Finance).

## 22. BGs/eBG/ISBs in respect of Performance Security/ Additional Performance Security and maintenance of its records in BGMS Portal



The Internal Auditor may exercise the following checks in respect of management of Bank Guarantees (BGs)/e Bank Guarantees(eBGs) and Insurance Surety Bonds(ISBs)

- i. Check the content of the BGs/eBG/ISBs are in conformity with the relevant contract provisions.
- ii. The bank guarantees have been got confirmed through SFMS as per prescribed procedure before uploading on the BGMS portal.
- iii. Status of all BGs/eBG/ISBs are updated on the BGMS portal regularly.
- iv. Check that the BGs/eBG/ISBs have been renewed on timely basis. In cases where there is any delay, a claim for encashment has been lodged to avoid its expiry.
- v. Conduct physical verification of BGs/eBG/ISBs on annual basis.
- vi. Verify that the BGs/eBG/ISBs are kept in a secured almirah (fire proof) and its keys are kept with the authorised person only.
- vii. Payments are released to the contractors/ concessionaires with availability of requisite performance/additional performance securities.
- viii. Approval of the Competent Authority is taken for encashment of BG/eBG/ISB on timely basis by the Technical Division in cases of non-renewal or non-performance of the contract etc.

23. Refund of EMD: Check the refund of EMD to the successful bidder is done on timely basis as per the terms and conditions of the bid documents/RFP/GFR and SOP.

24. Internal Control Check List: Verify that the internal control check list are being sent on timely basis after collection of correct information (Circular dated 20.4.2021 refers)

25. GST Reconciliation: Verify GST compliance and reconciliation on timely basis from the books of accounts and GST portal.

26. Internal Control Matrix Testing: The internal Auditor will also verify the compliance to the Internal Control Matrix in line with the Accounting Manual.

**Note: For any other matter, considered significant, refer Accounting Manual of NHIDCL and the same may be inserted in the scope of audit from time to time by the Auditor Management.**

## CHAPTER - VIII INTERNAL AUDIT FOR HEAD OFFICE

### 1. Specific Points related to HO

- a) Checking Fund received from MoRTH (Ministry of Road Transport and Highway)
- b) Utilisation of Fund:
  - i. Checking of budgetary control for indenting, release and utilisation of funds under major heads;
  - ii. Checking Procurement of Tendering process, any deviation in the terms and conditions of the Model contract agreement and approval of the Competent Authority specially in respect of qualification criteria;
  - iii. Checking Technical Evaluation and financial evaluation and Award of contract, any deviation report thereof;
  - iv. Checking of giving appointed date and completion of prerequisite (condition precedent) before appointed date.
  - v. Checking payment of mobilisation advance (quantum, rate of interest, receipt of GST compliant receipt) any deviation report thereof
  - vi. Checking interest on Mobilisation advances and interest thereon (Mobilisation advance is to be considered at the gross amount of Mobilisation advance including GST), any deviation report thereof,
  - vii. Checking Variation in contract, any deviation report thereof
  - viii. Checking Bank Guarantees- (Check amount of BG, terms and conditions contained therein, validity period, operating bank, and branch and bank, whose BG is permitted) obtaining of SFMS confirmation before considering it, process of validation and renewal.
  - ix. Checking Withheld amount of respective ledger, any deviation report thereof.
  - x. Checking penalty, if any on non-compliance of contract, any deviation report thereof
  - xi. Checking payment to vendor, any deviation report thereof,
  - xii. Checking of cash receipts and payments, and reasons as why in cash and not through digital mode/bank,
  - xiii. Checking of unsettled amount returned by bank on failure of RTGS/NEFT,
  - xiv. Checking of payment made through account payee cheque or demand draft, whether approval from competent authority is taken.
  - xv. Checking of bank reconciliation statement and report if any unreconciled amount lying unadjusted for more than one month.
  - xvi. Payment of contractors and suppliers are made in serial/chronological order, any deviation report thereof.
- c) Checking dividend paid to shareholder at the end of year along with DDT, if applicable, any deviation report thereof,
- d) Checking of balances of subsidiary ledgers with General ledger and any variance report thereof.
- e) Checking of bills as per Supply/Work Order/Agreement/Manual on test check basis and if any deviation report thereof
- f) To report on overdue payments to MSME. To report whether the payment is made to MSME suppliers/contractors within 45 days of acceptance of their Bills
- g) Checking of Bank draft/Bankers Cheque/NEFT, received towards EMD and Security Deposits from contractors/ suppliers are accounted for and deposited timely in the bank, if not report thereof
- h) Bank Guarantee: checking for –
  - i. To check the procedure regarding acceptance, custody and disposal of bank guarantee etc. in accordance to the provision laid down under Finance manuals and time to time guidelines issued by the management
  - ii. Whether Bank Guarantee submitted against security deposit and performance guarantee has sufficient coverage for period of work?
  - iii. Whether Bank Guarantee has been properly recorded and realised in case of default?
  - iv. Whether genuineness of Bank Guarantee has been confirmed as per prevailing rules by the issuing bank and verified on SFMS platform?

- i) Checking of payment vouchers on test check basis.
- j) Checking of legal bills whether paid as per schedule of legal fee to the empanelled advocates
- k) Report on Trade Payables outstanding more than 3 months.
- l) To verify that supply order /work order are signed by the authorised officer and empowered and verified with the specimen signature of these official.
- m) To check the cashier is authorised to operate cash has been appropriately covered by Fidelity Guarantee Insurance and adequate Insurance for cash-in safe and cash-in-transit is taken.
- n) To check that the amount of laptop/tab value (WDV) with prerequisite tax has been realised from the executives on superannuation/ resignation/ termination. Logbook of vehicles:
  - i. To check that the logbook are maintained properly giving relevant details such as the places travelled, purpose, meter readings, fuel filling etc. signed by the driver and Authorised person.
  - ii. To check that the recoveries have been made for use of vehicles for personal use.
- o) Air tickets:
  - i. Whether booking in respect of Air tickets is done on the basis of requisition slip duly approved by the competent authority?
  - ii. Whether the bill of service provider (Traveller agent) is passed as per terms and condition of the contracts?
- p) Booking of hotel accommodation:
  - iv. Whether booking of accommodation is done in the empanelled hotel and as per entitlement of the person concerned?
  - v. Whether the bill of Hotel is passed as per terms and condition of the contract?
- q) Vehicle:
  - v. Whether hiring of vehicle is done as per terms and Conditions of the contract?
  - vi. Whether bill of service provider is passed as per terms and Conditions of the contracts?
  - vii. Whether insurance covered of the company owned vehicle is renewed in time?

## 2. GST.

### Registration:

- i. Whether registration is obtained in every State from where supply is made?
- ii. Whether additional places of business within a state are added in the registration certificate (if any)?

### Invoice verification:

- i. Whether invoice has all the prescribed particulars as required under Section 31 of the GST Act and rules made thereunder?
- ii. Whether bill of supply is issued as per requirement of GST Law?
- iii. Whether the time limit for issue of invoice has been adhered to?
- iv. Whether "Self Invoice" & Payment Voucher is raised in case of RCM transactions?
- v. Whether Credit note/ Debit notes are issued and incorporated in GSTR as per the provision of the GST law?
- vi. Whether the document as per books of accounts match with Returns?

### GST return and payment:

- i. Whether returns as applicable have been filed within the due dates?
- ii. In case of late filing whether late fees have been paid?
- iii. Whether supply as per books of account matches with supply as per GSTR?
- iv. Whether change in tax rates has been dealt with correctly?
- v. Whether tax has been paid within the prescribed due dates?
- vi. In case of late payments, whether interest has been paid?

**Input tax credit:**

- i. Whether input tax credit is taken based on eligible documents having all the prescribed particulars as per the Rules made in this regard?
- ii. Whether the goods/ services on which ITC is claimed has been received by the entity before taking ITC?
- iii. Any Reversal of input tax credit for the goods sent for job work?
- iv. Whether input tax credit is reversed against the receipt of Credit Note?
- v. Whether wrong ITC availed has been reversed along with interest?
- vi. Whether the Vendors (other than RCM) have been paid within 180 days from the date of invoice?
- vii. Check the GST Input Credit reconciliation for long outstanding items and justifications and action taken for the same.

**TDS on GST:**

- i. Whether TDS on GST deducted as per GST law and timely payment of TDS?
- ii. Whether TDS certificates issued timely?

**RCM**

- i. Whether Reverse Charge has been paid on all Inward supplies notified u/s 9(3) of
  - a. the CGST Act and u/s. 5(3) of the IGST Act?
  - b. Whether ITC has been availed of the tax paid under reverse charge?

**MISC.**

- i. Whether books of accounts are maintained at each place of business as per Companies Act, 2013 & GST Provisions?
- ii. Whether the Register E-way Bill/Delivery challan is maintained as per the law?
- iii. Are there any departmental inspection proceedings for Transactional Credits or any other demands created?
- iv. Any adverse remarks by the Statutory Auditor have been raised and whether those are rectified?
- v. Whether Audit trail of the software is in place as notified by Ministry of Corporate Affairs (MCA).

**3. PURCHASES.**

- a. Checking of Purchase orders placed are as per prescribed procedure and competent approval is taken and necessary formalities as per manual are compiled with, if any deviation to be reported.
- b. Report on repeat Orders placed, are based on orders placed earlier with proper tendering and another conditions governing the placement of Repeat Orders are compiled with.
- c. To check that no attempt has been made to split the tenders, to keep the value of the contract within the delegated powers of the approving authority, if any report thereof.
- d. Checking of non-availability certificate and consumption pattern of last 3 years have been obtained from both Regional and Central Stores before raising indent for any material.
- e. Report on delay in placement of supply orders from the date of approval of indent beyond prescribed time.
- f. To check that the material is received within the stipulated time, if not, whether liquidated damages have been imposed, if not report thereof.
- g. Report on maintenance of records, such as Tender Register, TCR files, Supply orders, Bill Passing Register, etc. are in order, in case of any discrepancy report thereof.
- h. To check that the local purchases are made within the powers delegated to the approving authority. In case of local purchase, whether the materials purchased have been consumed immediately, if not report thereof?
- i. To check if any advance payment is made to the suppliers is as per the NIT/Order and has been adjusted as per the terms of advance payment. Any outstanding for a long time; list of such advances. (separately from P&M and Spares) with age and reason for non adjustment is to be reported.

- j. Checking of Modules Orders placed for rehabilitation of equipment/HEMM. Also to check that spares/materials received are utilised for particular rehabilitation of equipment/HEMM, any discrepancy to report.
- k. Checking of procurement of centralised items at Area/Project/HQ is done with proper justification and with the approval of competent authority.
- l. Checking of deletion or insertion of terms and conditions in the standard NIT, whether the justification has been recorded and competent approval has been obtained.
- m. To check that the e-tenders are floated and reverse mechanism has been followed.

#### 4. ESTABLISHMENT

##### 4.1 Manpower:

- a. To check the reconciliation of manpower on roll and manpower paid as per Pay-sheet.
- b. Checking of fixation of pay on promotion, revision of basic pay in disciplinary
  - i. Action, subsistence allowance and other allowances sanctioned time to time and pay fixation of recruitments etc.
- c. To check the details and document submitted by the newly recruited executives/ non-executives.
- d. To check the records of vacancies to be filled up by promotion of existing employees and report thereof
- ii. To check the records of transferred employees as transferred and not released and report thereof
- iii. To check the cases of retirement on medical ground and VRS and to check that the competent approval is obtained.
- iv. Whether photographs of the employees have not been affixed and attested?
- v. Whether such forms have been signed by the employees and counter signed by the authorised person?
- vi. Whether date of birth and all other columns have been filled up?
- vii. Whether there are any discrepancies in the date of birth of the employees with regard to Service Records?
- viii. Whether any case is pending for age or qualification dispute?

##### 4.1.1 Attendance

- i. To check that the Bio-Metric attendance system is in operation and pay sheets are prepared after taking attendance directly through system and without manual interference, if any to report. If manual to check the attendance is marked daily and cross totalled are made in the attendance register. The attendance register is signed daily by the authorised person.
- ii. In case of Underground, cross-check the attendance with Cap Lamp Register.

##### 4.1.2 Leave Records

- i. To check that the leave records are maintained in the statutory format
- ii. To check that the leave availed are correctly recorded and balances of leave are correctly carried forward and added for the current year as per eligibility.
- iii. Leave availed is supported by applications and duly sanctioned.
- iv. To check that the leave register is updated and corrected regularly and not once a month.
- v. To check the instances where leave has been availed but having no leave balance.
- vi. To check the instances where leave has been availed but attendance is also marked and paid accordingly.
- vii. To check that balance leave given in Last Pay Certificate is as per leave record.
- viii. Quarterly Reconciliation should be done between leave balance mentioned in pay slip and leave balance appeared in Leave records, any variance to report.

##### 4.1.3 Overtime and rest day workings records

- i. To check that proper record for overtime is maintained, specifying the engagement of hours with reasons.
- ii. To check that the OT sanctioned is within the delegated powers.
- iii. To check that the OT/Rest Day wages paid have been duly sanctioned.
- iv. To check the instances where leave / rest day but OT is paid.
- v. To check the instances where employees have been engaged on over time continuously for more than eight hours.

- vi. To check that compensatory rest has been availed in all cases, if not to report.
- vii. To report for Variance in cost of normal overtime and Sunday / Holiday workings with Budget and previous year in terms of hours/days and financial.
- viii. To Report on Sunday deployment vs. Normal deployment.

#### **4.1.4 L.T.C. Records:**

To Check that the LTC/LLTC register is maintained properly giving all the relevant information like details of the employee, members of his family, age, address (updated time to time on receipt of applications from the employees for any changes), details of previous LTC availed, date & amount of advance taken and subsequent adjustment thereof etc. and to check the rates of fare are as per applicable rates of mode of travels.

#### **4.1.5 Salary & Wages Audit:**

- iv. To report whether payment of salary & wages is made only through Bio-metric attendance system.
- v. System & transaction audit to be carried out on sample basis in respect of each element of salary & wages including arrear salary & wages and performance related pay (PRP) paid and to report weaknesses and deficiencies in internal control.
- vi. Checking that all deductions, recoveries and adjustments are made and reconciled e.g. CMPF, Family Pension and 7% Pension, HBA, conveyance loan etc.
- vii. Checking of pay fixation arising out of promotion/up-gradation, annual increment and stagnation increment. Also to check arrears arising out of such fixation/revision.
- viii. To confirm that discontinuation of billing of departed employees is made in the same month and no payment through system is generated thereafter.
- ix. To check fall back wages, whether the competent approval has been obtained.
- x. To check that all the terminal benefits have been settled and paid to superannuated/ resigned employees, any pending case to report.
- xi. Checking of arrear salary & wages and arrear PRP bills before making final payments to departed employees.
- xii. Whether a Memo of Difference (reason for head wise difference of salary with reference to previous month) is made by the system department and checked by the finance dept.
- xiii. Whether employees have necessary approval for long absenteeism, if not to report
- xiv. Checking of register for recovery of rent and reporting on outstanding amount.
- xv. To check the records relating to occupancy of staff quarters and rent is recovered as per rule of the company
- xvi. Unauthorised occupancy of company accommodation, if any, should be reported.
- xvii. Reconciling HRA payment against respective sanction order.

#### **4.1.6 Advance to Employee**

- iv. To check that the advances are adjusted against salary and in case of recovery the same is regularly done. No second advance be given unless first one is adjusted
- v. To check the schedule of advances under various heads duly tallied with the balances of General Ledger.
- vi. To check that the Debit Memos for the Transfer TA and other advances for the transferred employees have been issued timely to the place of transfer and recorded in the LPC.
- vii. Check list of advances (other than House Building and Conveyance advance) outstanding for more than three months, more than 6 months, more than 1 year, more than 2 years with Date of advance & reason for non-adjustment.
- viii. To check that the interest on House Building and Conveyance advances has been calculated correctly and recovered regularly.

#### **4.2 Outside repairs**

- i. To check that major outside repairs has been resorted after obtaining "No objection Certificate" from concerned Regional Workshop/Central workshop.
- ii. To check that the relevant manuals are compiled with for awarding such works.
- iii. To check that the proper records is maintained for all such works e.g. details of work order, bill passing details, deductions etc.

- iv. To check that the equipment/machines sends for repair have been received in time and to report if there is any delay for more than three months.

#### **4.3 Statutory Payments & Returns:**

- i. Verification of receipts/acknowledgements for the payment of statutory dues like Income tax, Sales tax, Royalty on coal and sand, Stowing, Road tax, Insurance etc.
- ii. To check that the statutory dues have been deposited in time and reconciliation of collections/receipts as the case may be and payments of statutory levies and if any penalty due to late payment to report.
- iii. To check that all Statutory Returns have been filed in time, in case not compiled to report.
- iv. To check that all statutory deductions made from the bills of contractors are correct and deposited to the appropriate authorities within the time schedule like PF, ESI etc.
- v. To prepare a status of old pending cases at various levels and report on action being taken/necessary including suggestion on how to ensure that litigation is reduced.

#### **4.4 Corporate Social Responsibilities Expenses (CSR):**

- i. **To ensure NHIDCL is making provision for the CSR expenditure as per the applicable laws/statute.**
- ii. To check the activity-wise budget and actual expenditure under Corporate Social Responsibilities (CSR).
- iii. To check that works undertaken under CSR are within the allocated budget and also as per CSR policy of NHIDCL.
- iv. To check and report unspent amount and also to check that in case the works undertaken by outside agencies, utilisation certificates are received in time.
- v. To verify the CSR spent including physical verification of outcome as well as sample cases to verify the genuineness of expenditure incurred and assets created. Also whether conditions laid are being followed or need revision.
- vi. Report age analysis for CSR project and reasons for time over run and action required.
- vii. Check the treatment of ITC on CSR Expenses

#### **5. Project related Expenditure**

- i. To check the project expenses are identified with related to WBS element and charged to a separate head of account, any variation report thereof.
- ii. To check that proper record is maintained for project expenses.

#### **6. System**

- i. To check that internal control of SAP and the report generated thereof, report if any variance thereof.
- ii. To check that A.M.C's exists to protect the hardware and software installed.
- iii. To check if inventory of Information Technology assets is maintained (including IT softwares) along with appropriate details. To check that licensed softwares used are appropriately tracked.
- iv. To check that End of Life of Hardwares is being tracked.
- v. To ensure audit checks for Privileged access management by identifying and inventorying all privileged accounts.
- vi. To review access controls to ensure the principle of least privilege is enforced and access is provided at the minimum level necessary for their role both in scope and duration
- vii. To check the frequency of review of access controls by the appropriate authorities.
- viii. To check that all software installed is fully utilized, if not to report.
- ix. To check that the company is having approved IT strategy/plan.
- x. To check the existing software in the operation are fully utilised e.g. financial accounting, sales accounting, personal information, pay roll, material/inventory management etc.
- xi. To check the areas, where the inbuilt check exists in the computer environment and needs to be reviewed.
- xii. To check the document retention policy to eliminate the problem of extracting information from computer file due to lack of back up of past records, exists or not.
- xiii. To check that a system of proper documentation of software program exists.
- xiv. To check that corrections made in master data are done by authorised person and complete record centrally in computer department is being kept and having the approval of head of System department.
- xv. To check that the backup of data is being taken regularly and kept as per the policy of the company and carried out by the designated and authorised employees.

- xvi. Whether there is a system of identifying and disposal of e-waste?
- xvii. To check the verification of creation of master records of employees transferred in /newly joined during the month and elimination of master records of employees, who have left the organisation during the month on account of transfer, retirement, resignation, death, dismissal, removal, etc., if not to report.
- xviii. To check schedule of authority (SOA) and ensure that the delegated has sufficient control for discharging his responsibilities.
- xix. To check and ensure that hardware access control have fully been implemented so that remote user has proper authority to see, create & delete data and confidential/ payment related data, if shared, are encrypted or not , if not to report .
- xx. To check and report the existence of software password control along with periodic modification are in operation.
- xxi. To check the existence of disaster recovery and business continuity plan along with periodic testing and review of the procedure.
- xxii. To check the existence of software base control to block the access immediately after cessation of service like superannuation/ dismissal/ death/ termination etc.

## 7. Property, Plant & Equipment

- viii. Checking of Fixed Assets Register having all required details e.g. Quantity, unit, Location, Identification Number, Original CostDate of Capitalisation, Life of the Assets, Rate of Depreciation, Depreciation for the year, Additions, Deletions, Accumulated Depreciation, WDV etc.
- ix. To check that the Physical verification of fixed assets has been carried by the management during the year and discrepancies, if any observed have been accounted for.
- x. Verification of title deeds of Lands. Whether title deeds of immovable properties are held in the name of the Company?
- xi. To check the reconciliation of balance as per Fixed Assets Register and General Ledge and report for any difference.
- xii. Impairment analysis has been performed by the company
- xiii. Disposal of fixed assets is in accordance with Company Policy.

## 8. Central Internal Auditor of HQ

- i. To review, monitor and compile the internal audit reports of all the Regional Offices.
- ii. To review the action taken based on the previous internal audit report para/suggestions
- iii. To prepare the overall Exception reports considering all the Areas.
- iv. To arrange for making necessary presentation to the Audit Committee of observation/ findings based on risk assessment in consultation with GM/HOD (Internal Audit) of the company.

**Note:** Above checklists are illustrative not exhaustive. The internal auditor may carry other checks considering the materiality and significance of the item. Any other matter, considered significant, refer Accounting Manual and the same may be inserted in the scope of audit from time to time by the Management.

**APPENDIX-I**  
**Format of Internal Audit Report**

**Internal Audit Report of the NHIDCL HQ/RO.....for the quarter ended.....**

- I. Name of the firm which conducted the Internal Audit**
- II. Objective and Scope of Internal Audit (elaborate on the objective and scope of the audit engagement)**
- III. Methodology of Internal Audit**

This section should refer to the methodology adopted for conduct of internal audit engagement viz. Interview, Observation, Sampling, Sample size used for checking records, the number of records checked, type of records checked. It should also include checklists (if any) used during the engagement.

1. List of the projects bills selected for Audit

No.	Name of the Project with chainage	Name of the EPC contractor/AE/DP R consultant whose bill was selected for Audit	SPS /IPC-Number passed in the quarter	Amount of the bill passed for payment (Gross)	
i.					
ii.					
iii.					
iv.					

2. List of tenders awarded by the Regional office selected for review

No.	Name of the Project with chainage	Name of the M&R contractor	Whether the chainage is in the EPC contract also, if so name of the contractor	Name of AE, if any	Number of bills selected for Audit
i.					
ii.					

3. List of cases of establishment/HR payment shortlisted for examination

No.	Voucher number	Amount	Whether deficiency noticed or not(Yes/NO)	Ref(Annexure number)
i.				
ii.				
iii.				
iv.				

4. A list of completed projects selected for Audit during the quarter:

(Rs. In lakh)

No.	Name of the Project with chainage	Name of the contractor	Name of the	Name of SPS and IPC	Amount as per AAFS	Actual cost

			Authority Engineer			incurred till date
i.						
ii.						
iii.						
iv.						

**IV. Acknowledgement**

**V. Status of Statutory Compliances**

- i. Status of compliance of GST
  - a. Timely deposit of GST and filing of monthly quarterly and annual Return
- ii. Status of compliance of Income Tax
  - a. Timely deposit of TDS and filing of monthly quarterly
- iii. Status of compliance of labour laws

**VI. List of major Audit observations with recommendation incorporating the action taken// to be taken thereon by the Management along with timelines for remedial action and overall opinion on adequacy and efficacy of internal controls.**

**VII. Audit observations**

- i. Audit criteria
- ii. Irregularities observed
- iii. Recommendation/Action required and discussed with RO
- iv. Action Taken, if any
- v. Timelines for correction in case correction is still pending.

**VIII. Opinion (overall opinion of Internal Audit about functioning of NHIDCL)**

**IX. Recommendations**

**X. Attach the documentation of work performed.**

**APPENDIX II**  
**INFORMATION ABOUT THE REGIONAL OFFICE**

1. Name and Qualification of the Team Members

No.	Name of the Team Member	Qualification	Number of days devoted for Audit
i.			
ii.			
iii.			

2. Details of the Executives of the Regional office during the period

No.	Name and	Designation	Period from	Period to
i.		Executive Director		
ii.		GM(P)		
iii.		GM(LA)		
iv.		Dy.GM/Manager(F)		

3. Name of the outsourcing Agency hired through which persons have been engaged:

No.	Name of the Agency	Place of Supply	Period from	Period to
i.				
ii.				
iii.				
iv.				

4. Details of the payments made by the Regional office during the quarter (Rs. In lakh)

No.	Month and year	Project	Establishment	Total
i.				
ii.				
iii.				
iv.				

5. List of Projects and their contractor/AE/DPR consultant and bills passed in the quarter:

No.	Name of the Project with chainage	Name of the EPC contractor	Name of AE	Name of DPR consultant	SPS/IPC-Number passed in the quarter
i.					
ii.					
iii.					

6. A list of cases where tenders were invited by the Regional office during the quarter:

No.	Name of the Project with chainage	Name of the contractor	Name of contract	During of contract	Amount (Rs. Lakh)
i.					
ii.					

iii.					
iv.					

7. A list of cases where payments have been released to CALA during the quarter:  
(Rs. In lakh)

No.	Name of the project with chainage	Name of the CALA	Amount paid to CALA	Amount for which UC has been received	Balance with CALA
i.					
ii.					
iii.					
iv.					

8. A list of cases projects completed during the quarter:

(Rs. In lakh)

No.	Name of the Project with chainage	Name of the contractor	Name of the Authority Engineer	Name of SPS and IPC	Amount as per AAFS	Actual cost incurred till date
i.						
ii.						
iii.						
iv.						

**APPENDIX -III****DOCUMENTATION OF WORK PERFORMED****1. General Internal Control**

	<b>Particulars</b>	<b>Checked By</b>	<b>Remarks</b>
<b>A</b>	<b>Permanent Information</b>		
	<b>NHIDCL, Hqrs/Regional Office.....</b> -		
	<b>Period under Audit -</b>		
	<b>Unit Head</b> -		
	<b>Audit Team</b> -		
<b>B</b>	<b>Documentation</b>		
<b>1</b>	Proper filing of all documents		
<b>2</b>	Proper coding of all files		
<b>3</b>	Proper indexation of all documents in each file		
<b>4</b>	Original documents related to land, building, property, plant and Equipment and vehicle etc are kept in the custody of the Unit Head.		
<b>5</b>	Unit head ensures proper security and safety measures for original and important documents to avoid theft, fire, rain or any other peril of whatsoever nature.		
<b>6</b>	All important documents and correspondence are stored in soft format (PDF-Scanned Format) with proper listing		
<b>C</b>	<b>Secretarial (Applicable for NHIDCL Hq only)</b>		
<b>1</b>	All the secretarial documents and the documents related to Registrar of Companies (ROC) are kept at the registered office of the Company.		
<b>2</b>	All types of resolutions to be passed are drafted by the Secretarial department only.		
<b>3</b>	The original signed copy of the resolutions passed are kept by the secretarial department at the registered office and the copy of the same are sent to the Unit Head for his records.		
<b>4</b>	It is the responsibility of the Unit Head to intimate all the concerned departments about the change in designations or change in directorship /signing authorities or any other relevant change that need to be informed time to time on behalf of the company.		
<b>5</b>	Minutes book and statutory registers to be kept and updated by the Secretarial staff. at the registered office.		

## II. Bidding Process

	Particulars	Checked By	Remarks
<b>A</b>	<b>Inviting Bids</b>		
	Check proper records for-		
1	E-Bid Submission		
2	Whether registration on e-tender portal is valid up to Bid Due Date		
3	Bids can be submitted only during the validity of their registration		
4	The amendments/clarifications to the bid document, if any, will be hosted on the NHIDCL website/e-portal only.		
<b>B</b>	<b>Bidding Process</b>		
1	Checking of the technical bid process and Technically Qualified Bidders and the report the variation, if any		
2	Checking of the Financial bid process and evaluation of financial bid and report the variation, if any		
3	Checking of the remaining bidders shall be kept in reserve and may be invited to match or improve upon the Bid submitted by the lowest Bidder in case such lowest Bidder withdraws or is not selected for any reason. In the event that none of the other Bidders match the Bid of the lowest Bidder, the Authority may, in its discretion, either invite fresh bids from the remaining bidders or annul the Bidding Process.		
<b>C</b>	<b>Schedule of Bidding Process</b>		
1	Checking of the Last date & time of availability of RFP document for downloading		
2	Checking of the Last date for receiving queries		
3	Checking of the Pre-bid meeting held on the date notified at NHIDCL, HQ		
4	Checking of the Authority response to queries latest by date notified on the website.		
5	Checking of the Bid due date (On line submission)		
6	Checking of the Last date for submission of bid in physical form		
7	Checking of the Opening of Technical bid		
8	Checking of the Opening of Financial Bids within 20 days with the prior intimation to the Technically Qualified bidders		
9	Checking of the Letter of Award (LOA) Within 30 days of Bid Due Date		
10	Checking of the Validity of bids 120 days from Bid Due Date		

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### III. Receipts & Payments

	Particulars	Checked By	Remarks
	Check that		
1	Checking of fund receipts and payments in cash and reasons for receipt and payment in cash, if any.		
2	Check whether all payments are made only after entry in the SAP and generating payment advice from SAP after approval of the Executive Director (P). (Conduct test check of at least one week's transactions).		
3	check timely and regular recording of IUT and its matching with the Hqrs office		
4	Checking of timely and regular recording of Inter Unit Transfers and Checking of unsettled amount returned by bank on failure of RTGS/NEFT.		
5	Checking of bank reconciliation statement and report if any un-reconciled amount lying unadjusted for more than one month		
6	Payments to contractors and suppliers are made in serial/chronological order, any deviation report thereof.		
7	Checking of outstanding balances in the bank statement, if any along with age analysis and reason for non-adjustment.		

### IV. Processing of Bills of Contractors and others

	Particulars	Checked By	Remarks
1	Whether GST compliant invoice has been received		
2	Whether the entry has been recorded in the SAP and posted in the correct WBS element(wherein WBS element is unique alpha numeric code to identify project and component of cost for project)		
3	Whether variations in the note sheet and in the SAP is duly reconciled and recorded in the note sheet.		
4	Whether the bill has been recommended by the AE, GM(P) of the PMU for payments.		

5	Whether prescribed checklist for payment has been complied with		
6	Check the Quantities and rates recorded in the MoP (Schedule H) and match it with the contract and mentioned in the bill.		
7	Whether the amount of the bill and invoice are matching		
8	Whether any Extension of Time or Change of Scope has been considered without the approval by the Competent Authority.		
9	Whether booking has been done for 100% at SPS level and payment has been passed for not more than 90%		
10	Whether interest of mobilization has been correctly computed and recovered from the bill		
11	Whether due amount of recovery has been recovered		
12	Whether escalation amount has been computed correctly and payable upto the original date time of completion.		
13	Whether the retention or withheld as recommended as applicable has been deducted.		
14	Whether the TDS under GST and TDS under IT Act has been deducted based on the gross amount of the bill passed. If not what action has been taken on the variation.		
15	Whether bills of the AE has been checked with reference to the contractual terms and reduction has been made;		
16	Whether BGs for PBG/APBG and advances have validity of more than two months from the current date; If not the list of all those PBG/APGB having validity less than two month must be reported.		
17	Any deviation must be reported in the Audit Report. A report of the test checked bill may be attached with the Internal Audit Report:		
18	Check receipt of PBG and APBG before release of first payment		
19	Check no subsequent SPS (Stage Payment System) bill is passed before passing of previous IPC (Interim Payment Certificate).		

## V Property, Plant and Equipment (PPE) and Intangible Assets

	Particulars	Checked By	Remarks
	<b>Check that</b>		
1	Checking of Fixed Assets Register maintained by the Finance Division having all required details e.g. Quantity, unit, Location, Identification Number, Original Cost, Recognition as per Accounting Standard, Date of Capitalization, Life of the Assets, Rate of Depreciation, Depreciation for the year, Additions,		

	Deletions, Accumulated Depreciation, WDV etc. have been accounted for after selection of appropriate keys in the SAP.		
2	To check that the PPE has been recorded under correct Transaction Codes under SAP.		
3	To check that the annual Physical verification of fixed assets has been carried by the independent agency through internal committee and discrepancies, if any observed have been accounted for with the prior approval of ED(P) at RO and GM(F)/Director(F) at HO. A Physical Verification Voucher prepared after completion of physical verification of fixed assets..		
4	To check whether the physical verification process is appropriate as per the nature and size of the organization and its assets		
5	To check the reconciliation of balance as per Fixed Assets Register and General Ledger and report for any difference.		
6	Checking of Intangible Assets Under Development Register and completion Certificate received for Intangible Assets Under Development Register.		
7	Checking of Asset under Lease Register having details regarding Lease Liability and ROU Asset, interest liability and depreciation on ROU etc. as per Accounting Standard		

## VI Payment for acquisition of land

1	Check whether the District Collector is designated as the CALA by the Central Government for acquiring land required for highway projects and appointment is notified through publication in the Official Gazette.		
2	Check that CALA, along with NHIDCL representatives, conducts a joint visit to Survey of the land; Measure and identify parcels; and Classify type of land (agricultural, residential, barren, etc.).		
3	Check that CALA prepares a detailed description of land proposed for acquisition, including Total area of land; Boundaries and ownership records; Land classification and Estimated compensation amount		
4	Check that a public notification is issued describing the land to be acquired in Official Gazette and Two local newspapers (one in vernacular).		
5	Check that Land owners/interested parties have 21 days from notification to raise objections. CALA examines, hears parties, and issues a clearance certificate upon resolution.		
6	Check that after objections are resolved or if none are received, CALA submits report to MoRTH. Central Government issues declaration of acquisition in the Official		

	Gazette. Land vests absolutely in Central Government, free from encumbrances.		
7	Check that CALA determines compensation based on RFCTLARR Act, 2013		
8	Check that CALA, in coordination with GM(P), open a zero-balance bank account with an NHIDCL-empanelled bank. Central Government/NHIDCL grant CALA a project-wise authorization limit to issue transfers/cheques up to the approved amount.		
9	Check that CALA disburses compensation to landowners via Bhoomi Rashi Portal and PFMS. If there is a dispute, the amount is deposited with the court until resolution		
10	Check that after compensation is deposited, Government takes possession of land. Authorized officers may enter land for construction, maintenance, and operation.		
11	Check that CALA account for admin charges, which will be adjusted against CALA's advance given. CALA's provide annually Utilization Certificate including admin charges. NHIDCL receives interest income on CALA funds and remits the accrued interest to MoRTH on a monthly basis.		
12	Whether the CALA Fund Management Bank's ID has been received; if not, whether the bank name has been provided. Whether the CALA Fund Management Bank's Dashboard is regularly viewed by the Land Acquisition (LA) Wing to monitor fund status.		
13	Whether efforts are being made to transfer the remaining CALA bank accounts to the CALA Fund Account (Escrow Accounts with Indian Bank or IndusInd Bank); a list of such bank accounts, their balances, and reasons for not shifting has been provided.		
14	Whether Utilisation Certificates (UCs) from all CALAs have been received.		
15	Whether Bank Statements of all CALAs have been obtained.		
16	Whether excess balances with CALAs and accrued interest have been recovered (for accounts not transferred to the Escrow Account of CALA Fund Management).		
17	Whether efforts are being made to transfer the title of land acquired for the Project.		
18	Whether a proper library/record of land acquired has been maintained and the same forwarded to the LA Division at Head Office.		

## VII Government Grants

1	Checking authenticity, terms, and conditions of the grant as per approval of Manager (Finance).		
2	Verifying utilization of grant, compliance with conditions, and amortization (for capital grants), supporting documentation as per approval of General Manager (Finance).		

## VIII Establishment Expenses

	Particulars	Checked By	Remarks
	<b>Check That</b>		
<b>1</b>	Whether booking of accommodation is done in the empanelled Hotel and as per entitlement of the person concerned?		
<b>2</b>	Whether the bill of Hotel is passed as per terms & Conditions of the contracts?		
<b>3</b>	Whether the TA/DA has been paid as per governing rules (two three cases may be test checked in each quarter)		
<b>4</b>	Whether hiring of vehicle is done as per entitlement of the officials and as per rules and regulations governing hiring of vehicles?		
<b>5</b>	Check whether the officials who have been allotted vehicle are not paid transport allowance.		
<b>6</b>	Whether bill of service provider is passed as per terms & Conditions of the contracts?		
<b>7</b>	To check that the recoveries have been made for use of vehicles for personal use.		
<b>8</b>	To check Rent/Lease agreement of office premises is within the ceiling prescribed by the Hqrs office and is done after following the prescribed procedure.		
<b>9</b>	The agreement is signed without any long-term liability with clause for its cancellation with a short notice as per standard format prescribed.		
<b>10</b>	The proper bill is received for rent and payment is made in the bank account of the owner of the premises.		
<b>11</b>	Whether booking in respect of Air tickets is done on the basis of requisition slip duly approved by the competent authority?		
<b>12</b>	Whether the bill of service provider (Traveler Agent) is passed as per terms & Condition of the contracts?		
<b>13</b>	To check that major outside repair has been resorted after obtaining "No objection Certificate" from concerned Regional Workshop/Central workshop.		
<b>14</b>	To check that the relevant manuals are complied with for awarding such works.		
<b>15</b>	To check that the proper records is maintained for all such works e.g. details of work order, bill passing details, deductions etc		
<b>16</b>	To check that the equipment/ machines sends for repair have been received in time and to report if there is any delay for more than three months		

17	Checking of Purchase orders placed are as per Purchase Manual and competent approval is taken and necessary formalities as per manual are complied with, if any deviation to be reported.		
18	Report on repeat Orders placed, are based on orders placed earlier with proper tendering and other conditions governing the placement of Repeat Orders are complied with.		
19	To check that no attempt has been made to split the tenders, to keep the value of the contract within the delegated powers of the approving authority, if any report thereof.		
20	Checking of non-availability certificate and consumption pattern of last 3 years has been obtained from both Regional & Central Stores before raising indent for any material.		
21	Report on delay in placement of supply orders from the date of approval of indent beyond prescribed time.		
22	To check that the material is received within the stipulated time; if not, whether liquidated damages have been imposed, if not report thereof.		
23	Report on maintenance of records such as Tender Register, TCR files, Supply orders, Bill Passing Register, etc. are in order, in case of any discrepancy report thereof.		
24	To check that the local purchases are made within the powers delegated to the approving authority. In case of local purchase, whether the materials purchased have been consumed immediately, if not report thereof?		
25	To check if any advance payment is made to suppliers is as per the NIT/Order and has been adjusted as per the terms of advance payment. Any outstanding for a long time; list of such advances (separately for P&M and Spares) with age and reason for non adjustment is to be reported.		
26	Checking of Modules Orders placed for rehabilitation of equipment/HEMM. Also to check that the spares/ materials received are utilized for particular rehabilitation of equipment/HEMM, any discrepancy to report.		
27	Checking of procurement of centralized items at Area/ Project/ HQ is done with proper justification and with the approval of competent authority.		
28	Checking of deletion or insertion of terms and conditions in the standard NIT, whether proper justification has been recorded and competent approval has been obtained.		
29	To check that the e-tenders are floated and reverse mechanism has been followed.		
	<b>Outdoor duty</b>		

30	Any employee leaving the office during the official hours shall fill the duty pass and get it signed by the authorized person		
31	Separate log book is maintained for each vehicle, which is timely updated		
32	The log book is checked, verified and signed by the Unit Head on daily basis		
33	Any employee using his/her own vehicle for official purpose is provided with the conveyance allowance as per the limits decided by the Unit Head.		

## IX Statutory Compliances

	Particulars	Checked By	Remarks
<b>A</b>	<b>Check for applicability of various Acts</b>		
1	Income Tax		
2	GST		
3	Labour Laws		
4	Companies Act		
5	Any other laws as applicable		
<b>B</b>	<b>Payment</b>		
	Check that		
1	Payment is made before due date by Authorised person		
2	Proper due date chart is maintained and displayed.		
2	Copy of challans is sent to Manager by 10th of next month		
2	Monthly consolidated report in prescribed format for all statutory payments is forwarded to Office		
2	All the financials are certified by Unit Head		
<b>C</b>	<b>Filing &amp; Checking of Returns</b>		
	Check that		
1	All the challans and returns are submitted directly by the unit.		
2	The same is verified by Managers before filing and		
	confirmation sent		

<b>3</b>	All legal compliances are fulfilled by Unit Head and the same is informed to HO		
<b>4</b>	The following returns are timely filed		
<b>i</b>	e TDS Return		
<b>ii</b>	GST TDS Return:		
<b>iii</b>	GST Return:		
<b>iv</b>	labour Cess :		
<b>D</b>	<b>Scrutiny/ Audit objection / Query from Govt. Department</b>		
	Check that		
<b>1</b>	The information of the notice received by the unit from the department (i.e. Income Tax, GST Department etc.) is sent to the Managers by the Unit Head.		
<b>2</b>	Managers checks the status of scrutiny/ audit objection/ query etc.		
<b>3</b>	Managers prepares the reply of the order / query received by gathering information requirements from Unit Head and send a copy to Unit Head		
<b>E</b>	<b>General</b>		
	Check that		
<b>1</b>	Unit Head follows the Notification / circular (Direct & Indirect tax) issued by Govt. when informed		
<b>2</b>	The following certified details are provided by Unit Head		
<b>i</b>	Challan of tax payment		
<b>ii</b>	Ledger of the account.		
<b>iii</b>	Account statement of party / Purchase / sales etc.		
<b>iv</b>	Rate of TDS/ GST TDS/ GST etc		
<b>v</b>	Return shall be Certified / verified by Unit head.		
<b>vi</b>	Return shall be authorized by finance Dept.		
<b>vii</b>	Return shall be filed on due date		
<b>F</b>	<b>Specific requirement for GST</b>		
	Check that		
<b>1</b>	Whether registration is obtained in every state from where supply is made?		
<b>2</b>	Whether additional places of business within a state are added in the registration certificate (if any)?		
<b>3</b>	Whether invoice has all the prescribed particulars as required under Section 31 of the GST Act and rules made there under?		
<b>4</b>	Whether bill of supply is issued as per requirement of GST Law?		

5	Whether the time limit for issue of invoice has been adhered to?		
6	Whether Credit note/ Debit notes are issued and incorporated in GSTR as per the provisions of the GST law?		
7	Whether document as per books of accounts match with Returns?		
8	Whether returns as applicable have been filed within the due dates?		
9	In case of late filing whether late fees have been paid?		
10	Whether supply as per books of account matches with supply as per GSTR?		
11	Whether change in tax rates has been dealt with correctly?		
12	Whether tax has been paid within the prescribed due dates?		
13	In case of late payments whether interest has been paid?		
14	Whether input tax credit is taken based on eligible documents having all the prescribed particulars as per the Rules made in this regard?		
15	Whether the goods / services on which ITC is claimed has been received by the entity before taking ITC?		
16	Any Reversal of input tax credit for the goods sent for job work?		
17	Whether Input tax credit is reversed against the receipt of Credit Note?		
18	Whether wrong ITC availed has been reversed along with interest?		
19	Whether the vendors (other than RCM) have been paid within 180 days from the date of invoice?		
20	Check the GST Input Credit reconciliation for long outstanding items and justifications and action taken for the same		
21	Whether TDS on GST deducted as per GST Law and timely payment of TDS?		
22	Whether TDS certificates issued timely?		
23	Whether Reverse Charge has been paid on all inward supplies notified u/s. 9(3) of the CGST Act and u/s. 5(3) of the IGST Act?		
24	Whether ITC has been availed of the tax paid under reverse charge?		
25	Whether books of accounts are maintained at each place of business as per Companies Act, 2013?		
26	Whether the Register E-way Bill/Delivery challan is maintained as per the law?		
27	Are there any departmental inspection proceedings for Transitional Credits or any other demands created?		

**X Bank Guarantees (BGs)/e Bank Guarantees(eBGs) and Insurance Surety Bonds(ISBs) in respect of Performance Security/ Additional Performance Security and maintenance of its records in BGMS Portal**

	Particulars	Checked By	Remark
	<b>Check that</b>		
1.	<b>Check the content of the BGs/eBG/ISBs are in conformity with the relevant contract provisions</b>		
2.	Check that the bank guarantees have been got confirmed through SFMS as per prescribed procedure before uploading on the BGMS portal.		
3.	Status of all BGs/eBG/ISBs are updated on the BGMS portal regularly.		
4.	Check that the BGs/eBG/ISBs have been renewed on timely basis. In cases where there is any delay, a claim for encashment has been lodged to avoid its expiry		
5.	Conduct physical verification of BGs/eBG/ISBs on annual basis.		
6.	Verify that the BGs/eBG/ISBs are kept in a secured almirah (fire proof) and its keys are kept with the authorised person only.		
7.	Check that payments are released to the contractors/concessionaires with availability of requisite performance/additional performance securities.		
8.	Check that approval of the Competent Authority is taken for encashment of BG/eBG/ISB on timely basis by the Technical Division in cases of non-renewal or non-performance of the contract etc.		
9.	Check that the refund of EMD to the successful bidder is done on timely basis as per the terms and conditions of the bid documents/RFP/GFR and SOP		

## XI HR Issues

	Particulars	Checked By	Remarks
	<b>Check that</b>		
1	To check the reconciliation of manpower on roll and manpower paid as per Pay-sheet.		
2	Checking of fixation of basic pay on promotion, revision of basic pay in disciplinary		

3	action, subsistence allowance and other allowances sanctioned time to time and pay fixation of new recruitments etc.		
4	To check the details and documents submitted by the newly recruited executives/ nonexecutives		
5	To check the records of vacancies to be filled up by promotion of existing employees and report thereof.		
6	To check the records of transferred employees as transferred and not released and report thereof		
7	To check the cases of retirement on medical ground and VRS and to check that the competent approval is obtained		
8	Whether photographs of the employees have not been affixed and attested?		
9	Whether such form have been signed by the employees and counter signed by the authorized person?		
10	Whether date of birth and all other columns have been filled up?		
11	Whether there are any discrepancies in the date of birth of the employees with regard to Service Records?		
12	Whether any case is pending for age or qualification dispute		
13	To check that the Bio-Metric attendance system is in operation and pay sheets are prepared after taking attendance directly through system and without manual interference, if any to report. If manual to check that attendance is marked daily and cross totaled are made in the attendance register. The attendance register is signed daily by the authorized person.		
14	To check that the leave records are maintained in the statutory format.		
15	To check that the leave availed are correctly recorded and balances of leave are correctly carried forward and added for the current year as per eligibility.		
16	Leave availed is supported by applications and duly sanctioned		
17	To check that the leave register is updated and corrected regularly and not once a month.		
18	To check the instances where leave has been availed but having no leave balance.		
19	To check the instances where leave has been availed but attendance is also marked and paid accordingly.		
20	To check that balance leave given in Last Pay Certificate is as per leave record		
21	Quarterly Reconciliation should be done between leave balance mentioned in pay slip and leave balance appeared in Leave records, any variance to report		
22	To check that proper record for overtime is maintained, specifying the engagement of hours with reasons.		

23	To check that the OT sanctioned is within the delegated powers.		
24	To check that the OT/Rest Day wages paid have been duly sanctioned.		
25	To check the instances where the employee was on leave / rest day but OT is paid.		
26	To check the instances where employees have been engaged on over time continuously for more than eight hours.		
27	To check that compensatory rest has been availed in all cases, if not to report.		
28	To report for Variance in cost of normal overtime and Sunday / Holiday workings with Budget and previous year in terms of hours/days and financial.		
29	To Report on Sunday deployment vs Normal deployment.		
30	To check that the LTC/LLTC register is maintained properly giving all the relevant information like details of the employee, members of his family, age, address (updated time to time on receipt of applications from the employees for any changes), details of previous LTC availed, date & amount of advance taken and subsequent adjustment thereof etc. and to check the rates of fare are as per applicable rates of mode of travels		
31	To report whether payment of salary & wages is made only through Bio-metric attendance system.		
32	System & transaction audit to be carried out on sample basis in respect of each element of salary & wages including arrear salary & wages and performance related pay (PRP) paid and to report weaknesses and deficiencies in internal control.		
33	Checking that all deduction, recoveries and adjustments are made and reconciled e.g. CMPF, Family Pension and 7% Pension, HBA, conveyance loan etc.		
34	Checking of pay fixation arising out of promotion/up- gradation, annual increment and stagnation increment as and when due. Also to check arrears arising out of such fixation/ revision.		
35	To confirm that discontinuation of billing of departed employees is made in the same month and no payment through system is generated thereafter		
36	To check fall back wages, whether the competent approval has been obtained.		

37	To check that all the terminal benefits have been settled and paid to superannuated/ resigned employees, any pending case to report.		
38	Checking of arrear salary & wages and arrear PRP bills before making final payments to departed employees.		
39	Whether a Memo of Difference (reason for head wise difference of salary with reference to previous month) is made by the system department and checked by the finance dept		
40	Whether employees have necessary approval for long absenteeism, if not to report		
41	Checking of register for recovery of rent and reporting on outstanding amount.		
42	To check the records relating to occupancy of staff quarters and rent is recovered as per rule of the company		
43	Unauthorized occupancy of company accommodation, if any, should be reported		
44	Reconciling HRA payment against respective sanction order.		
45	To check that the advances are adjusted against salary and in case of recovery the same is regularly done. No second advance be given unless first one is adjusted.		
46	To check the schedules of advances under various heads duly tallied with the balances of General Ledger		
47	To check that the Debit Memos for the Transfer TA and other advances for the transferred employees have been issued timely to the place of transfer and recorded in the LPC.		
48	Check list of advances (other than House Building and Conveyance advance) outstanding for more than three months, more than 6 months, more than 1 year, more than 2 years with Date of advance & reason for non- adjustment.		
49	To check that the interest on House Building and Conveyance advances has been calculated correctly and recovered regularly.		

