

TENDER MONITORING DIRECTORATE

No. TMD/Circular/1/2023-24

Date: 9th April, 2023

Dear professional colleagues,

Greetings to you from the Tender Monitoring Directorate of ICAI!

The ICAI has always been concerned about the tendering process and evaluation of tenders especially in case of Professional Services. ICAI has been keeping a close eye on the tenders floated by different organisations seeking CA services. Members might be aware that such tenders are hosted at <https://www.pdicai.org/Opportunities.aspx> to enable members to apply.

In order to monitor, analyze and streamline the decisions taken by the Council of ICAI from time to time, which are reproduced below, a Directorate namely "**Tender Monitoring Directorate**" has been constituted this year. The Directorate shall work to streamline the process of tendering and to monitor the bids quoted by CAs in all the permissible tenders and analyze them. It may further refer the deviations at appropriate level.

NOTIFICATIONS & COMPLAINTS

The ICAI has issued notifications for adherence and compliances by the Members of ICAI while responding to the tenders.

Guideline No. 1-CA(7)/03/2016 issued on 7th April, 2016

In exercise of the powers conferred on it under Item (1) of Part II of the Second Schedule to the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India has notified the following guidelines in the Gazette of India for compliance by the members of the Institute-

- (i) A **member** of the Institute in practice **shall not respond to any tender** issued by an organization or user of professional services in areas of **services which are exclusively reserved for chartered accountants**, such as audit and attestation services. However, such restriction shall not be applicable where minimum fee of the assignment is prescribed in the tender document itself or where the areas are open to other professionals along with the Chartered Accountants.
- (ii) This Guideline has come into force with immediate effect.

Non-adherence of the aforesaid Notification (dated 7th April 2016) will attract disciplinary action in accordance with Item (1) of Part II of the Second Schedule to the Chartered Accountants Act, 1949.

RELATED PROVISIONS OF CODE OF ETHICS

- (i) The "minimum fee" for this purpose should be such that it commensurates with size, value, volume, manpower requirement and nature of work (as decided by Council at its 388th Meeting held on 6th and 7th February, 2020).

- (ii) A member of the Institute in practice shall not respond to any tender in areas of services which are exclusively reserved for Chartered Accountants by statute viz. Audit and Attestation Services such as Audit under Companies Act 2013, Income Tax Act 1961, etc. In any State under the local statute if audit and attestation services are exclusively meant for Chartered Accountants only, the member will not be allowed to respond to such tender. However, a member may respond to tenders as mentioned above wherever the minimum fee of the assignment is prescribed in the tender document itself. The fees quoted by the member shall not be less than the minimum fee mentioned in the tender.
- (iii) Non-adherence to these guidelines could lead to disciplinary action as this is a Council decision.
- (iv) The Institute can call for any papers/ documents related to bid submitted by members in response to respective tender.

MAINTENANCE OF COST SHEET

The Council at its 301st meeting held in December, 2010 decided that-

- (i) A **Cost sheet be maintained by members** of the Institute responding to tenders and accepting the professional work based thereupon, **incorporating** details of the **costs** being **incurred** therein having regard to **number of persons** involved, **hours** to be spent, etc., so that the same **may be called for by the Institute** for perusal.
- (ii) The format of the same can be viewed at <https://resource.cdn.icai.org/38366pdc28039.pdf>

RECOMMENDED SCALE OF FEES

To ensure the quality of audit and to avoid unhealthy competition, the fee of audit assignment should be quoted as per the type & nature of assignment i.e. time and skill set required for the said assignment and other factors. The recommended scale of fees prescribed by the ICAI and the same may be used for determining the fee. Copy of document is available at link: <https://cmpbenefits.icai.org/wp-content/uploads/2020/02/Details-download.pdf>

PEER REVIEW OF THE FIRM

In case the differential between the lowest quote (L1) received for a tender (on which the tender is ultimately allotted) and the next lowest quote (L2) is considerable, then peer review of the said assignment and/or concerned Chartered Accountants/ Firm thereof can be ordered.

FIXED BUDGET BASED SELECTION METHOD (FBS)

In addition to above, we would also like to inform that Department of Expenditure (Procurement Policy Division) has issued a General Instruction on Procurement and Project Management dated 29th October 2021 in which they provided additional method of Procurement other than three methods for selection/ evaluation of consultancy proposals namely Fixed Budget-based Selection (FBS) for consultancy services. Under this method, cost of the consulting services shall be specified as a fixed budget in the tender document itself. We urge members to promote utilisation of the Fixed Budget-based

selection (FBS) method for hiring of professional services among various Government departments. Copy of Document is available at link: (<https://doe.gov.in/sites/default/files/General%20Instructions%20on%20Procurement%20and%20Project%20Management.pdf>)

We urge our members to adhere to the related notifications issued by the Institute from time to time. All members are hereby requested to comply with the directions of Council so that the esteem of the profession is held high. The intent is to fetch a good price for the services, and at the same time, provide quality service. If you come across any instance of violation, please write to The Secretary, Tender Monitoring Directorate, Email ID: tender.enquiry@icai.in, Tel.No.011-30110408.

With regards

Convenor & Deputy Convenor
Tender Monitoring Directorate
The Institute of Chartered Accountants of India
New Delhi.