

World Skill Center

Tower 2010, Block – B, Sector – A, Mancheswar Industrial Estate, Bhubaneswar – 751007

Email ID: tenders@worldskillcenter.org, Phone No. - 9437160174

Advt. No: WSC/64/FINANCE/2022-23/1255

Dated: 05/07/2023

REQUEST FOR PROPOSAL- INTERNAL AUDIT

World Skill Center, a Section 8 Company of Government of Odisha invites **Proposals from firms of Chartered Accountants** meeting all the conditions and eligibility criteria mentioned in the Terms of Reference (ToR) and hosted on the website www.worldskillcenter.org for carrying out Internal audit of accounts and records for the financial year 2022-23 & 2023-24.

The firms interested in assignment of Internal audit are to apply along with the technical and financial bids. Interested firms have to apply to the Chief Executive Officer, World Skill Center in the above-mentioned address.

Important Dates:

Last date and Time of submitting the Proposals: 25/07/2023 upto 12AM.

Date of opening of RFP bidding: 25/07/2023 at 3.00 PM.

For Queries Please Contact: 9437160174

Sd/-

Chief Executive Officer, WSC

I. About the Organisation:

The World Skill Center (WSC) is a premier advanced skill training institute established by the Government of Odisha, Skill Development and Technical Education Department, through the Odisha Skill Development Authority (OSDA). The institute has been established as a Sec 8 Company as per the Companies Act 2013. The project of establishing the WSC is assisted by the Asian Development Bank (ADB) with Institute of Technical Education Services (ITEES), Singapore as the knowledge partner. The WSC will impart advanced skill training in eight trades from engineering and service sectors. WSC caters primarily to induct the best talent from ITIs and Polytechnics and train them to become globally employable in emerging areas such as "Industry 4.0".

WSC is housed in a state-of-the-art, 18-storey, air-conditioned building with nearly half a million square feet of space in the heart of capital city of Bhubaneswar. The six disciplines offered in the manufacturing sectors are:

- Mechatronics
- Facility Technology – Mechanical & Electrical Services
- Facility Technology – Vertical Transportation
- Facility Technology – Air-Conditioning and Refrigeration
- Precision Engineering
- Electrical Technology

There are two disciplines in the services sector namely:

- Beauty and Wellness
- Hair Fashion and Design

In addition to being a Finishing School of global standards, the WSC also aims to work in a hub and spoke model. It aims to enrich and upgrade trainers capability in the skilling eco-system. It also envisages to run programmes that extend to existing skill institutions in Odisha. All the courses are completely residential.

II. Objectives:

The overall objectives of the internal audit are:

- To express an independent professional opinion about efficiency, effectiveness and economy of the program operations.
- To ascertain and evaluate the adequacy and effectiveness of the financial management, Procurement management and internal control framework.
- To ascertain compliance of the laid down policies, financial norms, state government procedures, various guidelines, manuals, etc. as applicable for different funding agencies.
- To identify areas for improvement and critical weaknesses, if any.
- To provide the management the timely information and recommendations on financial management aspects of the organization and project to enable timely corrective actions, as necessary.

III. Coverage:

The Audit is to be carried out for World Skill Center at Bhubaneswar annually once. Hence the firm would have to deploy audit team for the audit at its Registered Office at World skill center, Tower 2010, situated at Mancheswar Industrial Estate, Bhubaneswar. The audit will also include a physical verification of the assets/equipment /supplies procured under the project and located in the above units.

IV. Scope of Work of Auditor:

The internal audit should be carried out in accordance with the standards on Internal Audit published by the Institute of Chartered Accountants of India and should include such tests and controls, as necessary for performance of the audit. The scope of the assignment will be comprehensive and will cover the training activities and transactions of all the cost centers. The responsibilities of the internal auditor include reporting on the adequacy of internal controls, the accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the level of compliance with different financial norms and state government procedures. Specific areas of audit should include the following:

- a) An assessment of the adequacy of the company's financial management system, including internal controls. This would include aspects such as adequacy and effectiveness of accounting, financial and operational controls exercised by the organisation and suggestions of improvement, if any.
- b) Funds have been used in accordance with the relevant financial norms and financial regulations with due attention to economy and efficiency, and only for the purpose for which the financing has been provided.
- c) An assessment of the adequacy of financial and administrative delegation and segregation of duties and controls and assessing expenditures incurred/ advances provided are duly authorized as per the financial and administrative delegation approved by the Board of Directors.
- d) Expenditure incurred are in accordance with the financial norms prescribed in the legal framework, operational guidelines, legal agreement, or any other clarifications issued from time to time.
- e) Expenditure incurred with reference to the budget allocation approved by competent authority. In case the budget allocation is exceeded, proper re-appropriation duly approved by the competent authority has been obtained.
- f) Adequate and proper supporting documents, namely, purchase orders, tender documents, invoices, vouchers, receipts, pay bills, TA bills etc. are maintained and linked to the transactions.
- g) Goods, works and services financed have been procured in accordance with relevant provisions of GFR/OGFR/ADB/Financial Manual or relevant guidelines for procurements.
- h) The review of procurement process should also cover the progress on establishing grievance redressal mechanism and feedback provided to unsuccessful bidders.
- i) Assets: Completeness, existence, recording, safeguard and utilization for the purpose intended including, physical verification of sample of assets.
- j) The procurement, contracting, disbursement and monitoring are carried out in line with the government and funding agency guidelines and project funding agreements. Summarize key findings and actions taken by WSC on the audit observations.
- k) The scope of work will additionally include detailed review of the issue of advances, staff advances and cash payments for items purchased.
- l) To verify the store and inventory management system and records and report for any shortcomings and the improvements required.
- m) Verify the utilization certificates submitted by the different agencies.
- n) To ensure the accuracy of the documentations for procurement and financial transactions.
- o) To assess and improve the internal control system.

V. Eligibility criteria:

Interested Chartered Accountant firms with the following pre-requisites may apply for appointment of Internal Auditor to take up half yearly audits.

| Sl. No. (1) | Criteria (2) | Supporting documents to be furnished (3) |
|----------------|--|--|
| 1 | The firm must have been empanelled with the Institute of Chartered Accountants of India (ICAI) for at least Ten years as on 01 January 2023 and should have at least equal years of auditing experience on that date. | Constitution certificate of the firm from the Institute of Chartered Accountants of India (ICAI) as on 1 January 2023 or thereafter. Please indicate Annexure number to the above copy. |
| 2 | The firm must have undertaken at least 6 (six) assignments of Internal audit (as applicable to the firm) in corporate sector other than audit of Branch and or Division accounts of banking and insurance companies during last five financial years ending at March 2023. | Copy of Auditor's report/ Balance sheet/Profit and loss Account for the respective years in respect of each unit audited substantiating conducting and completion of audit. Note: Assign Annexure number to the above financial statements. |
| 3 | The firm must have undertaken at least Five (5) assignments of audit of accounts of organizations in the education sector (Universities/colleges/educational institutions in last 10 financial years) | Copies of appointment letters and self-attested certificate of commencement and completion of the assignments of the units audited. Note 1: Please assign annexure number to the copies of letters of assignment of audits (enclosed). |

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| 4 | The firm should have an average turnover of Rs.01 Crore in the last 3years i.e., (2019-20, 2020-21 and 2021-22). | Copies of Audited Balance sheets and P&L a/c for the years as mentioned in previous column to be furnished in support of turnover. Note: Please assign Annexure number to the above copies. |
| 5. | The firm should have Income Tax Return acknowledgement for the Assessment years (2019-20, 2020-21 and 2021-22). | Photocopy of the Income Tax Return acknowledgement of the relevant years is to be furnished along with the bid documents. |

VI. Method of selection of firm:

The selection will be done using Quality-cum-Cost Based System (QCBS) process, 80 *percent* weightage would be given to the technical evaluation and 20 *percent* weightage would be given to financial bid. The firm securing highest mark in the QCBS process would be awarded the assignment. However, in case of more than one firm securing the highest mark, then the selection would be made on the marks secured in the Technical evaluation. However, if there is a tie in technical mark among the above firms, the firm conducting audit of accounts of more number of educational institution during (2019-20, 2020-21 and 2021-22).would be given preference in selection.

For evaluation purpose, audit of more than one agency/society of the same type conducted on the basis of one offer letter/year would be treated as one agency/society. If still there is a tie, then the firm having highest aggregate turnover in last 03 (three) years i.e. (2019-20, 2020-21 and 2021-22).would be selected for the assignment.

The firms should submit their Technical and Financial bids in separate sealed envelopes and both the envelopes are to be packed inside one sealed envelope indicating 'Technical Proposal' and 'Financial Proposal' on top of the respective envelopes. The Financial Proposal is also to be marked as 'DO NOT OPEN WITH TECHNICAL PROPOSAL'. Similarly, the outer envelope is to be superscripted with 'Submission of Proposal for Internal Audit- 2022-23 & 2023-24. TO BE OPENED ONLY IN THE PRESENCE OF THE AUDIT COMMITTEE'.

Technical bid

The firm should submit Technical bids having criteria on the following are as basing on which evaluation of bids will be made:

| SI No | Criteria | Maximum Marks | Supporting documents to be furnished in proof of claim |
|-------|---|---------------|---|
| 1 | No. of Partners (FCA) FCA @ 2 marks | 12 | Constitution certificate of the firm from the Institute of Chartered Accountant of India (ICAI) as on 1st January 2023 or thereafter. (Please assign Annexure number to the certificate). |
| 2 | No. of Partners ACA @ 2 marks for each ACA | 10 | Constitution certificate of the firm from the Institute of Chartered Accountant of India (ICAI) as on 1 January 2023 or thereafter. (Please assign Annexure number to the certificate). |
| 3 | Years of experience of the firm 0.5 marks per year (Experience would be calculated for completed years from the date of establishment of the firm upto 01.01.2023) | 10 | Constitution certificate of the firm from the Institute of Chartered of India (ICAI) as on 1 January 2023 or thereafter. (Please assign Annexure number to the certificate). |
| 4 | No. of Staff: | | |
| i | Qualified Chartered Accountant @ 2 marks per staff | 10 | Copy of Qualification Certificate from the concerned institute and copy of attendance sheet for the month of December 2022. |
| ii | Semi Qualified Inter Chartered Accountant 1 to 5 staff - 3 marks 6 to 10 staff - 6 marks >10 staff - 8 marks | 8 | Copy of Qualification Certificate from the concerned institute and copy of attendance sheet for the month of December 2021. (Please furnish separate list to each category of staff assigning Annexure number to each of the certificate and the attendance sheet enclosed). |
| iii | Other staff (Article staff and Audit Assistants) 1 to 5 staff - 2 mark 6 to 10 staff - 4 marks | 10 | Copy of attendance sheet of the staff for the month of December 2022. (Please assign Annexure number to the attendance sheet enclosed) |

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| | 11 to 15 staff - 6 marks 16 to 20 staff - 8 marks >20 staff - 10 marks | | |
| 6 | Location of Head office/ Branch office | | |
| i | Head office in Odisha If Yes - 4 marks If No - 0 marks | 4 | Constitution certificate of the firm from the Institute of Chartered Accountants of India (ICAI) as on 1 January 2023 or thereafter. |
| ii | Branch Office in Odisha If Yes – 1 mark If No – 0 mark | 1 | Certificate from Institute of Chartered (ICAI) as on 01.01.2023 or thereafter. |
| 7 | Nature of Experience Turnover / Project Cost / Years of Experience & Project audited | | |
| i | Internal Audit of Government undertakings in last three F.Y. Up to 5 Nos: 2.5 marks More than 5: 5 marks | 5 | Offer letter and certificate of completion of assignment of audit of the unit(s) from the head of the organization. (Please assign Annexure number to offer letter(s) and completion certificate etc. enclosed to the bid document). |
| ii | No. of audit assignments: Experience of audit in relation to educational institutions etc.) in last three years i.e. (2019-20, 2020-21 and 2021-22). 3 to 4 nos. - 4 marks 5 to 6 nos. - 6 marks 7 to 8 nos. – 8 marks >8 nos. - 10 marks | 10 | Offer letter in support of each assignment and self-attested certificate of completion of assignment of audit for each unit. (Please refer Appendix-4 of the ToR for furnishing the details of offer letter and completion of audit in respect of each unit audited under social sector) (Please assign Annexure number to each offer letter etc., enclosed to the bid document). |
| iii | Experience of audit of units in Corporate Sector in last three years i.e. (2019-20, 2020-21 and 2021-22). Other than audit of branch/Division accounts coming under insurance and | 10 | Offer letter of audit of each assignment of the Commercial organisation and self-attested certificate of completion of assignment of audit for each unit. (Please refer Appendix-4 of the ToR for furnishing the details of offer letter and completion of audit etc. information in |

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| | banking sectors. 6 to 10 nos. - 3.5 marks 11 to 12 nos.- 7 marks >12 nos. - 10marks | | respect of each unit audited under Commercial sector.) (Please assign Annexure number to each offer letter etc., enclosed). |
| 8 | Average Turnover of the firm in last 3 years ((2019-20, 2020-21 and 2021-22).) Rs 01 Crore to 1.5 Crore- 3 Marks Rs. 1.5 Cr to 2 Cr – 6 marks Rs. 2 Cr and above- 10marks | 10 | Attach copies of audited Balance Sheets and P & L Accounts of the last three years i.e. (2019-20, 2020-21 and 2021-22).. (Please assign Annexure number to each of the Balance sheet and P&L account enclosed). |
| | Total | 100 | |

The firm has to furnish necessary documents (self-attested) along with the bio-data in support of the above.

Financial bid

A firm has to secure at least 70 percent of marks out of 100 in Technical evaluation to qualify for the financial evaluation. After combined evaluation of technical and financial bid, firm scoring highest shall be the most responsive one.

VII. Scope of audit

- i. The responsibilities of the Internal auditors should include reporting on the adequacy of internal controls, the accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the level of compliance with financial norms and procedures of the Operational Guidelines and Financial Management Rules and Regulations, delegation of financial powers and other orders issued from time to time. Also a checklist shall be provided by the management in which the opinion of the auditor is to be provided in details.
- ii. The audits shall be carried out annually for WSC. The auditor shall start the Internal audit of the accounts and other connected records of the assigned programme relating to a period within 30 days of completion of financial year as per the prescribed format. On completion of audit, the auditors are to discuss the audit findings with the in -charge head of the audited unit as well as with the Finance wing for addressing the deficiencies on the spot. This discussion should precede the submission of final audit report and copy of minutes of discussion annexed to the respective Audit Report.
- iii. The audit fees pertaining to the period shall be released only after successful completion of the assignment for that period.
- iv. Adherence to Timeline for carrying out timely audit and submission of reports:

| Internal Audit Checklist | | | |
|--------------------------|--|-------------|-------|
| S. No | Assessment Parameters/Internal Checks/Controls | Observation | |
| A | Descriptions | Major | Minor |
| 1 | Are the payments for expenditures in line with the approved annual work plan | | |
| 2 | Are the payments properly approved in line with the financial delegation | | |
| 3 | Are the supporting documents filed properly and easily accessible | | |
| 4 | Is there a serial control over payment, receipt and journal vouchers | | |
| 5 | Are the expenditures/ payments charged to the correct account code and head of expenditure | | |

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| 6 | Is there uniform method for approval of payments | | |
| 7 | Are there any delays in receiving funds from the funding agency? Has the project or any component been out of funds in the last one year? | | |
| 8 | Whether the funds are being transferred electronically or by physical transfer? | | |
| 9 | What is the average fund utilized in a year? | | |
| 10 | Comment on a process flow improvement that can be made. | | |
| 11 | Are there any critical FM capacity issues identified during selection process and how are these planned to be addressed. | | |
| 12 | Does the contract with the parties contain the Financial Management aspects | | |
| 13 | Are funds released without settlement of previous advance or without receipt of quarterly financial report? | | |
| 14 | Have annual audited financial statements prepared in time? | | |
| 15 | Are the financial management, financial reporting and date of settlement of advance indicated in the sanction letter? | | |
| 16 | Is the settlement done on time and is supported by a proper utilization certificate | | |
| 17 | Are subsequent tranches released without settlement of the first advance | | |
| 18 | Comment on the quality and adequacy of the financial records maintained by the Project Implementing Agency (PIA) (for the sample covered during the course of quarterly internal audit)- attach a separate sheet where necessary. | | |
| 19 | Is the system for monitoring and control of advances adequate | | |
| 20 | Are there a large number of advances overdue? | | |
| 21 | Is there an ageing report generated for review by the project director on a periodic basis. | | |
| 22 | How many Bank accounts are being maintained and are Bank reconciliations carried out on a monthly basis? | | |
| 23 | Are there any un-reconciled or un-accounted for balances | | |
| 24 | Are payments made by crossed cheque/ draft/RTGS? | | |

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| 25 | Is there adequate physical control over cash, receipt book and blank cheque books | | |
| 26 | Have the procurement procedures prescribed in the Procurement Manual followed by the OSDA/OSDP/WSC for procurement of goods/services. | | |
| 27 | Are these supported by adequate and valid supporting documents | | |
| 28 | Are the assets procured documented in the fixed assets register giving its location etc. | | |
| 29 | Carry out a sample verification of fixed assets both in OSDP/WSC. | | |
| 30 | Are assets received in kind also recorded in the fixed asset register giving the date of receipt, location etc. | | |
| 31 | Has the purchased material been entered in the stock register? Is it upto date and physical stock in agreement with book balances? | | |
| 32 | Whether the value of any contract exceed the threshold limits prescribed for different procurement methods. | | |
| 33 | Whether splitting of packages has been done for similar purchases. | | |
| 34 | Are these supported by adequate and valid supporting documents | | |
| 35 | Carry out a sample verification of inventory of consumables, tools and stocks purchased for different labs/units | | |
| 36 | Is the accounting done in computerized accounting environment? | | |
| 37 | Are there any constraints in using the system | | |
| 38 | Are back up processes adequate | | |
| 39 | Have the financial reports generated from the computerized accounting packages | | |
| 40 | Staff advances paid to staff is in accordance with the staff rules & for the purpose within rules. | | |
| 41 | The settlement of staff advances are as per the operational rule of the programme. | | |
| 42 | A status report on the pending staff advances for more than one year old with an opinion on what amount could be considered actually receivable has been obtained. | | |

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| 43 | Comment on the staff advances rules, whether rules are in accordance with OGFR guidelines and/or if they need amendment. | | |
| 44 | Are these supported by adequate and valid supporting bidding, approval of competent authority, supply order etc. documents? | | |
| 45 | Are the goods/works/contract of staff etc procured documented in the relevant stock/work/personal registers/files giving its quantity receive/issue/balance etc. | | |
| 46 | Is physical stock in agreement with book balances? | | |
| 48 | Check of TDS deducted and return files | | |
| 47 | Any other issues that the firm may like to address | | |
| 49 | Comparison between financial and physical performance and analysis | | |

Signature of CA Firm

VIII. Reporting requirements:

Management letter: The Internal Auditor is required to incorporate the audit findings in a letter addressed to the management which need immediate management attention to improve financial management and other internal controls such as the administrative, operational, procurement, etc. Management Letter shall cover following matters:

- a) All deficiencies observed on the maintenance of accounts including classification of expenditure, income recognition, process compliance, documentation, if any.
- b) Specific areas of deficiency in the internal control system and recommendations for improvement.
- c) Any other matter that could have come to the attention during the audit which might have significant impact on the performance of the unit audited.
- d) Any other matter that the auditor considers significant for the management.
- e) Recommendations and suggestions including management compliance.

Contents of Audit Report:

Internal audit report of WSC should contain the following financial statements and documents.

- Duly filled in Check list provided in the guidelines from time to time;
- Financial statements as prescribed;
- Audited Trial Balance;
- Audited Receipts and Payments Account;
- Income and Expenditure Account (SoE);
- Balance Sheet;
- Audited Statement of Expenditure;
- Bank Reconciliation statements;
- List of outstanding advances;
- Observations and recommendations of Audit or particularly covering the following aspects;
- Deficiencies noticed in internal controls;
- Suggestions to improve the internal controls;
- Extent of non-compliance with guidelines issued by Gol/Gol;
- Action taken by WSC on the previous audit observation along with his observation on the same.

IX. Penalty for delay in conducting audits and submission of Audit Reports: The Audit firm needs to submit the audit report within 30 days of completion of audit. If the same is delayed by more than 7 days, penalty of 0.5% of the audit fees per week shall be deducted from the audit fees.

X. All the papers and supporting documents submitted along with the bid documents (RFP) must be signed by a partner or an authorized official with seal of the firm of the intending firm. In case the bid documents are signed by an official other than a partner of the firm, the formal and valid authorization letter by the partner of the firm in favour of the official signatory in original as above must also be submitted along with the bid documents.

Forwarding letter for submission of Proposal

To

The Chief Executive Officer,

World Skill Center

Subject: Submission of Proposal for providing the Internal audit services to WSC for the Financial Year 2022-23

Dear Mam,

We, the undersigned, offer to provide the Internal audit services for World Skill Center, Bhubaneswar in accordance with request for proposal solicited through the advertisement by the World Skill Center *[Insert Date]*. We are hereby submitting our Proposal for assignment of Internal audit of accounts of the World Skill Center for the financial year 2022-23 having details about the firm and proposed audit fees.

Name and address of the firm (Please include Telephone contact No. and mail address for communication):

We hereby declare that all the information and statements made in this Proposal (enclosed) are true and accept that any misinterpretation contained in it may lead to our disqualification/legal action at any time as may be deemed fit.

Prices have been arrived independently without consultation, communication, agreement or understanding (for the purpose of restricting competition) with any competitor.

We agree to bear all costs incurred by us in connection with the preparation and submission of the proposal and to bear any further pre-contract costs.

We understand that World Skill Center is not bound to accept the lowest or any proposal or to give any reason for award, or for the rejection of any proposal.

I confirm that I have authority of *[Insert Name of the Firm]* to submit the proposal and to negotiate on its behalf.

Encl: Technical and Financial proposals in separate envelopes.

Yours faithfully,

Place

(Name:)

Date: Signature of the partner

Seal

Name of the Chartered Accountants firm:

Statement showing details of the units audited by the firm in the corporate sector and in educational sectors (other than audit of branch/ division accounts of banking and insurance companies), types of audit, year of accounts audited during last three years (2019-20, 2020-21 and 2021-22).

| SI No. | Name and address including telephone number(s) and e-mail id of the accounts of the unit audited | Whether copy of audit assignment letter indicating letter No and date of the management / copy of Auditor's report/ Balance sheet/Profit and loss Account enclosed* (Yes/No) | Type of Unit (Corporate or Educational Sector) | Type of audit carried out i.e. Statutory (Financial)/ Cost/ Internal | Year of accounts audited | Date of commencement of audit | Date of completion of audit |
|--------|--|--|--|--|--------------------------|-------------------------------|-----------------------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
| 1. | | | | | | | |
| 2. | | | | | | | |
| 3. | | | | | | | |

*Please indicate the Annexure number

Certified that the information on the details of types of audit i.e. Statutory (Financial)/Cost/internal audits carried out by the firm in respect of the audit of accounts of the units belonging to the social/ corporate/commercial sectors furnished above is true and at any time if any of the above information found incorrect/false, that I shall be held responsible for the same for taking any legal action that may deem fit including disqualification.

Name and Signature of Partner

Seal of the firm