



**Headquarters' office
Employees' State Insurance Corporation**

NOTICE INVITING

**Notice inviting Expression of Interest (EOI)
FOR
Engaging C&AG empanelled Chartered Accountant Firms (including
LLPs) to carry Internal Audit of Annual Books of Accounts of
Accounting units of ESIC including compilation thereof for financial
year 2023-24 and 2024-25**

**NOTICE INVITING EXPRESSION OF INTEREST (EOI) FOR ENGAGING C&AG EMPANELLED CHARTERED
ACCOUNTANT FIRMS (INCLUDING LLPS) TO CARRY INTERNAL AUDIT OF ANNUAL BOOKS OF**

**ACCOUNTS OF ACCOUNTING UNITS OF ESIC INCLUDING COMPILATION THEREOF FOR FINANCIAL
YEAR 2023-24 AND 2024-25**

Employee State Insurance Corporation (ESIC) (hereinafter called "Owner") invites C&AG empanelled Chartered Accountant firms (including LLPs) (hereinafter referred as "Agency" / "Firms" / "Candidate Firms") for the Financial Year 2023-24 and 2024-25 for the scope of work defined in the Notice inviting EOI for " To Carry Internal Audit of Annual Books of Accounts of Accounting Units of ESIC Including Compilation Thereof For Financial Year 2023-24 AND 2024-25" (hereinafter called "Services") for which this NOTICE INVITING EXPRESSION OF INTEREST (hereinafter referred as "Notice inviting EOI") is issued. The General Terms & Conditions, Submission format, format of application along with the Selection Criteria, Annexure specifying the extent of reporting requirements, terms of reference, list of units and locations etc. are attached herewith for reference and necessary action and also available for download at CPPP and www.esic.gov.in .Eligible Firms may submit their applications in the prescribed format as specified in Annexure-A along with all supporting documents on the CPP Portal latest by 15:30 Hrs on 18.08.2023

ESIC invites submissions from C&AG Empanelled firms for the services specified in scope of work of the Notice inviting EOI. The agency shall be selected as per procedure laid down in this Notice inviting EOI, in accordance with the policies of the Owner.

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Director Finance

Employee State Insurance Corporation

ESIC, CIG Marg Kotla Road New Delhi – 110002

Email: ac-fin@esic.nic.in

Revised last 10th *Deep*

DISCLAIMER

"This Notice inviting EOI is not an agreement, contract, or offer of any kind. The purpose of this notice is to merely provide information that may be relevant to interested parties and to illustrate basic understanding of the work and desired qualifications of interested parties. The estimations, assessment and/or information contained in this Notice inviting EOI are the result of projected estimations based on information presently available to ESIC. These estimations are subject to change and can be later revised to reflect the same. It is therefore, strongly advised that interested parties shall conduct their own analysis and assessment and/or obtain independent advice. ESIC shall not be held responsible or liable for any loss and/or damages incurred by any interested party."

Abu *11/12/2014*

A. Introduction

ESIC is a statutory body set up under the Ministry of Labour and Employment, Government of India. It is responsible for providing social security benefits to Insured Persons (IP) who are covered under the Employees' State Insurance Act, 1948. Social security benefits provided to the IPs include medical care and cash benefit in the contingencies of sickness, maternity, disablement, and death due to employment injury.

The ESI Act, 1948 applies to factories employing 10 or more persons. The provisions of the Act are being brought into force in district area-wise in stages. The Act contains an enabling provision under which the "appropriate government" is empowered to extend the provisions of the Act to class of establishments, industrial, commercial, agricultural, or otherwise. Under these provisions, the State Governments have extended the provisions of the Act to shops, hotels, restaurants, cinemas including preview theatres, road motor transport undertakings, newspaper establishments, educational, medical institutions employing 10 or more employees. The Central Govt. has extended the coverage under Section 1(5) to Shops, Hotels, Restaurants, Road Motor Transport establishments, Cinema including preview theatres, Newspaper establishments, establishment engaged in Insurance Business, Non-Banking Financial Companies, Port Trust, Airport Authorities, Warehousing establishments employing 20 or more Persons. Thirty-one State Governments/UTs have reduced the threshold for coverage of shops and establishments to 10 or more persons. The employees of registered factories and establishments drawing wages up to Rs. 21000/- per month (Rs. 25,000/- for Persons with Disability) are covered under the Act. The status of coverage under ESI Act, 1948 as on 01-01-2022 is as under:

SI No.	Particulars	Details
1.	No. of Districts in which ESI Scheme has been notified.	592
2.	No. of Districts fully notified under ESI Act, 1948	439
3.	No. of Districts partially notified under ESI Act, 1948	153
4.	No. of employers registered under ESI Act, 1948	14.82 Lakh
5.	No. of employees registered under ESI Act, 1948	2.47 Crore
6.	No. of Insured Persons covered	3.39 Crore
7.	No. of beneficiaries	13.16 Crore

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B. GENERAL TERMS AND CONDITIONS

1. ESIC reserves its right to accept or reject or cancel any/whole application(s) without assigning any reasons thereof. The decision of the ESIC in this regard shall be final and binding upon the firms participating in the process.
2. The Travelling Expenses, Lodging and Boarding and all expenses of the Audit Team will be included in the fees payable amount. GST as applicable would be additional.
3. The selected firm/s will ensure that the information obtained in respect of the working/operation of the unit is always maintained in strict confidence and secrecy, including after the completion of the assignment. All such information shall remain exclusive property of ESIC at all the times. A certificate towards maintaining confidentiality is to be provided by the selected firm/s at the time of acceptance of the assignment.
4. Assignment of work in subsequent year i.e., for FY 2024-25 may be made only subject to satisfactory performance. If progress/performance of the audit team is not found satisfactory, ESIC's management reserves the right to terminate the appointment of the Firm, without assigning any reason whatsoever.
5. The Audit Firm will be debarred from getting, in future, any assignments in ESIC and its subsidiaries/JVs in the following cases:
 - a. If the Firm obtains the appointment based on misrepresentation of information/misstatement of facts at the time of submission of application/documents along with Notice inviting EOI.
 - b. The Audit Firm is found to have sub-contracted the work.
 - c. If the Firm does not take-up audit in terms of the appointment letter.
 - d. If the Firm does not submit the Audit Report, complete in all respects in terms of the appointment.
6. The venue of the Arbitration shall be Delhi & Delhi courts will have exclusive Jurisdiction.
7. ESIC reserves the right to conduct an audit at the selected candidate firms to determine whether the activities are being performed as required by the Notice Inviting EOI & RFP.
8. Neither Party shall be deemed to be an agent of the other in connection with the exercise of any rights hereunder, and neither shall have any right or authority either express or implied to assume or create any obligation or responsibility on behalf of the other.
9. The candidate firms will be shortlisted based on assessment as per technical proposal after the Notice inviting EOI stage. The financial proposal of these shortlisted candidate firms only will be opened.
10. It is construed that the candidate firms have read all the terms and conditions before submitting their quoted price.
11. The candidate firms shall be responsible for all the cost associated with the preparation or execution of the RFP documents.
12. ESIC will not be held responsible for any technical snag or network failure during online bidding.
13. It is the candidate firms responsibility to comply with the system requirement i.e., hardware, software, and internet connectivity at candidate firms premises to access the e-tender website.

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14. ESIC shall not be liable to the candidate firms for any direct / indirect loss or damages incurred by them arising out of incorrect use of the e-tender system or internet connectivity failures under any circumstances.
15. Proposal and all supporting documentation submitted by the candidate firms as part of the Notice inviting EOI response shall become and remain the property of ESIC.
16. The candidate firms shall indemnify ESIC and keep indemnified for any loss or damage, cost, or consequence that ESIC may sustain, suffer, or incur on account of violation/fault on part of the candidate firms and holding it harmless to the extent of 100% in respect of the situations stated therein. The total liability of the selected candidate firms under this clause shall not exceed the total contract value.
17. In the event of non-performance and/or breach of any of the terms of the Agreement, ESIC will be entitled to liquidated damages as per the Agreement.
18. The firm must not have been debarred/ blacklisted from Institute of Chartered Accountant of India or Reserve bank of India or state/ Central Govt. Autonomous body / Public Ltd Companies / Undertakings / Board etc.

C. FEE EVALUATION CRITERIA AND SELECTION PROCEDURE

The quoted price/fee will be evaluated/scrutinized based on copies of documents submitted along with the proposal and fulfilment of specified terms and conditions. The evaluation and selection process comprises the following steps:

Release of Notice inviting EOI that includes the Pre-Qualification Information. The pre-qualification information shall be evaluated by a Committee constituted by ESIC to ascertain the candidate firms eligible for going ahead to the RFP stage.

Request for Proposal (RFP) comprising two separate proposals- Technical Proposal and Financial Proposal from the candidate firms will be evaluated as under:

- a. The technical proposal will be opened and evaluated as per the criteria which will be mentioned in the RFP
- b. The selection process shall be based on a combined score of Technical and Financial proposal. The Technical Bid shall have a weightage of 60% and the Financial Bid a weightage of 40%.
- c. Only entities with a score of at least 60% i.e., 60 marks out of 100 in technical bid will qualify for opening of their Financial proposal and evaluation thereof.

The Financial Proposal with the lowest cost will be given a financial score of 100 and other proposals will be given financial scores that are inversely proportional to rate quoted by the candidate firms.

Financial Evaluation Formula= (Lowest Bid Value/Candidate firms value) *100

Highest points basis: on the basis of the combined weighted score for technical and financial proposal, the candidate firms shall be ranked in terms of the total score obtained. The proposal obtaining the highest total combined score in evaluation of technical and financial proposal will be ranked as H-1 followed by the proposals securing lesser marks as H-2, H-3, etc.

Final Score Formula= 60%*Technical score + 40* Financial score

D. Scope of Work

In pursuance of Rule 35 of E.S.I. (Central) Rules, 1950, the Accounts of the E.S.I. Corporation for the financial year ending 31st March 2024 and 2025 and Balance Sheet as on 31st March 2024 and 2025 need to be prepared by 31st May of the respective years.

ESIC is looking for C&AG Empanelled Chartered Accountant Firms to assist in timely preparation/ submission of financial statement for FY 2023-24 & FY 2024-25 including March (Provisional) 2024 & 2025 and March (Final) 2023-24 & 2024-25, in order to ensure finalisation of Accounts of the Corporation within timelines and correctness of the various entries carried out therein by various accounting units (i.e. Headquarters, Regional Office, Sub-Regional Office, ESIC Hospitals/Medical Colleges, Director(Medical)Delhi, NTA). The list of offices can be found out on ESIC website <https://www.esic.gov.in>

Period of Work

The Period of Work of Appointment of the selected candidate firms shall be for a period of 2 years, i.e., FY 2023-24 and FY 2024-25.

E. Detailed Scope of Work:

1. Assist in finalization of March (Provisional) Accounts by 7th of April 2024 and 2025 2. Assist in finalization of March (Final) 2024 & 2025 by 21st of April 2024 and 2025
3. Vouching for the month of September in FY 2023-24 & 2024-25, respectively.
4. Scrutiny of Accounts for financial year 2023-24 and 2024-25 keeping in view classification of income and expenditure including verification of accounting adjustments/ rectification of errors, omissions in books of accounts and clearing suspense entries. All efforts should be made to ensure that;
 - a. The expenditures are 100% reconciled with Regional Administration/ Hospital Administration.
 - b. There are no obvious errors in accounts like "Minus Balances in Receipts and Expenditure. Such balances need to be examined in detail and rectification entries need to be passed before sending accounts to Headquarters.
 - c. The accounts are free of all mathematical errors/ mistakes.
 - d. Expenditures under all account's heads are tallied with respective subsidiary ledgers.
 - e. Any unusual increase/ decrease/ divergent trend in any head of expense is examined and rectified.
 - f. Classification of expenditure between Hospital and Medical Education; Regional offices/ Sub-regional offices and DCBOs is done correctly.
 - g. Classifications of Prior Period Items is done properly.
 - h. Physical verification of Cash in hand with all accounting units and reconciliation with the cash book is done.
 - i. Reconciliation of Bank balance with Bank Statement is done
 - j. Reconciliation of all Statutory dues (not limited to TDS, TDS on GST) is done properly.

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- k. Reconciliation of Security deposit, unclassified receipt, pension payments, NPS, miscellaneous advances on monthly basis is done properly.
 - l. Reconciliation of exchange account and suspense slip is done properly.
 - m. Accounting of disposed assets along with the profit/ loss is done properly.
 - n. The provisions for Permanent Disablement Benefits, Dependent Benefits, ESIC COVID-19 relief scheme, Employee Benefit Reserve Fund (EBRF) – Pension, Gratuity, Leave Encashment and Pensioners Medical Scheme (PMS), Liabilities are done properly
- 5. Checking provisions for Permanent Disablement Benefits (PDB), Dependent Benefits, ESIC COVID-19 relief scheme, Employee Benefit Reserve Fund (EBRF) etc. related to IPs.
- 6. Checking provisions for Pension, Gratuity, Leave Encashment and Pensioners Medical Scheme (PMS), Liabilities.
- 7. Physical verification of Fixed Assets with Register of Fixed Asset.
- 8. Physical Verification of the closing inventories, Stores, and consumables etc. as on 31st March.
- 9. Incorporation of Audit observations of ESIC for the previous years.
- 10. Weekly Progress Reporting to ESIC
- 11. Special emphasis may be given to the verification of following (but not limited to):
 - a. Verification of amount for capital work-in-progress.
 - b. Verification in case of asset disposal- recording of depreciation, gain/loss booking.
 - c. Classification of Annual repair maintenance and special repair maintenance.
 - d. Debt, Deposit reconciliation and advances receipts.
 - e. Provision calculation.
 - f. Inventory accounting.
 - g. Super speciality treatment (SST) advances.
 - h. Salary calculation, special reference to people on deputation.
 - i. Verification of classification and payment with respect to instructions/sanction notes issued by ESIC for On-Account payment, PIP etc. made to States.
- 12. Additional responsibility of CA firms appointed for Delhi-NCR work:
 - a. Assist in compilation of various provisional accounts received from various entities (Regional Office (RO)/ Sub-Regional Office (SRO)/ Hospital/ DMD/ NTA/ Medical College) and preparation of Consolidated March (Provisional) Accounts.
 - b. Assist in compilation of various final accounts (March-Final) received from various entities (RO/ SRO/ Hospital/ DMD/ NTA/ Medical College) and preparation of Consolidated March (Final) Accounts.
 - c. Weekly Progress Reporting to ESIC Hqrs. and flagging of any deviation to ESIC management.

F. Eligibility Conditions

1. The Firm must be currently registered with Institute of Chartered Accountants of India (ICAI)
2. The Firm must be empanelled with Comptroller and Auditor General of India (CAG) and ESIC holds the right to terminate the contract if CA firm or any of its partners/members get debarred and / or blacklisted by any Central Government and / or any State Government Department(s)/ PSUs/ statutory body/Central or State Government funded bodies/ ICAI/ RBI during the period of work.
3. The Firm must have average turnover of ₹40 lacs for each of the last three Financial Years (2020-21, 2021-2022, and 2022-2023)
4. The firm or any of its partners/members should not be debarred as on the date of the proposal submission and / or blacklisted by any Central Government and / or any State Government Department(s)/ PSUs/ Statutory Body/ ICAI/ Central or State Government funded bodies/ ICAI/ RBI.
5. The Candidate Firms should declare any litigation in any of the Court(s).
6. The Firm shall have experience of having successfully completed similar works during last 7 years (from date of submission) should be either of the following:-
 - a. Three similar completed works costing not less than ₹10 lacs or
 - b. Two similar completed works costing not less than the ₹15 lacs or
 - c. One similar completed work costing not less than the ₹25 lacs
7. Similar work means Internal Audit/Compilation and Finalization of Accounts/ statutory compliances of any Central Government and / or any State Government Department(s)/ PSUs/ statutory body/ Central or State Government funded bodies
8. Minimum Staff strength of the firm including Articled clerk should be 50. (for e.g. If the bid is for 2 zones, then minimum staff strength should be $50*2=100$)
9. The Firm should have its Registered Office or operational Branch Office in the Zone for which it is applying.

G. Methodology of Audit

The work shall be conducted in 3 (Three) phases in each Financial Year as follows:

Phase	Period	Scheduled Visit	Report to be submitted on
I	April- September	2 nd Week of November	15 th December
II	October- December	2 nd Week of January	15 th February
III	January- March	2 nd Week of April	17 th April (On Submission to & approval by HQ)

Note:

Additional team for HQ during consolidation phase III- team of 2 CAs, will be deployed from 25th April- 2nd May 2024 and 2025 for finalization of accounts.

Considering strict timelines of the proposed activities, ESIC is planning to hire CA firms (including LLPs) on zonal level. It may be possible, ESIC shall select more than one CA firm in single zone to complete the activities in given timeframe.

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H. Composition of Audit Team

The selected firms would have to deploy sufficient number of Chartered Accountants, semi - qualified persons and article assistants / Audit staff for reasonable duration of time for conducting and completion of each Audit report.

The Head of Finance of the accounting units will coordinate with the Audit Team for smooth functioning of the audit. It should be ensured that the audit team is headed at all times by a Chartered Accountant. The senior partner of the firm will be required to attend review meetings as and when required by the Headquarter to brief the significant matters covered under Audit reports issued. It is expected that a team of minimum 2 resources (1 Chartered Accountant with the support of semiqualified assistant) from CA firm shall visit each unit. CA firm/LLP may deploy the number of resources per team to complete the task in given timeframe.

I. Submission of Audit Report

Internal Audit Reports should be divided into different paras, namely:

PARA- 1 IMPORTANT OBSERVATIONS, OBJECTIONS AND RESERVATIONS:

This para should contain the auditor's comments on all such irregularities or occurrences which the auditors desire to bring it to the notice of management, along-with their financial implications, if any.

This part should also bring out deviations (non - compliances) by units from (with) policies, systems and procedures prescribed by ESIC and non-compliance to any regulatory requirements. The observations should be arranged in self-contained paras, preferably with suitable titles.

PARA - 2 DETAILED REPORT:

These paras shall comprise auditor's detailed observations. However, non-compliance with the matters / areas identified in Para 1 of the report, should also be invariably detailed in these paras.

The following may also be kindly ensured:

- The report should be supplemented, in each phase, by a statement indicating:
 - i. Particulars of records checked along with their volume and value as compared to the total volume and value of the transactions.
 - ii. A statement indicating the audit staff deployed, their designation and the period of deployment in each phase.
- The report should also contain references to areas where no adverse observations have been noted. In respect of other areas, specific suggestions for improvement, if any, may also be highlighted for each area.
- The results of audit should be discussed with Head of unit and Finance Heads of units in each phase and important observations should be brought to their notice so that timely corrective actions may be taken. The report should be prepared after duly taking into account the additional information that may be provided / obtained at such discussions.

The Unit-wise reports are to be submitted in single hard copy for each phase of audit to the ESIC HQ duly counter signed by the Administrative Head and the Finance head of the unit. Soft Copy of Internal Audit Report have also to be submitted in MS Excel/Word through email to ac-fin@esic.nic.in.

J. PAYMENT OF AUDIT FEES

The Fee shall be released on proportionate basis after respective visits subject to approval of report.

The amount of fees will be inclusive of out-of-pocket expenses (OPE). The GST charges will be additional as applicable.

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Annexure A

APPLICATION FORM

S.No	Particulars	Document Required	Details			
1.	Name of the firm (in Capital letters)	-				
	Address of the Head Office	-				
	Name of Authorized Representative	-				
	Authorized Representative email & Phone no.	Power of Attorney				
	Name and Membership No. of the Senior Partner, who shall issue/sign the report	Copy of Membership Card				
	Telephone Number	-				
	E-mail address	-				
	PAN of the firm	Copy of PAN Card				
	GSTN	Copy of GST Card				
	2.	Copy of Registration Certificate and Firm Registration No. (As Issued by Institute of Chartered Accountants of India)	Copy of Registration Certificate			
3.	Date of empanelment with C&AG	Copy of Registration Certificate/Empanelment Letter of the Firm empanelment with Comptroller and Auditor General of India (CAG) for FY 2023-24				
4.	Date of Incorporation (as per certificate issued by Institute).	Copy of Incorporation Certificate				
5.	The Firm must have Average turnover of Rs. 40 lacs	Copy of Certificate issued from External CA	FY 2022-23	FY 2021-22	FY 2020-21	Average

6.	The firm should have minimum 3 partners of which at least 2 partners should be FCA	Refer Annexure B	
	Out of above, number of full Time Partners of	Refer Annexure B	

S.No	Particulars	Document Required	Details
	The firm as on date of Notice inviting EOI working in respective zones. (Please fill Annexure B)		
7.	Staff Strength	Self-declaration on staff strength signed by Authorized signatory/partner of the firm/LLP	
8.	Non-debarment Certificate	The CA firm or any of its partners/members should not be debarred as on the date of the proposal submission and / or blacklisted by any Central Government and / or any State Government Department(s)/ PSUs/ statutory body/Central or State Government funded bodies and the Candidate Firms should declare any litigation in any of the Court(s).	

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9.	Copy of Work Order and Completion Certificate	<p>The Firm shall have experience of having successfully completed similar works during last 7 years (from date of submission, should be either of the following: -</p> <p>A. Three similar completed works costing not less than ₹10 lacs Or B. Two similar completed works costing not less than the ₹15 lacs Or C. One similar completed work costing not less than the ₹25 lacs</p> <p>Similar, work means Internal Audit/ Finalization of Accounts/ statutory compliances of any Central Government and / or any State Government Department(s)/ PSUs/ statutory body/ Central or State Government funded bodies</p>	
10.	Name & Signature of senior partner of the firm with seal		

Note- Please refer the list of documents mentioned in the eligibility conditions.

Annexure-B

Firm's Name

Details of Full Time Partners of the Firm as on date of Notice inviting EOI

(Please refer to Sl. No.6 of the application form at **Annexure B**)

Sl	Name of the Partner	Membership No.	Whether Associate/Fellow member	Date of joining the Firm as Partner (Full time)	Whether working in respective zones (if yes since when)

See
M. Alwani

Annexure-C

List of ESIC units along with the clusters

S. No.	Name of the Zone	Coordinating office of the Zone	Name of State	No. of RO	No. of SRO	No. of ESIC Hospital / Medical college	Total
1	North Zone-1	RO-Chandigarh	Punjab	1	2	1	4
			Chandigarh-UT	1	0	1	2
			Haryana	1	2	3	6
			Himachal Pradesh	1	0	1	2
			Uttarakhand	1	0	1	2
			Jammu & Kashmir	1	0	1	2
	SUB-TOTAL			6	4	8	18
2	North Zone-2	RO-Kanpur	Rajasthan,	1	2	4	7
			Uttar Pradesh	1	3	6	10
	SUB-TOTAL			2	5	10	17
3	East Zone	RO-Kolkata	West Bengal (including Sikkim)	2	2	1	5
			Assam (7 accounting units i.e., Arunachal Pradesh, Assam, Meghalaya, Manipur, Mizoram, Nagaland, and Tripura are dealt from RO-Guwahati, Assam)	7	0	1	8
			Odisha	1	1	2	4
			Bihar	1	0	2	3
			Jharkhand	1	0	2	3
			Chhattisgarh	1	0	2	3
	SUB-TOTAL			13	3	10	26
4	South Zone-1	RO-Chennai	Tamilnadu	1	4	2	7
			Kerala	1	4	3	8
			UT-Puducherry	1	0	0	1
	SUB-TOTAL			3	8	5	16
5	South Zone-2	RO-Bengaluru	Karnataka	1	6	3	10
			Andhra Pradesh	1	2	0	3

			Telangana	1	0	2	3
		SUB-TOTAL		3	8	5	16
6	West Zone	RO-Ahmedabad	Maharashtra	1	6	2	9
			Gujarat	1	2	4	7
			Goa	1	0	0	1
			Madhya Pradesh	1	1	1	3
		SUB-TOTAL		4	9	7	20
7	Delhi	Delhi Hqrs.	Hqrs.	1	0	0	1
			National Training Academy (NTA)	1	0	0	1
			Director (Medical) Delhi	1	0	0	1
			All hospitals, RO/SRO offices in Delhi	1	3	4	8
		SUB-TOTAL		4	3	4	11
		GRAND TOTAL		35	40	48	124

Note: Please refer to ESIC official website i.e. www.esic.gov.in for detailed address of above units.

