



**KITCO LTD.**

FEMITH'S, PB NO.4407, PUTHIYA ROAD, NH BYPASS,  
VENNALA, KOCHI-682028.

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**NOTICE INVITING APPLICATIONS FOR EMPANELMENT OF FIRMS OF CHARTERED  
ACCOUNTANTS FOR THE ALLOTTMENT OF INTERNAL AUDIT FOR KITCO LIMITED**

KITCO Ltd is a company promoted by public sector financial institutions, banks and government of Kerala for providing industrial, technical and management consultancy services especially in the infrastructure sector.

KITCO intends to select a firm of Chartered Accountants, for carrying out Internal Audit of various transactions for the year 2019-20, as detailed below.

**1. ELIGIBILITY CRITERIA**

- 1.1. The firm shall be a firm of practicing Chartered Accountants empanelled with Comptroller and Auditor General of India.
- 1.2. The firm shall have a standing of at least five years in the profession with at least 3 years' experience in internal audit/statutory audit and should have handled internal and/or statutory audit of at least 5 limited companies.
- 1.3. The firm shall have exposure for carrying out statutory/internal audit of Company having turnover of Rs. 10 crores or above.
- 1.4. The firm shall have experience in handling regular GST returns and GST Audit/reconciliation of Company having turnover of Rs. 10 crores or above.
- 1.5. The firm shall preferably have experience and exposure in handling preparation of financial statements under IND-AS
- 1.6. The firm shall have a branch or head office in Kochi headed by two senior partners.
- 1.7. A partner or a qualified assistant should head the internal audit team of KITCO.
- 1.8. The firm shall not be involved in any legal case in professional matters of its clients.

## **2. GENERAL CONDITIONS**

- 2.1. This selection is for the financial year 2019-20.
- 2.2. Applications received after the above--mentioned date and time will not be considered for selection.
- 2.3. Internal audit Reports for each quarter shall be submitted within one month of completion of the quarter.
- 2.4. No TA or DA or out of pocket expenses will be paid for the assignment.
- 2.5. Any clarifications can be had from the General Manager.
- 2.6. The partners, employees and other personnel of the firm will not divulge any information that has come to their possession during the course of audit/assignment to any person other than the authorized officials of KITCO or to a statutory authority, under any provision of law.
- 2.7. After the completion of the work the Auditor would be required to submit the Reports in Hard (two copies) and soft form (Compact disc).
- 2.8. KITCO reserves the right to accept or reject any application/s without assigning any reasons thereof. The decision of the company for empanelment of the firms will be final.
- 2.9. The audit work being conducted by the CA firm will be subject to supervision of the KITCO. In case of non---compliance of any instructions of KITCO, the assignment will be cancelled without any obligations.

## **3. SCOPE OF WORK**

- 3.1 The audit will be carried out in accordance with the relevant national standards of auditing, and will include such tests and controls, as the auditor considers necessary under the circumstances. The general scope of the Internal Audit function includes the following besides the specific audit requirement of KITCO.
- 3.2 In conducting audit special attention should be paid to the following:-
  - i. Ensure that the accounting and financial management systems remain reliable and effective in design and to assess the extent to which they are being followed.
  - ii. Review the efficacy, adequacy and application of accounting, financial and operating controls and thereby ensures the accuracy of the books of accounts.

- iii. Verify that the system of internal check is effective in design and operation in order to ensure the prevention of and early detection of defalcations, frauds, misappropriations and misapplications.
- iv. Identify areas of significant inefficiencies in existing systems and suggest necessary remedial measures.
- v. Confirm the existence of financial propriety in all decision and verify compliance to government and statutory requirements.
- vi. Confirm that the agreed procurement procedures and arrangements have been followed in procurement goods and services.
- vii. Check that all expenditure on assignments executed as deposit works including procurement of goods and services have been incurred in accordance with the rules, conditions and relevant financing agreement.
- viii. Conducting special assignments and investigations on behalf of the Audit Committee or Managing Director into any matter or activity affecting the probity, interests and efficiency of the KITCO.
- ix. Attend the Audit Committee, Board Meeting, General Meeting as and when called.

### 3.3 Specific audit requirements of KITCO:

- i. This assignment of Internal Audit will be done on concurrent basis.
- ii. Review all expenses and payments incurred by KITCO, covering the following key aspects:
  - a. Approvals as per delegation of Authority
  - b. Compliance to policies and standard operating procedures of KITCO
  - c. Adequacy of supporting documents as per nature of the payment
  - d. Adherence to Accounting Practices and standards as per the ICAI
  - e. TDS, GST, Professional Tax, Income Tax, PF, any other statutory levies, etc. -applicability, deductions and remittances- Compliance legal provisions and maintaining time schedule.
  - f. Adherence to requirements of Companies Act, 2013, Foreign Exchange Management Act, 1999.
  - g. Adherence to the Indian Contract Act, 1872
  - h. Verification of the contractual obligations and contract management. Verification of the key dates by the service providers.
- iii. Payments to Service providers and non---routine payments need to be checked with reference to compliance with the contract agreement, other policies of KITCO.
- iv. Review procedures and operational controls existing in various departments to ensure timely, efficient and accurate management information system.
- v. Verification of Bank Reconciliation statement, conduct surprise physical verification of cash.
- vi. Verification of all the payments including statutory payments within the stipulated time.
- vii. Report on review of expenses and payments regularly.
- viii. Follow-up review of previously reported observations would be based on confirmation from KITCO
- ix. Review of the Fixed Assets Register maintained by the company.

- x. Physical verification of the fixed assets and cash once in a year and certify the same.
- xi. The following are the illustrative list of various types of Revenue and Capital expenditures, which would be covered during the review:

Expenses

- a. Verification of Agreements/ Purchase Orders/Work Orders
- b. Verification of Invoices including GST compliances
- c. Verification of Accounting under applicable Heads of Accounts.
- d. Verification of Project Expenses and Capital Work---in---Progress.
- e. Verification of Compliance with delegation of powers.
- f. MIS on monthly summary of expenses and payments relating to the project.

Contract payments in respect of deposit works:-

- a. Verification of Agreements
- b. Verification of Invoices and Payments made after deduction of statutory and other deductions as per the contract.
- c. Review of the performance of the various service providers as per the terms of the contract in consultation with KITCO.

Salaries and Allowances

- a. Verification of Pay Roll Register
- c. Verification of full and final settlement
- d. Review the process of deduction of TDS, Professional Tax, GST on TDS and its remittance.
- e. Review the applicability and accounting of PF/ESI and other deductions.

Others

- a. Legal and Professional Charges
  - b. Printing & Stationery
  - c. Rent, Electricity and Water
  - d. Maintenance
  - e. Office Supplies
  - f. Advertisement
  - g. Travelling Expenses
  - h. Administration Expenses
  - i. Depreciation & Amortisation
  - j. Utilities and Postage
- xii. The above scope is not exhaustive. Any other item of work in the domain of audit/ accounts as may be assigned by KITCO is to be undertaken by the firm.
  - xiii. Errors or omissions or commissions noted during the course of internal audit may be rectified on the spot.
  - xiv. While conducting internal audit in a subsequent phase, the auditor will ensure that the compliance report on audit observations pointed out in the reports relating to earlier audit is made and corrective actions taken on those points are furnished in the Audit Report of the subsequent phase.

3.4 The Internal Auditors are accountable to management and the audit committee to:

- i. Provide an assessment on the adequacy and effectiveness of the organization's processes for controlling its activities and managing its risks in the areas set forth under the purpose and scope of work.
- ii. Report significant issues related to the processes for controlling the activities of the organization and its affiliates, including potential improvements to those processes, and provide information concerning such issues through resolution.
- iii. Periodically provide information on the status and results of the internal audit plan and the sufficiency of department resources.
- iv. Coordinate with and provide oversight of other control and monitoring committees and functions.

3.5 The responsibilities of the Internal Auditor would be:

- i. Develop a flexible annual internal audit plan using an appropriate risk--based methodology, including any risks or control concerns identified by management, and submit that plan to the audit committee for review and approval as well as periodic updates.
- ii. Implement the annual internal audit plan, as approved, including appropriate any special tasks or projects requested by management and the audit committee.
- iii. Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this Charter.
- iv. Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- v. Issue periodic reports to the audit committee and management summarizing results of audit activities, including significant audit issues and management action plans.
- vi. Assist in the investigation of significant suspected fraudulent activities within the organization and notify management and the audit committee of the results.
- vii. Consider the scope of work of the external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.

#### **4. RIGHT OF THE INTERNAL AUDITOR**

The rights of the internal auditor shall include the following subject to the aforesaid terms & conditions:

- i. Have unrestricted access to all functions, records, property, and personnel.
- ii. Have full and free access to the audit committee.
- lii. Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.

## 5. FORM OF APPLICATION

- i. Name and address of the firm
- ii. Address of the Kochi branch of the firm (If different from above)
- iii. Year of establishment of the firm.
- iv. List of Partners as on 01.04.2019.
- v. Name of paid Chartered Accountants employed by the firm.
- vi. Number of semi –qualified employees/articles attached with the firm.
- vii. Exposure of the firm in the limited company as Internal Auditors. (Name of limited company, year of audit and nature of audit)
- viii. Resume of the firm
- ix. Constitution Certificate issued by ICAI as on 01.04.2019.
- x. GST Registration Number
- xi. PAN
- xii. Contact details with phone and email.
- xiii. Other areas in which services are offered viz---
  - a. Income Tax Consultancy
  - b. GST Consultancy
  - c. IND-AS consultancy
  - d. Foreign exchange, Export and import consultancy
  - e. International Taxation
  - f. Government transactions
  - g. Procurement and Tendering
  - h. Companies Act 2013
  - i. General Accounting and Accounting Standards.
  - j. IFRS
  - k. Project Reports of value more than Rs. 50 crores
  - l. Any other relevant areas

## 6. SUBMISSION OF PROPOSAL

The firms interested may submit their application as per the guidelines herein stated with the financial proposal as per Appendix 1 given in this notice in an envelope marked "APPLICATION OF EMPANELMENT OF CA FIRMS FOR INTERNAL AUDIT", to reach on this office on or before **June 13, 2019**. The application should be addressed to "The General Manager, KITCO Ltd., Femith's, PB No:4407, NH Bypass, Vennala, Kochi – 682 028. Applications may also be sent by email: [mail@kitco.in](mailto:mail@kitco.in)

THE FINANCIAL PROPOSAL AS PER APPENDIX 1 SHOULD BE IN A SEPARATE SEALED ENVELOPE WHILE SUBMITTING THE APPLICATION.

**Appendix 1**

**Financial Proposal Submission Format**

Date

To:

General Manager

KITCO LTD

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Dear Sir,

**Empanelment for Appointment as Internal Auditors  
of KITCO for the financial Year 2019-20**

We, the undersigned, offer to provide the Internal Audit services for KITCO Limited in accordance with your notice inviting applications dated [Insert Date] for empanelment with them. We offer to provide the service for the sum of [Insert amount in words and figures]. This amount is inclusive of all the taxes, cess duties and levies. This is the maximum amount payable to us in pursuance of this assignment.

We understand you are not bound to accept any Proposals you receive.

We remain,

Yours sincerely,

Authorized Signature [In full and initials]: Name and Title of Signatory:

Name of Firm:

Address: