



KITCO LTD.  
FEMITH'S, PB NO.4407, PUTHIYA ROAD,  
NH BYPASS, VENNALA, KOCHI-682028.  
PH: 91-484-4129000  
CIN: U74140KL1972GOI002425  
e-mail: [mail@kitco.in](mailto:mail@kitco.in) website: [www.kitco.in](http://www.kitco.in)

## **NOTICE INVITING APPLICATION FOR THE SELECTION OF INTERNAL AUDITOR**

KITCO Ltd., a Public Limited Company established by IDBI & Government of Kerala in 1972 and presently having major shareholding by Central/State Financial Institutions, Public Sector Banks and Government of Kerala for providing industrial, technical and management consultancy services invites applications from the firms of practicing Chartered Accountants empaneled with Comptroller and Auditor General of India for carrying out Internal Audit of the Company. The Internal Audit Fee is estimated at Rs.1.20 lakhs per annum, payable on a quarterly basis. The appointment of Internal Auditor and the terms and conditions shall be subject to the approval of the Board of Directors of KITCO Ltd.

**Last date for submission of application: 30<sup>th</sup> April 2022.**

The detailed criteria, conditions including format for submitting financial proposal is provided on our website [www.kitco.in](http://www.kitco.in)

FOR KITCO LTD.,

**Managing Director**

Kochi

18.04.2022



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## **NOTICE INVITING APPLICATION FOR THE SELECTION OF INTERNAL AUDITOR**

KITCO Ltd., a Public Limited Company having major shareholding by Central/State Financial Institutions, Public Sector Banks and Government of Kerala, for providing industrial, technical and management consultancy services intends to select a firm of Chartered Accountants for carrying out the Internal Audit of various transactions, as detailed below.

### **1. ELIGIBILITY CRITERIA**

- 1.1 The firm shall be a firm of practicing Chartered Accountants empaneled with Comptroller and Auditor General of India.
- 1.2 The firm shall have a standing of at least 5 (five) years in the profession with atleast 3 years of experience in internal audit/statutory audit and should have handled internal and/or statutory audit of atleast 5 (five) Limited Companies in India during the last 3 years.
- 1.3 The firm shall have exposure for carrying out statutory/internal audit of Company having turnover of Rs.20 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.20 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 its Head Office or a branch office in Kochi headed by atleast 2 (two) Senior Partners.

- 1.7 A Partner or Senior Chartered Accountant with minimum 10 years of post-qualification experience shall head the internal audit team deployed for KITCO Ltd.
- 1.8 The firm shall not be involved in any legal case in professional matters of its clients.

## **2. SCOPE OF WORK**

- 2.1 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 Ltd.
- 2.2 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 KITCO Ltd.
- ix. Attend the Audit Committee, Board Meeting, General Meeting as and when called.

### 2.3 Specific audit requirements of KITCO Ltd:

- i. This assignment of Internal Audit will be done on concurrent basis.
- ii. Review all expenses and payments incurred by KITCO Ltd., 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 Ltd.
- 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 Ltd.
- 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. Verification of Bank Guarantees (BG) and to ensure that required procedures are complied with.
- xii. Report on the outcome of litigations against the company/initiated by the Company and costs incurred thereon.
- xiii. Analysis of Sundry Debtors and their ageing
- xiv. Review of company's investments.
- xv. Review of CSR related activities and related expenditure.
- xvi. Random check of procurement activities, tendering, LOA, work order, original contract, EMD related procedure, etc to ensure transparency and to confirm that all procedures are followed in a time bound manner and also there is no non-compliance with policies, procedures and accounting manual of the Company.
  
- xvii. 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 report 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 Ltd.

#### Salaries and Allowances

- a. Verification of Pay Roll Register
- b. Verification of full and final settlement
- c. Review the process of deduction of TDS, Professional Tax, GST on TDS and its remittance.
- d. Review the applicability and accounting of PF/ESI and other deductions.
- e. Random checking of attendance, leave and other claims related to employees.

#### 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 & Amortization
  - j. Utilities and Postage
- xviii. The above scope is not exhaustive. Any other item of work in the domain of audit/ accounts as may be assigned by KITCO Ltd. is to be undertaken by the firm.
- xix. Errors or omissions or commissions noted during the course of internal audit may be rectified on the spot.

- xx. 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.

2.4 The Internal Auditor is 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.

2.5 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.

### **3. 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.
- iii. Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives.

### **4. SPECIFIC CONDITIONS**

4.1 This selection is initially for the Financial Year 2022-23 and is extendable for a further period of 2 years (with a 5% escalation per annum in audit fee) depending upon the performance of the Internal Auditor in the Financial Year 2022-23.

4.2 Monthly Audit Report shall be submitted within 10 days from the end of the first and second month of the concerned quarter and Quarterly Audit Report shall be submitted within 15 days from the end of the concerned Quarter. The following specific reports shall be submitted along with the quarterly reports.

- a) Report on the quarterly performance result of the Company.
- b) Report covering major deficiencies and observations/suggestions for improvement of the existing internal financial control systems/procedures.

4.3 Deployment Requirement



- a) Deployment of 1 (One) qualified Senior Chartered Accountant with minimum 10 years of post-qualification experience for atleast 1 working day per month for the first & second month and totally atleast 5 working days for the third month of the concerned quarter.
- b) Deployment of 1 (One) qualified Chartered Accountant with minimum 2 years of post-qualification experience for atleast 3 working days per month for the first & second month and totally atleast 10 working days for the concerned quarter.

## **5. GENERAL CONDITIONS**

- 5.1 The appointment of Internal Auditor and the terms and conditions shall be subject to the approval of the Board of Directors of KITCO Ltd.
- 5.2 No TA or DA or out of pocket expenses will be paid for the assignment.
- 5.3 Any clarifications can be had from the Company Secretary/Senior Consultant (Finance), Tel: 0484 4129000.
- 5.4 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 Ltd. or to a statutory authority, under any provision of law.
- 5.5 After the completion of the work the Auditor would be required to submit the Reports in Hard (two copies) and soft form (Compact Disc).
- 5.6 The audit work being conducted by the CA firm will be subject to supervision of the KITCO Ltd. In case of non-compliance of any instructions of KITCO Ltd., the assignment will be cancelled without any obligations.

## **6. 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 01.01.2022.
- 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 01.01.2022
- 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

## **7. SUBMISSION OF APPLICATION**

- 7.1 The firms meeting the specified eligibility criteria 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 FOR SELECTION OF CHARTERED ACCOUNTANT FIRM FOR INTERNAL AUDIT OF KITCO LTD."*, to reach on this office on or before **5 P.M on 30.04.2022.**

- 7.2 The Financial Proposal as per Appendix-1 should be in a separate sealed envelope while submitting the application.**
- 7.3 The application should be addressed to "The Managing Director, KITCO Ltd., Femith's, P B No:4407, NH Bypass, Vennala, Kochi - 682028".
- 7.4 The applications received after the above-specified date and time will not be considered for selection.
- 7.5 KITCO Ltd. reserves the right to accept or reject any application/s without assigning any reasons thereof. The decision of the company for selection of the firm will be final.

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**Appendix-1**  
**Financial Proposal Submission Format**

Date

To

The Managing Director  
KITCO Ltd.,  
Femith's, PB No:4407,  
NH Bypass, Vennala,  
Kochi – 682 028

Dear Sir/Madam,

**Selection of Internal Auditor of KITCO Ltd.**

We, the undersigned, offer to provide the Internal Audit services for KITCO Ltd. in accordance with your notice inviting applications dated 11.04.2022. We offer to provide the aforesaid services for the sum of \_\_\_\_\_ [Insert amount in words and figures] per annum. This amount is exclusive of GST and is the maximum amount payable to us for the Financial Year 2022-23, in pursuance of this assignment.

We hereby accept to provide the Internal Audit services to KITCO Ltd. as per the terms and conditions for a further period of 2 years and understand that such extension is at the sole discretion of KITCO Ltd., depending upon our performance during the Financial Year 2022-23.

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

Yours sincerely,

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

Name of the Firm:

Address: