



Dr. NTR VAIDYA SEVA TRUST

GOVERNMENT OF ANDHRA PRADESH

REQUEST FOR PROPOSAL FOR INTERNAL AUDIT FOR THE FINANCIAL YEAR 2016-17

D.No. 8-2-293/82a/ahct, Road No. 46, Jubilee Hills, Hyderabad – 500 033

Request for Proposal (RFP) is invited by the CEO of Dr. NTR Vaidya Seva Trust, Government of Andhra Pradesh from reputed firms of Chartered Accountants for Internal audit of Dr. NTR Vaidya Seva Trust for the F.Y.2016-17.

SCOPE OF WORK:

The audit firm should be familiar with the relevant Accounting and auditing standards including Internal Accounting Standards and Guidance notes issued by the ICAI, and will include such tests and controls as the auditor considers necessary under the circumstances.

In conducting the audit, special attention should be given to the following:

1. Revenue :

Review of internal check and control procedures with an objective to assess their adequacy and strength, in respect of

- Verification of grants received from state and central govt and it's utilisation
- Verification of Empanelment fee from Network Hospitals
- Fines and fee collected during the financial year and their accounting treatment in the books of accounts
- Amount received from sale of scrap through tenders and their terms and conditions
- Verification of rental income along with renal agreements if any.
- Verification of income from investment with rate of interest
- Other incomes accounted – forfeited amounts from suppliers and contractors etc

2. Expenses:

Review of internal check and control procedures with an objective to assess their adequacy and strengthen, in respect of:

A. Claims payments to Network Hospitals:

Verification of all Claims approved process and payments to networks hospitals as per the Guidelines, SOP's, Manual, and circulars and the types of claims as follows.

- Regular Claims
- Follow-up claims
- Cochlear
- Cochlear follow-up
- Health camps.
- Remuneration to Panel doctors.

B. Establishment and Administrative expenses

- Salaries and wages- Salaries and wages to be verified with respective HRMS module for different categories of employees
- Verification of advances given to employees, deductions from salaries and accounting treatment in books of accounts.
- Verification of retirement benefit of employees as per pay scale reference.
- Administrative expenditure – Verification of administrative expenditure with supporting and proper approvals.
- Financial expenditure – Verification of interest paid on loans with rate of interest and terms of sanctions and their accountability.
- Verification of prior period expenses accounted in the current year if any.
- Verification of current year taxes paid and the amount of provision made towards income tax and their accountability in books of accounts.
- Verification of Amount written off to P&L account along with the supporting documents and its accountability.
- Verification of repairs and maintenance expenses with supporting bills and vouchers.
- Verification of other incidental expenses related to various schemes along with their estimated budgets vs actual etc.

3. EMD's and Security Deposits.

- Verification of EMD's each party wise as per the terms of agreements and their adjustment in the books of accounts.
- Verification of SD's each party wise as per the terms of agreements and release of the SD only after completion of the respective assignment with proper approvals

4. Current liabilities – Creditors

- Verification of compliance of terms and conditions in the agreement between Trust and Suppliers/creditors

- Verification of payments made to Network hospitals as per Standard Contract Agreement.
- Verification of payment made to creditors as per agreed terms and conditions
- Verification of implementation of escalation clauses if any in the agreement and their accounting treatment in the books.
- Interest on advances given to creditors as per the terms of sanctions and their accounting.
- Verification of Trust records whether the physical verification of materials received and their state of condition for the respective projects were accounted properly.
- Vendor masters- check
- List of all agreements/contracts with all vendors to be compiled- contract management system to be audited- checklist for monitoring the terms and expiry – adequate or needs for improvement
- Check the standard Purchase procedures and processes followed– test the controls – comment on adequacy and suggestions for improvement- changes for improving internal controls
- Vendor selection/appointment processes- KYC norms- documentation in place to be verified and comment on adequacy and suggestions for improvement
- Audit of taxes and levies paid on purchases- whether service tax, VAT, any other taxes are taken correctly - audit of system – to check whether the system of recognising/paying taxes correctly is adequate or needs strengthening so that there are no leakages.

5. Statutory liabilities

Toward Income Tax:

- Verification of TDS deduction as per the applicable rate in the Income Tax Act 1961.
- Remittance of deducted amount within due dates
- Verification of filing of statutory returns within due date.

- Verification of exemption certificates for non-deduction or lower deduction of TDS

Towards Employee deductions:

- Verification of Statutory deductions as per the applicable government orders.
- Verification of ESI, EPF, Service tax and if any applicable statutory provisions on outsourcing and contract employees as per Agreements and Acts.
- Remittance of deducted amount to state /Central Government within due dates

6. Provisions

- Verification of provision made towards income tax
- Whether provisions were created for all the known expenditures and losses.
- System/Basis for making provisions for various expenses at the end of the year.

7. Tangible Assets

- Verification of records with original bills for all Assets
- The accounting treatment followed for depreciation on Fixed assets
- Verification of vehicle purchase for respective authorities along with their sanctioning orders
- Verification of assets disposed during the year and their accounting treatment in the books of accounts.
- Verification of Impairment provided if any fixed assets as per the provisions of AS -28.
- Verification of revaluation assets made during the current year and their accounting treatment in the books of accounts
- Adequate coverage of Insurance for properties

8. Investments

- Verification of investment in bank and other public/private institutions.
- Rate of interest – Accountability of Accrued interest.
- Verification of Shares with original share certificate
- Verification of Fixed deposits with Original FDR receipts
- Provision created for any diminution in the value of investments

9. Cash and bank balances.

- Physical Verification of Cash Balances
- Verification of bank payments as per MOU with bankers.
- Verification of all banks receipts and payments with supporting documents.

10. Loans and advances to employees and others

- Verification of loans and advances given to employees – terms of sanctions- rate of interest-period of recovery.
- Adjustment of advances with the proper utilisation certificates
- Conformation of advances with the third parties with written representations
- Whether adequate provision for doubtful advances.

11. Reconciliations on monthly basis.

- Verification of reconciliation of all Bank Accounts.
- Verification of reconciliation of fixed deposits.
- Reconciliation of all types of Claims reports.
- Reconciliation of Remuneration of panel Doctors.
- Reconciliation of Revolving fund deduction on Government hospitals.

12. Reporting on monthly basis login wise approvals pending with accounts Departments.
13. Review of Empanelment of Hospitals procedures with SCA documents
14. Review of EDC documents

Other areas

- System of appointing and monitoring service vendors- agreements, monitoring- documentation regarding reports- internal controls.
- Audit of Banking systems- collections, payments, treasury management, idle funds, interest income and payments.
- Audit of related party transactions during the year, system/policy and procedure of sharing expenses- adequacy and internal control - suggestions for improvement.

Focus areas

Focus areas will be discussed with the Heads of the respective departments and management. Focussed areas will be selected and modified based on value and materiality of the transactions. In each quarter special focus shall be given to following critical areas apart from vouching and verification stated above.

1. Physical verification of all fixed assets.
2. Statutory compliances such as TDS, service tax, PT etc.
3. Reconciliation of vendor accounts.
4. Compliance of delegation of powers exercised by the departmental heads and officers

The above scope of the work is not exhaustive, which may change according to the requirement of the Management.

REPORTING:

The internal audit of the accounts should be carried on monthly basis. In no case there should be overlapping of any two months. Monthly reports need to be submitted to the Trust on Monthly basis within a period of 15 days after end of each month.

The internal audit report is to be prepared in four parts as given below:-

Part –I : Management Summary including the methodology adopted for auditing and Suggestions.

Part- II : Detailed Internal Audit Report

Part- III : Action Taken Report (Current/Previous)

Part- IV : Non-Compliance with Previous Reports.

Action taken or not and compliance made or not in terms of the internal audit report of the preceding month/quarter should be clearly stated in the report of the succeeding month/quarter for management action

STAFFING:

The Internal Auditor shall deploy resources mentioned below:

S.No	Resources	Availability	Qualifications & Experience
1	Qualified CA	1 (Must attend twice in a week)	CA (Final completed), 5yrs of experience
2	Qualified CA	1 (daily for entire period)	CA (Final completed), 2yrs of experience
3	Semi Qualified	2 (daily for entire period)	CA (Inter completed), 1 Year of experience

DELIVERABLES

a. From FY: 2016-17

Periods (Month)	Timelines / expecting date to complete the task i.e. complete scope
April	31 st May
May	30 th June
June	31 st July
July	31 st August
August	30 th September
September	31 st October
October	30 th November

November	31 st December
December	31 st January
January	28 th February
February	31 st March
March	31 st May

Service Level Agreements (SLAs):

FY 2016-17:

S No	Period	Completion Date	Penalty applicable from	Value of Penalty
1	April	31 st May	1 st June to 30 th June 2016	2% of relevant month payment for proportionate work
			1 st July to 31 st July 2016	7% (2+5) of relevant month payment for proportionate work
			1 st Aug to 31 st Aug 2016	17% (2+5+10) of relevant month payment for proportionate work
2	May	30 th June	1 st July to 31 st July 2016	2% of relevant month payment for proportionate work
			1 st August to 31 st August 2016	7% (2+5) of relevant month payment for proportionate work
			1 st September to 30 th September 2016	17% (2+5+10) of relevant month payment for proportionate work
3	June	31 st July	1 st August 2014 to 31 st August 2015	2% of relevant month payment for proportionate work
			1 st September to 30 th September 2015	7% (2+5) of relevant month payment for proportionate work
			1 st October to 31 st Oct 2016	17% (2+5+10) of relevant month payment for proportionate work
4	July	31 st August	1 st September to 30 th September 2016	2% of relevant month payment for proportionate work
			1 st October to 31 st October 2016	7% (2+5) of relevant month payment for proportionate work
			1 st November to 30 th Nov 2016	17% (2+5+10) of relevant month payment for proportionate work
5	August	30 th September	1 st October to 31 st October 2016	2% of relevant month payment for proportionate work
			1 st November to 30 th Nov 2016	7% (2+5) of relevant month payment for proportionate work
			1 st Dec to 31 st Dec 2016	17% (2+5+10) of relevant month payment for proportionate work
6	September	31 st October	1 st Nov to 30 th Nov 2016	2% of relevant month payment for proportionate work
			1 st Dec to 31 st Dec 2016	7% (2+5) of relevant month payment for proportionate work

			1 st Jan to 31 st Jan 2017	17% (2+5+10) of relevant month payment for proportionate work
7	October	30 th November	1 st Dec to 31 st Dec 2016	2% of relevant month payment for proportionate work
			1 st Jan to 31 st Jan 2017	7% (2+5) of relevant month payment for proportionate work
			1 st Feb to 28 th Feb 2017	17% (2+5+10) of relevant month payment for proportionate work
8	November	31 st December	1 st Jan to 31 st Jan 2017	2% of relevant month payment for proportionate work
			1 st Feb to 28 th Feb 2017	7% (2+5) of relevant month payment for proportionate work
			1 st Mar to 31 st Mar 2017	17% (2+5+10) of relevant month payment for proportionate work
9	December	31 st January	1 st Feb to 28 th Feb 2017	2% of relevant month payment for proportionate work
			1 st March to 31 st March 2017	7% (2+5) of relevant month payment for proportionate work
			1 st April to 30 th April 2017	17% (2+5+10) of relevant month payment for proportionate work
10	January	28 th February	1 st March to 31 st March 2017	2% of relevant month payment for proportionate work
			1 st April to 30 th April 2017	7% (2+5) of relevant month payment for proportionate work
			1 st May to 31 st May 2017	17% (2+5+10) of relevant month payment for proportionate work
11	February	31 st March	1 st April to 30 th April 2017	2% of relevant month payment for proportionate work
			1 st May to 31 st May 2017	7% (2+5) of relevant month payment for proportionate work
			1 st June 30 th June 2017	17% (2+5+10) of relevant month payment for proportionate work
12	March	31 st May	1 st June to 30 th June 2017	2% of relevant month payment for proportionate work
			1 st July to 31 st July 2017	7% (2+5) of relevant month payment for proportionate work
			1 st August to 31 st August 2017	17% (2+5+10) of relevant month payment for proportionate work

INSTRUCTIONS

1. Sealed financial quotations are invited by DR. NTR VST to carry the work of Internal Audit by the Audit Firm for Dr. DR. NTR VST for the Financial Year 2016-17.
2. The prices shall be given in Indian Rupees.
3. Mandatory Experience is required on the following:
 - a) Forensic Auditing tools
 - b) Previous track record of good audit work in Government.
 - c) Proof of association with Government Agencies in detecting frauds.
4. Copy of Firm Registration with the Institute of Chartered Accountants of India.
5. **Historical Financial Performance:** Submission of audited balance sheets, other financial statements acceptable to the Trust, for the last three (3) years to demonstrate the current soundness of the financial position of the Audit firm, profits, net worth positive and its prospective long term profitability for FYs 2014-15, 2013-14 & 2012-13.
6. The request for proposal shall be downloaded from **Dr. DR. NTR VST website at www.ntrvaidyaseva.ap.gov.in/**.
7. **Cost for downloading the request for proposal:**
Rs 500/- in the form of DD shall be drawn of in favour of The CEO Dr. NTR Vaidya Seva Trust, HYDERABAD. The cost of the downloading the scope of work shall be submitted along with the DD on or before the due date.
8. The demand draft shall be taken in favour of **“CEO, DR NTR Vaidya Seva Trust payable at HYDERABAD.**
9. **Security Deposit:** The successful bidder should submit the Security Deposit an amount of Rs.1, 00, 000/- at the time of signing of the Contract/LO.
10. **Confidentiality:**
Information relating to evaluation of Proposals and recommendations concerning contract award shall not be disclosed, who have submitted Proposals or to other persons not officially concerned with the selection process until the successful firm has been notified and contract awarded.

Address for submission:

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