



Bhagyanagar Gas Ltd

**Tender for appointment of Internal Auditor for
Internal audit report and IFC report for 3 years
starting from Financial Year 23-24**

Bid Document No. BGL/579/2023-24

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BHAGYANAGAR GAS LIMITED

(A JOINT VENTURE OF HPCL & GAIL)

BID DOCUMENT FOR

**TENDER FOR APPOINTMENT OF INTERNAL AUDITOR
FOR INTERNAL AUDIT REPORT AND IFC REPORT
FOR 3 YEARS STARTING FROM FINANCIAL YEAR 23-
24**

**UNDER OPEN DOMESTIC
COMPETITIVE BIDDING**

Bid Document No.: BGL/579/2023-24

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Signature & Seal of Bidder

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SECTION - 6

**SPECIAL CONDITIONS OF CONTRACT
(SCC)**

Signature & Seal of Bidder

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SPEPCIAL CONDITIONS OF CONTRACT

1) Contract Period:

The appoint of Auditors is for the services required for THREE YEARS (03) from FY 2023-24.

2) Payment Terms:

- **For Internal Auditor:** 100% payment shall be paid within 15 days on submission of each quarterly reports and as accepted by Officer-in- Charge (OIC).
- **For IFC Auditor:** 100% payment shall be paid within 15 days on submission of reports and certificate(s) duly accepted by Officer-in- Charge (OIC).

3) Performance Security / Security Deposit: Not Applicable

4) Secrecy:

All the data / information / description / documents / papers etc. which shall be handed over to the bidder's working team members shall be treated confidential documents of M/s BGL. It shall be the bidder's responsibility to maintain the secrecy of these documents / information / data / descriptions/papers and ensure that such information / data / description / documents / papers shall not be used or put up, directly or indirectly, intentionally or unintentionally in any office, court or in public against BGL without the written consent of BGL.

**5) EVALUATION OF PROPOSALS: CONSIDERATION OF QUALITY AND COST
As per Vol I of II , Bidder Evaluation Criteria.**

The evaluation of the proposals shall be carried out **in two stages: first the quality, and then the cost.** Evaluators of Technical Proposals shall not have access to the Financial Proposals. Financial proposals of acceptable bidders shall be opened only after carrying out the technical evaluation in full conformity with the provisions of the RFP.

5.1 NEGOTIATIONS AND AWARD OF CONTRACT

1. Negotiation with the first ranked bidder is an Industry Practice and may be done in a limited manner as described hereinafter.
2. A negotiation which shall include discussions in respect of TOR, methodology, staffing, employers' input and special conditions of contract may be held with the first rank bidder. Such discussions should not change the substance of the bid including original scope of work/services. The final TOR and the agreed methodology shall be incorporated in "Description of Services / Scope of Work" which shall form part of the contract. This negotiation shall not include negotiation of prices which form part of financial evaluation. If the negotiations with the selected Consultant fail, the employer shall cancel the bidding process and re-invite the bids.



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3. The selected firm should not be allowed to substitute key staff, unless both parties agree that undue delay in the selection process makes such substitution unavoidable or that such changes are critical to meet the objectives of the assignment. If this is not the case and if it is established that key staff were included in the proposal without confirming their availability, the firm may be disqualified. The key staff proposed for substitution shall have qualifications and experience equal to or better than the key staff initially proposed. During execution of the assignment, if for unavoidable reasons, the Consultant proposes for substitution of key personnel, the same may be allowed by the Client with the approval of Competent Authority, without any prejudice to the completion period. However, in such a situation also, the key staff proposed for substitution shall have qualifications and experience equal to or better than the key staff earlier working for the assignment.
4. Negotiations shall also include clarification of the consultants' tax liability (if any) and how this tax liability has been or would be reflected in the contract. As Lump-sum Contracts payments are based on delivery of outputs (or products), the offered price shall include all costs (staff time, overhead, travel, hotel, etc). Consequently, if the selection method for a Lump-sum contract included price as a component, this price shall not be negotiated. In the case of time based Contract, payment is based on inputs (staff time and reimbursable) and the offered price shall include staff rates and an estimation of the amount of reimbursable. When the selection method includes price as a component, negotiations of staff rates should not take place, except in special circumstances, like for example, staff rates offered are much higher than typically charged rates by consultants for similar contracts. Consequently, the prohibition of negotiation does not preclude the right of the Bhagyanagar Gas Ltd (BGL) to ask for clarifications, and, if fee are very high, to ask for reduction of fees. Reimbursables are to be paid on actual expenses incurred at cost upon presentation of receipts and therefore are not subject to negotiations.

6) Completion Schedule / Timelines

Assignment shall be completed as per Instructions from Officer-In-Charge (OIC)

Particulars	FY
Review pattern & Periodicity:	Q1,Q2, Q3 and Q4 – Respective quarters
Deliverables	Quarterly Audit Report with all the issues together with auditee responses
Time limit for submission of quarterly audit report	Within 20 days from the end of each quarter



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SECTION - 7

**SCOPE OF WORK (SOW) /TERMS OF
REFERENCE (TOR)**



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**Tender for appointment of Internal Auditor for
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II of II**Bid Document No. BGL/579/2023-24****SCOPE OF WORK (SOW) / TERMS OF REFERENCE (TOR)****1) INTERNAL AUDIT SCOPE**

1.1 The scope of the Internal Audit are as given below:

S.No.	Audit Areas
1	Production / Compression process and Records maintenance
	Review of Controls over Production recording process and records maintenance
	Review of CNG Yield analysis and Normal / Abnormal operation losses
	Excise duty payments and records maintenance
	Daily Production MIS Reporting
2	Supply and Distribution
	Natural Gas Tran-shipment expenses
	Power and Fuel
	Bill passing and payment procedures
3	Piped gas meter calibration and maintenance
	Regulatory compliances if any, with respect to Piped Gas Meters Calibration and maintenance
	Control Procedures for meter calibration and maintenance at customers end
4	Statutory Compliances - All (Operation and Administration) - viz;
	Remittance of Sales tax, excise duty, VAT and GST
	Input Credit Reversal/utilization of VAT and GST if any
	Deduction and remittance of Income Tax deduction at source
	Safety, Weights, and Measures etc.,
5	Human Resource – related
	PF, ESI, Gratuity, Minimum Wages, Contract Labour, Bonus Acts.
	Review of attendance, Leave records and overtime.
	Review of staff advances, loans.
6	Procurement to pay cycle
	Tendering and negotiation process for procurement
	Controls over method of recording of Gas Receipts from GAIL.
	Procurement of stores and spares and Power and Fuel
	Compliance with policies and procedures for procurement to payments
7	Capital Work in Progress
	Budgeting and Costing
	Project monitoring, Review mechanism and information systems
	Major material reconciliations of FIM and capital inventory
	Bill processing and payment procedures
	Inventory Management and Physical verification
8	Fixed Assets
	Review of budgeting and variances



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	Review of Additions and Capitalizations
	Review of Disposal of Assets
	Maintenance of Fixed Assets records
	Review of Physical verification policies and procedures
	Review of CAPEX
	Review the method, process, and calculation of WDV
9	Sales and Debtors
	Control over sales recording and accounting procedures
	Sales quantity reconciliation GA wise & segment wise
	Maintenance of Sales records hardcopy & softcopy both to be mapped
	Review of debtors aging,
10	Inventories
	Review of physical verification program of inventory - finished products, intermediates, raw materials
	Review of Control over Inventory and their movements - 1. Receipts, Issues from stores and utilization 2. Review of slow moving and non-moving.
	Review of Cut-off procedures for Inventory measurement and evaluation during quarter / year end basis
11	Payroll
	Review of Payroll computations, deductions, reconciliation, and payment procedures,
	Review of Compliance of PF, ESIC, Gratuity, PT etc,
	Review of Separation payments, Arrears, Leave encashment, Gratuity etc.
12	Insurance
	Review of Adequacy of insurance coverage - Fixed assets and inventories
	Review of outstanding claims with insurers
13	Treasury operation
	Review of Bank accounts operation and maintenance and Bank Reconciliations Procedures
	Fixed Deposits, Bank Guarantees (BGs) and Letter of Credits(LCs)
	Review of Term loans from banks and financial institutions and repayment procedures.
	Review of Interest costs computations, reconciliation, and payment procedures
14	Expenditure
	Review of reimbursement procedures of Travelling, Telephone, and other expenses
	Review of General expenses and Petty cash expenses
	All other expenditure
15	Vouching
	Checking and reviewing the vouching in relation to Balance sheet and Profit & Loss account



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16	Review of adequacy of IT Systems
17	Annual / Quarterly / Half yearly accounts
18	Any other areas as may be required.
Note	The above areas to be covered on a quarterly basis
	After completion of Audit, Internal Audit Reports are to be submitted to the Managing Director.

1.2 The scope of work includes but not limited to: -

- a) To carry out the internal audit covering all important functional/operational areas as decided by the BGL Management & OIC. Indicative list of various processes is as provided below and the frequency of review for certain process will be quarterly.

1.3 Considering the nature of assignment, the scope of review is not limited to the list below, certain processes though not mentioned below may be required to be taken up and the bidder is expected to take up the same at no additional cost to the company.

Sr.No.	Assignment
1	Projects
2	Operation & Maintenance
3	Safety
4	Marketing
5	Revenue & Receipt Management
6	F&A including verification of Fixed assets
7	Contract & Procurement including physical verification of inventory
8	HR & Administration
9	Customer Relationship Management (CRM) and IT



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2. The Scope of IFC audit

The scope of work is as given below

- A. Development of risk control matrices and validation thereof with management, as a part of readiness for compliance with section 143(3)(i).
- B. Identification of significant accounts and key processes of each business cycle and documenting key risk-based control objectives and activities and developing Risk Control Matrices.
- C. Review the existing entity level control.
- D. Review the existing policy and procedures for business process, internal financial control framework and updating of the same.
- E. Review status of the implementation of the mitigation plan as proposed in the existing report on design gaps of key business processes.
- F. Testing and evaluation of operating effectiveness of internal control over financial reporting for the period.
- G. Presentation to the Board and Statutory Auditors of BGL.

The IFC Auditor shall structure the IFC Audit to meet the compliance requirements of ICAI and Companies Act and provide the Certificate of Compliance for submission to Statutory Auditors.

H. Broad scope of areas

- 1) Cash and bank balances
- 2) Prepaid expenses
- 3) Trade receivables
- 4) Inventory
- 5) Fixed assets
- 6) Trade payables
- 7) Provision for expenses
- 8) Loans / borrowings
- 9) Employee Benefits
- 10) Income taxes
- 11) Deferred taxes
- 12) Provision for income taxes / advance income taxes
- 13) Revenue from operations
- 14) Cost of Sales
- 15) Other expenses
- 16) Finance Costs
- 17) Journal entries
- 18) Statutory Compliances



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19) Financial Reporting
I. The above process includes
1) Performing tests of controls to assess the risk of material misstatement to the financial statements associated with the location or business unit and correlate the amount of audit attention devoted to the location or business unit with the degree of risk.
2) Understanding the flow of transactions related to the relevant assertions, including how these transactions are initiated, authorised, processed and recorded.
3) Understanding information system including the related business processes, relevant to financial reporting.
4) Performing walkthroughs.
5) Preparation of process flow diagrams
6) Narrating process flow and identification of lacuna in internal controls
7) Evaluation of effectiveness of internal controls
8) Understanding and Evaluating Financial Reporting Process.
9) Any other areas as may be required and assigned by management from time to time.



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SECTION -8

SCHEDULE OF RATES (SOR)

Schedule of Rates (SOR)

Bhagyanagar Gas Limited SCHEDULE OF RATES (SOR) Financial Bid / Priced Bid Bid Document ref: BGL/xxx/2023-24, dtd. xx.06.2023 Item : Appointment of Internal Auditor for Internal audit report and IFC report for 3 years starting from Financial Year 23-24 .							
Name of Bidder:							
Sl.No	Item Description	SAC code	UOM	Proposed Period (Compressor Months)	Unit rate per month Inclusive of all Taxes & Duties Except GST (Rs.)	Total Amount Inclusive of all Taxes & Duties Except GST (Rs.) (figures)	Total Amount Inclusive of all Taxes & Duties Except GST (Rs.) (words)
1	2	3	4	5	6	7 = 5 x 6	8 = 5 x 6
1	INTERNAL AUDIT FEE PER QUARTER		Quarterly	12		-	
2	IFC AUDIT AND CERTIFICATION FEE		Yearly	3		-	
Total amount inclusive of all Taxes & Duties Exclusive of GST in Rs.							
GST -----,Rs.							
Grand Total inclusive of GST and all Taxes & Duties in Rs.							

Note:

- Out of pocket expenses reimbursement:** - For Hyderabad Location the fees shall be inclusive of out-of-pocket expenses, For travel to other audit locations like Kakinada and Vijayawada, the expenses (Stay, Food and Local Conveyance) shall be provided by BGL, and Travel expenses up to 2nd AC train fare will be reimbursed on production of tickets.
- The bidder shall quote for both Internal Audit and IFC Audit or else the bid shall be rejected.
- Evaluation shall be done based on overall least cost after considering both quotations i.e. for Internal Audit and also IFC Audit and Certification together from the single Party and as per the evaluation method mentioned in Section- 2 of this document.