

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED
(A Government of India Enterprise)
Registered Office: AG-104, "Sourav Abasan", Sector-II, Salt Lake City, Kolkata-700 091
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NOTICE NO: OMDC/FIN-IB/08-2010

DATED: 23.08.2010

INVITATION OF OFFER FOR EMPANELMENT OF INTERNAL AUDITOR

Inviting Offers/Bid from firms of Chartered Accountants for empanelment as Internal Auditors of the company for the year w.e.f. 2010-11.

For further details log on to www.birdgroup.gov.in.

Sd/-
D Paul Chowdhury
Dy. Manager(Fin)

THE ORISSA MINERALS DEVELOPMENT COMPANY LIMITED
(A Govt. of India Enterprise)
EMPANELMENT FOR INTERNAL AUDITORS

A. INTRODUCTION

The Orissa Minerals Development Co. Ltd. is a Government Company in the field of mining and marketing of Iron Ore and Manganese Ore and production and marketing of Sponge Iron. The company with its Head Office situated in Kolkata comprises of following units: (Each Unit is an independent Cost and Profit Centre)

1. Sponge Iron Plant
2. Four Crusher Plants
3. Six Mines at Barbil, district Keonjhar, Orissa:
 - i. Thakurani
 - ii. Kolha Roida
 - iii. Bagiaburu
 - iv. Dalki
 - v. Belkundi
 - vi. Bhadrasai

B. PROCESS OF APPOINTMENT

The company is in the process of appointing internal auditors for the FY 2010-11. Based on their satisfactory performance, the tenure may be extended on year to year basis for a maximum further period of two years. In this regard the company invites sealed tenders in duplicate from firms of Chartered Accountants to be submitted in two Bids, Part – 1 (technical bid) and Part II (Financial Bid) separately sealed and super scribed with the name of the work. Cover the right to accept/reject any/ all tenders without assigning any reason.

Part- I – Technical bid shall contain profile of the firm (in the given format) containing the eligibility criteria documents. The part II of ineligible bidders will not be considered and returned unopened.

Part II –Financial bid shall contain the financial offer. 60% weightage will apply to technical bid and 40% Weightage will apply to financial bid as stated below-

A. Weightage on Technical Bid Maximum marks (60)

<u>Criteria</u>	<u>Marks</u>
1. Firms having qualified full time partners	
a. Minimum 7 Nos.	5
b. More than 7 Nos. but less than 12 Nos.	7
c. 12 Nos. or more	10
2. Firms having experience in Internal Audits	
a. Minimum 10 Years	5
b. For more than 10 Years but less than 16 Years	7
c. For 16 years and above	10
3. Experience in Internal Audit/ Process review in Mining Industry	
a. For last 3 Years	5
b. For more than 3 Years but less than 6 years	7
c. For last six years and above	10
4. Currently the firms having assignment of Internal Audit of PSU companies having turn over more than 100 crores of each of the Client	
a. For minimum 2 PSU companies	5
b. More than 2 but less than 5 PSU companies	7
c. 5 PSU companies and above	10
5. Specific experience of one of the full time partners relevant to the assignment in Internal Audit	
a) Minimum 5 years experience	5
b) More than 5 years but less than 10 Years	7
c) 10 years and above	10
6. Average annual professional receipt –during the last 3 financial years of the Company/ firm	
a. Rs. 500 lacs	5
b. More than Rs.500 lacs but less than Rs.750 lacs	7
c. Rs.750 lacs and above	10

Total points for the six criteria=60 .

B. Weightage on Price Bid Maximum marks (40)

<u>Crieteria</u>	<u>Marks</u>
a. L1 Bidder	40
b. L2 Bidder	30
c. L3 Bidder	20
d. L4 Bidder	10

Part I will be opened as per schedule mentioned in para (I) in the presence of the tenderers who desire to attend. After examining the stipulation and fulfillment of the eligibility criteria, Part II will be opened at a stipulated date to be duly intimated to the bidders. The company has the right to accept/reject any/all tenders without assigning any reason.

C. AUDIT OBJECTIVE & APPROACH

1.The role of Internal Audit is expanding from that of 'Value Protectors' to 'Value Creators'. The focus is changing from 'compliance' to improving the quality of business processes and managing risks in the ever changing business environment.

The key purpose of the Audit will be to install an independent, ongoing and effective review and feedback mechanism. This function would support the role of the Audit Committee and complement the statutory audit function. The primary objectives of the internal audit will be to:

- a) Support and Assist the Board and the Management in discharging Governance responsibility.
- b) Provide Control Assurance for all key Risks through validation of internal controls, systems and processes.
- c) Independent evaluation of compliances with policies, procedures and applicable laws.
- d) Assess integrity and reliability of data for use in various decision processes including periodical reporting.
- e) Assist in enhancing Operational Efficiency involving
 - I. Cost Reduction/Revenue Maximization
 - II. More Effective Utilization of Assets/ Investment
 - III. Recommendation of Best Practices

2. The audit approach should be such that the focus is on improving efficiency and performance of all activities and operations besides ensuring an effective risk assurance process. The Audit should be more oriented towards business processes rather than transaction and compliances alone.

3. The audit should be executed by a competent team of professionals, comprising of at least 1 qualified Chartered Accountant and 2 semi qualified assistant (Inter CA/ICWA, MBA(finance) who have strong exposure and experience and should be closely supervised by a Partner level person, who shall

be the relationship partner and who will oversee the audits and attend all meetings with the Top Management and Audit Committee, when required.

D. SCOPE OF WORK

1. Regular Review of the entire operations of the company.
2. Review of existing financial policies and procedures.
3. Highlight significant areas of weakness in the existing policies and procedures, recommend changes, where applicable.
4. Determine whether adequate controls are in place, whether they are operating effectively, recommend desired improvements.
5. The business processes to be covered in the above review for each independent Unit shall include :-
 - > Revenue and Receivables
 - > Purchase & Creditors
 - > Production and Consumption
 - > Inventory Management & Control
 - > H R & Pay roll
 - > Expenditure and Common Overheads
 - > Fixed Assets & Insurance-Property , Plant & Equipments Control
 - > Treasury and Investments
 - > Review of contracts
 - > Statutory Compliances
 - > Accounts Controls
 - > Financial Reporting
 - > Business Risk Assessment and control
 - > Review & suggest for Development of specific systems like Budgetary controls, Accounting System, Evaluation, MIS etc
 - > The audit will also identify areas where further improvement in system or processes are required including assisting management in preparation of standard operating procedures(SOPs) etc.
6. The internal audit on the activity of sponge iron plant should cover utilization of the materials and performance of the plant as an independent profit centre.
7. In respect of mining activities the following should be included:
 - (a) Development work vis-à-vis the corresponding production from mines (both estimated and actual) should be covered in the report with detailed scrutiny of measuring system as well as actual measurements of development work.

- (b) In OMDC contractors play major role in raising and transporting of iron ore and manganese ore. The activities of the contractors including payment against their bills need to be checked strictly with respect to the tender schedules issued for engagement of the contractor emphasizing deviation from schedule, if any.
- (c) Performance of the crusher plants vis-à-vis the fines generation should be included in the report with observations, if any.
- (d) Consumption of stores & spares, explosives etc should be covered with detailed analysis.

8. The report should cover the legal suits/ arbitration proceedings filed by and against the company with financial implications, thereof. Any major dispute involving considerable sum should also come under the purview.

9 Internal Auditor should provide the fund flow statement/Performance Analysis of each Unit along with the audit report at the end of each quarter.

10. The Internal Auditor should report on the payment status of statutory dues for perusal by the Audit Committee as well as by the Board.

E. **REPORTING:**

> The report should be submitted to the Chairman cum Managing Director on quarterly basis within a period of two months after end of each quarter. Action taken or not and compliance made or not in terms of the internal audit report of the preceding quarter should be clearly stated in the report of the succeeding quarter for management action against the erring employees.

> Each unit is a separate Cost and Revenue centre, hence separate quarterly Internal Audit Report will have to be submitted for each unit as per the audit plan mentioned under scope of work.

> Internal Audit Methodology shall be indicated in the Report.

> Sample Size of work performed shall also be indicated in the Report.

> Report shall consist of four parts:

- i. Scope of Audit
- ii. Executive Summary of Observations specifying rating of each observation under the category of
 - "HIGH"-
 - "MEDIUM"-
 - "LOW"
- iii. Detailed Memorandum of Observations specifying the

"Detailed Observation"
 "Implication"
 "Recommendation"
 "Management Comments"

iv. Status of Implementation of Recommendation

F. ELEGIBILITY CRITERIA :

Criteria to be considered for selection of the firms of Professional Accountants –

- (1) (a) The firm to be selected shall have at least 7 qualified full time partners of which at least 4 should have experience at that position for more than 5 years.
 (b) The firm shall have at least 20 full time on roll qualified staff in Calcutta (CA, I CWA, CS, MBA (Fin), M.Com)
- (2)(a) The firms shall have minimum 10 years experience in **Internal Audit**.
(b) Experience in Internal Audit/ process review in Mining Industry in the last 3 years.
 c) Having specialized office / internal Audit Staff in Kolkata/Eastern Region.
- (3) Currently, the firms shall have the assignments of Internal Audit of minimum 2 PSU companies having turn over more than Rs. 100 cores of each of the clients in last one year.

 (4) Atleast one of the full time partners relevant to the assignment shall have minimum 5 years' experience in Internal Audit preferably mining industry. (CV to be attached)
- (5) The firm should have a valid registration number as provided by The Institute of Chartered Accountants of India.
- (6) The average annual professional receipt during the last 3 financial years of the company/firm should be minimum Rs. **500 lacs**.

G. INFORMATION REQUIRED TO BE SUBMITTED

The following information are required to be submitted along with the offer apart from those mentioned above –

- a) Name, Address, Telephone Nos., Fax No., E-mail ID of the firm.
- b) Location(including branches if any along with addresses)
- c) Registration No. of the firm as provide by ICAI.
- d) Details of Experience of the firm in Internal Audit.

- e) Details of the Partners viz. name, qualification, membership no. and experience in details (i.e. name of organization served, capacities in which worked, nature of job done, No. of years served in each capacity, Experience as practicing Accountant, **Experience in Internal Audit**, etc.
- f) Details of the semi-qualified Assistants(i.e Name, Qualification and Experience, etc)
- g) Details of Office Infrastructure.
- h) Copies of the audited Balance Sheet alongwith Acknowledged Income Tax return of the last 3 preceding financial years to be submitted.
- i) Approach and Methodology for audit work.
- j) Proposed team structure including experience and skills of key team members.

H. SUBMISSION OF OFFER

Sealed offers by super scribing the Envelope with “**Empanelment for Internal Auditors**” by are to be addressed and submitted to:

Dy. Manager (Finance)

The Orissa Minerals Development Company Limited
AG-104, “Sourav Abasan”, Sector-II, Salt Lake City,
Kolkata -700 091

I. TIME SCHEDULE

- a) Last date & time of receipt of tender: **On 16.09.2010** by 3.00 P.M
- b) Date & time of Opening of Part-1 of the tenders : On 16.09.2010 by 4.00 P.M

J. PLACE OF OPENING OF TENDER

The Orissa Minerals Development Company Limited
AG-104, “Sourav Abasan”, Sector-II, Salt Lake City,
Kolkata -700 091

K. The required information related to the company can be obtained from the website. For any further clarification please contact Dy. Manager (F) Ph. 033-40169231.

Sd/-
Dy. Manager (Finance)