



KARNATAKA NEERAVARI NIGAM LTD
(A Government of Karnataka Undertaking)

**No.1, 4th Floor, Coffee Board Building,
Dr. B.R. Ambedkar Veedhi,
BENGALURU – 560 001.**

PH: 080-22283074-78, FAX: 080-22386015

E-mail: knnl@knnlindia.com, Website: www.knnlindia.com

CIN : U85110KA1998SGC024503

**REQUEST FOR QUOTATION [RFQ] DOCUMENT
THROUGH E-PROCUREMENT**

NAME OF THE ASSIGNMENT

**APPOINTMENT OF INTERNAL AUDITORS
FOR REGISTERED OFFICE, BENGALURU
& CENTRAL OFFICE, DHARWAD
AND PROJECT OFFICES OF KNNL
FOR FY 18-19 & 19-20**

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CHAPTER - 1

NOTICE INVITING BIDS

KARNATAKA NEERAVARI NIGAM LIMITED

(A Government of Karnataka undertaking)

No.1, 4th Floor, Coffee Board Building, Dr. B.R. Ambedkar Veedhi, Bengaluru – 560 001.

TEL : 22283074 - 78, FAX: 080 22386015 email: knnl@knnlindia.com

**Sub: Invitation of Competitive Quotations for Appointment of Internal Auditors
for FY18-19 & 19-20 (through e-procurement portal)**

No : KNN/FD/IA 18-19 & 20-21/2018-19/

Dt. 10.08.18

- Karnataka Neeravari Nigam Ltd. was incorporated for the purpose of execution of certain major and medium irrigation projects coming under Krishna basin, west flowing river Varahi and other projects in the State of Karnataka.
- The Registered office of the Company is situated at Bengaluru, Central Office at Dharwad and Zones at Belagavi, Dharwad, Kalaburagi, Munirabad and Shivamogga.
- The Company invites quotations through e-procurement portal for carrying out internal audit at Registered Office, Central Office, Zones, Circles, Divisional offices for the FY19 & FY20.
- In this context quotations through e-procurement portal are invited from eligible Chartered Accountant firms as per the Criteria mentioned in the Request For Quotations (RFQ) document.
- The eligible Chartered Accountant firms may access RFQ document from the e-procurement portal www.eproc.karnataka.gov.in from 11.08.18 to 20.08.18
- Please note that henceforth, any change(s) in the schedule will not be published in newspapers and further changes, if any, will be updated only on e-portal and/or KNNL website, i.e. <http://www.knnlindia.com>.

-sd-

(MANAGING DIRECTOR)

CHAPTER 2

LETTER OF INVITATION (LOI)

No. KNN/FD/IA 18-19 & 20-21/2018-19/

Dt: 18.07.18

Sir(s),

Sub: Request for quotation for appointment of internal auditors for the FY 18-19 & 19-20.

1. Quotations (Bids) in the prescribed forms are hereby invited by the Managing Director, Karnataka Neeravari Nigam Ltd., Registered Office, Bengaluru as per the provisions of The Karnataka State Transparency in Public Procurements Act, 1999.

| Particulars | Purpose |
|------------------------|--|
| Name of the Assignment | Appointment of Internal Auditors for Internal Audit at Registered Office, Bengaluru, Central Office, Dharwad, Zones, Circles and Divisions in the districts of Belagavi, Bagalkot, Vijayapura, Bidar, Raichur, Koppal, Gadag, Dharwad, Uttara Kannada, Haveri, Bellary, Chitradurga, Davanagere, Shivamogga, Chikkamagalur, Udupi, Kalaburagi and Yadgiri for the FY19 and FY20. |

2. The following details are provided in this Request for Quotation (**RFQ**) document to enable you to submit your quotation:

| Chapter No. | Particulars |
|--------------------|--|
| 1 | Request for Quotation Notification |
| 2 | Letter of Invitation |
| 3 | Brief history & background of the company and nature & scope of work |
| 4 | Procedure for submission of Bids |
| 5 | Eligibility & Qualification criteria |
| 6 | Method of evaluation |
| 7 | Terms of reference for appointment of internal auditor and terms of payment |
| Sch - A | Technical Bids |
| Sch - B | Commercial/Financial Bids |
| Ann - I & IA | Zones, Circles and Division offices where internal audit has to be carried out |
| Ann - II | Organisation Structure |
| Ann - III | Internal Audit Manual |

3. Following are the schedule of events for submission of quotations:

| Sl. No. | Events | Date |
|---------|--|----------|
| 1 | Date of publishing of tender notification | 11.08.18 |
| 2 | Date of uploading RFQ document | 13.08.18 |
| 3 | Last date for downloading RFQ document from e-procurement Portal | 21.08.18 |
| 4 | Last date for submission of pre-bid query if any in writing only | 17.08.18 |
| 5 | Pre-bid meeting @ 11.30am | 18.08.18 |
| 6 | Last date for submission of bid @ 17.00 hrs. | 21.08.18 |
| 7 | Date of opening of Technical bid@ 11.30 am | 24.08.18 |
| 8 | Date of opening of Financial bid @ 11.30 am. | 25.08.18 |

4. Other relevant Information:

| Sl. No | Particulars | |
|--------|--|--|
| 1 | Name and Address of the Procuring Entity | KARNATAKA NEERAVARI NIGAM LTD. No.1, 4 th Floor, Coffee Board Bldg., Dr. B.R. Ambedkar Veedhi, Bengaluru – 560 001 TEL: 080 22283074-78, FAX: 080 2238 6015 <i>email:knnlfinance@gmail.com,</i> <i>Website: www.knnlindia.com,</i> CIN : U85110KA1998SGC024503 |
| 2 | Designation and Address of the Tender Inviting Authority | MANAGING DIRECTOR KARNATAKA NEERAVARI NIGAM LTD. No.1, 4 th Floor, Coffee Board Building, Dr. B. R. Ambedkar Veedhi, Bengaluru – 560 001 TEL: 080 22283074-78, FAX: 080 2238 6015 <i>email: knnlfinance@gmail.com,</i> <i>Website: www.knnlindia.com,</i> CIN : U85110KA1998SGC024503 |
| 3 | Place of Opening of Proposal | Board Room, Registered Office at the above mentioned address. |

Yours faithfully,
sd/-
MANAGING DIRECTOR

CHAPTER - 3

BRIEF HISTORY & BACKGROUND OF THE COMPANY AND NATURE & SCOPE OF WORK

3.1. **KARNATAKA NEERAVARI NIGAM LIMITED** was incorporated as a wholly owned Government of Karnataka Company under Companies Act on 9th Dec'98.

3.2. **MAIN OBJECTS OF THE COMPANY.**

- 3.2.1. Plan, investigate, estimate, build, operate and maintain irrigation projects and the works of Command Area Development Authority (CADA) in any part of the State of Karnataka (excluding the Upper Krishna Project executed by the Krishna Bhagya Jala Nigam Limited).
- 3.2.2. Prepare detailed project reports and estimates of such irrigation projects and build them after obtaining necessary administrative approvals/sanctions;
- 3.2.3. Resettle and rehabilitate people affected by the building of irrigation projects;
- 3.2.4. Protect and improve the overall environment through appropriate measures, including treatment of the catchment areas of irrigation projects and afforestation;
- 3.2.5. Adopt appropriate standards and specifications for the construction and maintenance of irrigation projects, draw up fresh standards/specifications, where necessary, and enforce modern quality assurance procedures;
- 3.2.6. Promote schemes for flood control in the project areas;
- 3.2.7. Promote schemes for navigation in the rivers where irrigation projects are being implemented and for leisure activities, fisheries, etc. in the water bodies of these projects.
- 3.2.8. Promote adoption of modern irrigation methods like sprinkler, drip etc. and the use of new materials and technologies in building irrigation projects;
- 3.2.9. Promote schemes for utilising water from the irrigation projects built by the Company; etc.

3.3. **A BRIEF SUMMARY OF THE BUSINESS/ ACTIVITIES OF THE ISSUER AND ITS LINE OF BUSINESS.**

- 3.3.1. With a view to expedite completion of the Krishna basin projects the Government of Karnataka promoted Karnataka Neeravari Nigam Limited was incorporated on 9th December, 1998 as a Public Limited Company under the Companies Act.
- 3.3.2. The Company is responsible for planning, investigating, estimation, execution, operation and maintenance of all the irrigation projects coming under Krishna basin and construction of barrages and such other related works across rivers mainly Krishna, Ghataprabha, Malaprabha, Tunga, Bhadra, Varada, Tungabhadra, Bhima, Godavari, and Varahi in Karnataka. The Company has also been executing other irrigation projects entrusted to it by Government of Karnataka from time to time.
- 3.3.3. The Company is also entrusted with the rehabilitation and resettlement of the people affected by the Project.

- 3.3.4. The Company is authorized to borrow or raise required resources through issue of Bonds or Term Loans and any other securities for the purpose of the projects being executed by it.
- 3.3.5. The Company has been empowered to levy and collect water charges from individual farmers, group of farmers, Water Users Co-op. Society(WUCS) including CADA, Town panchayaths, City Municipalities and industries and recover revenues.
- 3.3.6. For the purpose of easy manageability of the works, the project units has been divided into zones, circles, divisions and sub-divisions. The details are given in **Ann - IA**.
- 3.3.7. The maintenance of the accounts is centralised at the Office of the Chief Accounts Officer, Dharwad. The books of account are maintained on double entry book-keeping system through Tally package. In addition to this certain ledgers also maintained manually at the zones, circle and division offices as per the PWD Codal provisions. However, the internal audit has to be carried out at all the offices listed in **Ann – I & IA**.
- 3.3.8. The status of the projects being executed by the company and the Annual Reports are available for reference at the company's website viz. www.knnlindia.com.

3.4 ORGANISATION STRUCTURE: The organization structure of KNNL is given **Ann – II**.

3.5 SCOPE OF ASSIGNMENT:

- 3.5.1 The scope of the assignment for internal audit is set out in internal audit manual enclosed at **Ann- III**.
- 3.5.2 Though efforts are made to define all the areas of importance, the scope of the assignment set out in the manual is neither exhaustive nor to be limited to the extent of manual.
- 3.5.3 The Internal auditors are also required to devise additional areas of inspection and examination of the documents/areas of operation which in their opinion deem appropriate so as to minimize loss of revenue, increase transparency and internal controls, maximize functional efficiency, detect/prevent frauds and mismanagement, efficient application of contract resources and finances, adherence to regulatory mechanisms as per the contract documents, adherence to Indian Accounting Standards, Standards on Internal Audit and to the requirement of Companies Act, 2013 and Rules thereunder etc.
- 3.5.4 The internal auditor should facilitate strengthening the internal controls at all spheres of operation of the company.
- 3.5.5 Internal Auditors are requested to meet the requirements under Standard for Internal Auditors issued by ICAI and to comply with the provisions of Companies Act, 2013 read with relevant rules.

3.6 Bidders are requested to consider following points before uploading Financial Proposal.

- 3.6.1 The annual programme of works (AWP) for the FY19 would be about **Rs.** 4,000 crores and for FY20 would be about **Rs.** 5,000 crores. The above may be taken into consideration before submitting the financial proposal.
- 3.6.2 Audit team should include one experienced qualified partner and sufficient number of semi-qualified assistants/B.com graduates.
- 3.6.3 Staff Pattern: The Chartered Accountant Firm shall provide adequate staff for the assignment.
- 3.6.4 In order to have efficiency and continuity of audit, the team identified for a particular division shall not be changed quarter to quarter. The same team shall conduct audit for the entire financial year.
- 3.6.5 The Registered Office of the company is at Bengaluru and Central office at Dharwad. The project offices are located at various places of Belgavi, Bagalkot, Dharwad, Haveri, Gadag, Koppal, Raichur, Davangere, Yadgiri, Gulbarga, Bidar, Shivamoga, Chikkamagalur and Udupi Districts.
- 3.6.6 The internal auditor should attend Audit Committee meetings.
- 3.6.7 The detailed nature and scope of work and the extent of coverage are as stated in the Internal Audit Manual enclosed to this RFQ document.

CHAPTER - 4

PROCEDURE FOR SUBMISSION OF BIDS

4.1. Payment of Tender processing fee and EMD

- 4.1.1. A non-refundable tender processing fee as determined by the e-Procurement platform shall be payable, electronically, by the Proposers at the time of submitting proposals.
- 4.1.2. The Proposers (Bidders) shall pay security deposit of **Rs. 5,000/-** towards Earnest Money Deposit (EMD). The EMD of the Successful bidder will be taken to KNNL account and the same is not refundable.
- 4.1.3. EMD of unsuccessful bidders will be returned to their bank account through online EMD Refund System of E-Governance Department, Government of Karnataka.
- 4.1.4. Kindly note that if transaction/processing fee and EMD are not submitted properly, bids are likely to be rejected automatically at E-procurement portal.

4.2. Instructions for submitting Proposals

- 4.2.1. Upload scanned copies of all the documents as specified elsewhere in the RFQ document along with non-refundable Tender Processing Fee and EMD.
- 4.2.2. **The fees quoted in Schedule - B should be inclusive of all Taxes (including GST) and out of pocket expenses.**
- 4.2.3. **The KNNL or any of the offices under KNNL will not reimburse out of pocket expenses viz. conveyance, boarding & lodging, travelling and/or any incidental expenses.**
- 4.2.4. Tax will be deducted at source as per the provisions of IT Act, prevailing at the time of payment.
- 4.2.5. **Proposers (Bidders) are requested to note the Scope of Work and details of assignment before proposing the fee. Fee quoted by the bidders will remain the same for both the financial years and no upward revisions is permitted.**
- 4.2.6. The fee should be quoted on yearly basis in INR only.
- 4.2.7. Proposers may please note that for Technical qualification all the eligibility criteria and Documentation requirement should be submitted to the satisfaction of the Company.
- 4.2.8. The documents are to be uploaded properly.
- 4.2.9. Any deviation in respect of dates and timings are not allowed.

- 4.2.10. The Technical and Financial proposal must be uploaded on/or before the scheduled date and time stated in this RFQ document along with prescribed tender processing Fee and EMD.
- 4.2.11. The company is not responsible for Technical problems encountered while submitting proposals, payment of tender processing fee and EMD amount. Proposers (Bidders) are requested to submit their proposal well in time considering the processing time involved and the time involved in remittance of fees and EMD through on-line payment system.

4.3 Other procedures:

- 4.3.1 The Proposals along with prescribed documents shall be submitted through e-proc portal. The Proposers (Bidders) are therefore requested to familiarize themselves with the procedure of E-procurement thoroughly before submission of Proposal.
- 4.3.2 The submission of proposals by the Chartered Accountant firm implies that they have read and understood all the contents of Tender Notification.
- 4.3.3 The Company reserves the right to accept/reject all or any of the tenders without assigning any reasons.
- 4.3.4 The Company reserves the right to include/exclude any work in the scope of work.
- 4.3.5 Conditional proposals are not acceptable and the same will be rejected.
- 4.3.6 Proposals shall be valid for 90 days from the last date of submission of Bids.
- 4.3.7 The selected Bidder should accept the mandate within 15 days from the date of appointment letter.

4.4 E-Tendering:

- 4.4.1 All Proposals are accepted only through e-procurement, for which the Proposers should purchase Digital Signature Certificate from any of the Empanelled Certifying Authorities as mentioned in the e-Procurement portal.
- 4.4.2 Proposers who wish to undergo training on e-procurement can contact e-procurement Helpdesk, Government of Karnataka, M.S. Buidling, II Gate, Room No. 108, K.R.Circle, Bengaluru – 560 001.
- 4.4.3 Kindly note that the training on e-procurement will be given by the Government of Karnataka on all Saturdays (except second Saturdays) between 11 a.m to 5 p.m on prior appointment.
- 4.4.4 Any changes/notifications will be updated in the e-procurement platform and in the company's website www.knnlindia.com and shall be binding on all the participating Proposers (Bidders).

- 4.4.5 The company shall not be held responsible for any technical problems encountered during submission of Proposal (Bid) through e-procurement Portal, delay in remittance of Tender Processing fee and EMD through on-line payment system.
- 4.4.6 Bidders may keep in mind that the remittance of Tender Processing Fee and EMD are only through on-line payment system. The payments can be made only on bank working days and during banking hours.
- 4.4.7 Further Bidders may note that the submission of proposals through e-Procurement portal is not possible after the Last Date and Time mentioned for submission of Proposals mentioned in this RFQ document.
- 4.4.8 Efforts are made to provide all the required details in the RFQ Document. In case of any query, proposers may contact Manager(Finance) and/or GM(F), KNNL, Registered Office, Bengaluru at telephone number: 080- 22283074 - 78.

CHAPTER - 5

TECHNICAL BID

- 5.1.1. Should have been a statutory auditor of irrigation and power sector companies of Government of Karnataka for a minimum period of two years in last 10 years. Upload scanned copy of self-attested appointment letter issued by C&AG.

CHAPTER - 6

TERMS OF PAYMENT

- 6.1. The fee shall be quoted for all the offices of KNNL in schedule-B and the fee is all inclusive as stated at para 4.2.2. and 4.2.3 above.
- 6.2. The fee should be quoted for full year i.e. per annum inclusive of all Taxes subject to deduction of tax at source as per the prevailing provisions of Income Tax Act, at the time of payment. The fee quoted for one year only. The same fee will be applicable for the second year as well on continuation.
- 6.3. The KNNL reserves the right to negotiate the fee with L1.
- 6.4. Appointment of Internal Auditor is for the period of 2 years i.e. for FY18-19 and FY 19-20.
- 6.5. During this tenure, if it is found that the appointed internal auditor is not attending audit work as per the schedule & as per the terms of appointment and if the services provided are not satisfactory, the mandate issued is liable to be cancelled at any time.
- 6.6. 50% fee will be paid on receipt of audit report for the period upto 30th Sep and balance on receipt of report for the period upto 31st Mar.

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|---------------------|
| SCHEDULE - A |
|---------------------|

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|----------------------|
| TECHNICAL BID |
|----------------------|

Upload the details in the following format given below:

| Sl. No | Particulars | Details |
|---------------|--|----------------|
| 1 | Name and Address of the firm | |
| 2 | Year of Registration | |
| 3 | GST Number | |
| 4 | Place of Head Office of the Firm | |
| 5 | Name of the Company wherein the firm was appointed as statutory auditors in the last 10 years. | |

| |
|--------------------|
| SCHEDULE -B |
|--------------------|

| |
|----------------------|
| FINANCIAL BID |
|----------------------|

(i) We wish to quote an Internal Audit fee of Rs. _____
(Rs. _____) p.a. for all the offices under KNNL.

(ii) We hereby certify that;

- a) The fee quoted for one year only. The same fee will be applicable for the second year as well on continuation.
- b) The fees quoted is inclusive of all GST and/or other taxes and all out of pocket expenses viz. conveyance, boarding & lodging, travelling and other incidental expenses etc.
- c) TDS to be deducted as per of IT Act, prevailing at the time of payment.

ANNEXURE – I

DETAILS OF OFFICES WHERE INTERNAL AUDIT HAS TO BE CARRIED OUT ARE

(Below mentioned lists are not exhaustive. Internal Auditor(s) is (are) advised to obtain the current list of offices at the time of conducting Internal Audit from Registered Office and/or Central Office)

| Name of the Office | Place |
|---------------------------|---|
| Registered Office | No.1, 4 th Floor, Coffee Board Bldg., Dr.B.R.Ambedkar Veedhi, Bengaluru – 560 001 Tel: 080 22283074-78, Fax: 080 2238 6015 email: knnlfinance@gmail.com Website: www.knnlindia.com, CIN : U85110KA1998SGC024503 |
| Central Office | Central Office, Vijaya Complex, Srinagar Cross, Haliyal Road, Dharwad- 580003. Tel: 0836-2776925, 2736085, 2776200 Fax: 0836-2776992 Website: www.knnlindia.com, CIN : U85110KA1998SGC024503 |
| Zones/Circles/Divisions | As per Annexure – I (A) |