

Appointment of Auditor to conduct Pre-Audit for the  
Financial Year 2023-24

**TERMS OF REFERENCE**

1. KRIDL is a Government of Karnataka undertaking registered under the Companies Act 1956/2013 engaged in Civil Construction entrusted by various dept. of Government of Karnataka, Local Authorities and Boards and Corporations across the State with its having its Hqrs at Grammenabhivruddi Bhavan, Ananda Rao Circle, Bangalore-560009.
2. The Company is having 6 Zones, 42 Divisional Offices and 94 Projects Offices-Sub- Divisions (and any subsequent additions/deletions) with Annual turnover of more than Rs.3500.00 Crores. The Zonal Offices are located in Bangalore (2 Zones), Mysore, Chitradurga, Belgaum and Kalburgi.
3. The Company is having 94 Projects Offices – Sub Divisions (and any subsequent additions) which are located all over the State, and execute the various works in the Sub divisions Level and the Accounts for such works are being maintained at Project level.
4. Assistant Engineers and Junior Engineer execute the works and submit monthly Accounts to the Assistant Executive Engineer (AEE) of the respective Sub-Divisions. The AEE conducts 100% check measurement and submits the monthly accounts to the Executive Engineer (EE) at the Division level for acceptance. EE carries out 25% check measurement of the works and accepts the accounts which will in term forward to the Superintendent Engineer at Zone. Superintendent Engineer will verify the accounts in respect of savings given as per approved job savings and submit to the Hqr's.

5. The Accounts so received from the Projects are being audited by the Audit Officers and then being consolidated at the Head Office and Financial Statements are prepared. Statutory Auditor appointed by C& AG conducts audit of the Financial Statements which are approved by the Board and give their Report. The Audited Financial Statements along with statutory Auditor's Report will be Submitted to C & AG for supplementary Audit. The C & AG will conduct audit of the Financial Statements and gives his Comments Certificate which will be placed in the AGM along with the accounts for adoption of Financial Statements.
6. The Company maintains books of accounts under Tally 9 ERP version and monthly Accounts of the projects are received by the Audit Officers stationed at Head Quarters. Database are synchronized at Head Quarters on a daily basis.
7. The Company has Zone wise Audit Officers who scrutinize the monthly Accounts received from the projects.
8. Depending on the work load, the Company may open/close some of the Sub- Divisions in the year of Audit which should also be considered for Audit.

**ELIGIBILITY CRITERIA FOR APPOINTMENT OF FIRMS FOR THE PRE-AUDIT FOR THE FINANCIAL YEAR 2023-24**

1. Should be a firm of Chartered Accountants/ Cost Accountants having minimum 2 partners with minimum 5 years of professional standing and having registered office in the respective Zonal Jurisdiction. [Copy of Registration Certificate issued by the respective institute to be submitted]
2. Should have been Registered under GST [Copy of GST registration certificate to be submitted].
3. Should have a minimum turnover of Rs.10 lakhs each year during the financial years 2021-22 and 2022-23 [copy of financial statements for two years to be submitted].
4. Should have handled monthly / annual GST return filing , for clients engaged in works contract/ construction activities having a minimum Annual turnover of Rs.1.00 Crores for a single agency/ client. [Name of the clients to whom such services are rendered along with copies of the GST returns for Financial year 2021-22 or 2022-23 to be furnished.
5. Should have experience in handling GST Appeal matters before the departmental authorities.
6. The firm should have experienced paid assistants. The requisite number of experienced assistants should be deployed throughout the year at KRIDL divisional offices.
7. The Firm of Chartered Accountant /Cost Accountants will be appointed for each zone separately to carry out the Pre Audit of each division office.
8. Invariably the head office of the audit firm should be located in that Zonal Jurisdiction other wise the application will be disqualified at the time of Technical evaluation.
9. The details of Zone wise, Division wise and Sub divisions wise offices of the Company (KRIDL) are enclosed to this document.
10. The Pre Audit fee should be quoted for each sub divisions excluding GST.
11. If any audit firm failed to perform pre audit as per Scope of Work specified, their appointment will be cancelled with fifteen days notice.
12. The Audit fee will be paid on quarterly basis and on certifications by the concerned audit officers about satisfactory performance.

## **SCOPE OF PRE-AUDIT**

The Audit firm is required to Audit/ Comply the following.

1. To ensure that the Books of Accounts are updated on daily basis.
2. Verify the Bank Reconciliation Statement (BRS) on monthly basis which is generated through Tally ERP 9.
3. Verify the entry of purchase details on double entry system on procurement of goods and services and not on payment basis. Also pass the TDS entries wherever applicable for procurement of goods and services.
4. Verify that all procurements are complied with KTPP Act. If not followed, payment should not be allowed.
5. All payments to material suppliers and group leaders should be made only after the pre audit and certificate on the transaction in the enclosed Annexure.
6. All procurement of materials should be made from the GST registered suppliers only.
7. All wage payment to group leader should be on submission of GST bills only. The wages bill should contain details of name of the labours, wages paid, signature of the Labourers etc.
8. GST input tax credit should be verified on monthly basis and wherever credit has not come the same has to be informed to the Assistant Executive Engineers of respective sub division office. GST on material bills and wages bills should be released only after verification of input tax credit to KRIDL account from such purchases. Purchasers should enclose proof of GST payment which has to be verified by Auditors.

The Auditors shall ensure that under no circumstances the payments are made to unregistered suppliers (URD).

9. The details of GST TDS from the materials suppliers and the group leader's payment should be verified and such details should be sent to Hqrs before 5th of the succeeding month.
10. GST invoices for all the progress achieved during the month should be raised before 5th of the succeeding month as required by the GST Act and forward the same to Hqrs before 5th of the succeeding month in the Tally software.
11. The Pre Audit should ensure no payment is done in excess of fund received from Hqrs for that particular work and no diversion of funds is made.
12. Pre Audit should ensure no account should be submitted without work code allotted from Hqrs.
13. Pre Audit should ensure that the Job savings at the sanctioned / applicable rate is given by the project on all the works for which accounts are submitted during the month.
14. The Pre Audit should ensure that the submission of final bills for all the completed works are enclosed with handing over note from Entrusting Agency.
15. The Pre Audit should ensure that the proper entries are being made in the WIP such as work details from the approved estimate, MRA, status of the work i.e. physically completed or under progress.
16. The Pre Audit should advise the project, to get the income tax and GST TDS certificates from Entrusting Agency and get the funds from Hqrs after submitting the certificates to Hqrs.

17. The Pre Audit should ensure that the applicable rates of Income tax TDS are being effected by the project from the eligible payments and remitted to Income Tax department and file the returns before the due dates.
18. The Pre Audit should ensure that the sub divisions prepares schedule for all the ledger account before submitting Trial Balance to Hqrs.
19. The Pre Audit should ensure that the projects adds 18% GST in the estimates where ever the project undertakes works which attracts 18% GST.
20. The Pre Audit should verify the purchase bills and certify whether the dealer is not a composite dealer and is filing GST returns regularly and purchase can be made from such dealer.
21. Verify the payment of salary, deduction of IT, Professional Tax and its timely payment to the concerned departments.
22. The Pre Audit should agree for carrying out any additional works /change in works allotted by the Hqrs and the works arising due to changes in the GST/Income Tax Act.

## Annexure-I

### **Check List for Payment to Materials/Labour Suppliers**

1	Name of the Supplier and Address	
2	GSTIN	
3	Nature of material/Labour Supplied-Quantity details and Amount	
4	GST Invoice Number	
5	Whether the Supplier uploaded the Invoice in the GST Portal	Yes    No
6	Whether the ITC is available in the KRIDL GSTIN	Yes    No
7	If the Supplier has not uploaded the Invoice/ITC is not credited to KRIDL. Recommend only for payment of Basic value excluding GST.	
8	<u>Certificate by the Auditor</u> Certify that the above details are verified and found correct.	

Signature of  
the Auditor

Signature of  
Executive Engineer

Signature of  
Assistant Executive Engineer

