

TERMS OF REFERENCE

For Competitive Bids from Chartered Accountant Firms for appointment as Internal Auditors of Maharashtra Electricity Regulatory Commission.

1. Introduction

The Maharashtra Electricity Regulatory Commission (MERC) was established on August 5, 1999 under the Electricity Regulatory Commission Act, 1998, a Central Act which was superseded by Electricity Act, 2003 (EA 2003). The Commission under Section 86 of the EA 2003 undertakes various functions, such as, determination of tariff for generation, transmission and wheeling of electricity; bulk or retail supply of electricity, as the case may be, within the State of Maharashtra; regulate electricity purchase and procurement process of Distribution Licensees; issue Licenses for Transmission, Distribution, and Trading of electricity and promote generation /co-generation of electricity from renewable sources of energy.

2. Functions of the Commission;

Determination of Multy Year Tariff (MYT), Annual Revenue Requirement (ARR), Annual Performance Review (APR) of the Transmission Licensees, Distribution Licensee i.e. MSETCL/MSEDCL, Tata Power Company Limited, Transmission & Distribution Business, Reliance Infrastructure Limited, Transmission & Distribution Business, BEST, Adani Power Ltd, Transmission Pricing of Intra-State Transmission System (InSTS) of Maharashtra, Any other Transmission Licensee operating in the State of Maharashtra. Determination of Tariff for New Thermal Generating Units, Determination of Tariff for New Hydro Power Plants. Determination of tariffs for Non-Conventional Energy Sources.

3. Financial Status of the Commission

The Commission derives its income from fees levied for issue of Annual License, Annual Performance Review, Annual Tariff Review, Filling of Applications etc. and interest income from the surplus funds parked in the Nationalised Banks. In addition, the Commission also receives a token Grant of Rs one lakh from Government every year. The details of Annual Income and expenditure of the Commission for the years 2010-11, 2011-12 and 2012-13 are under:

(Rupees in lakh)

Year	Income	Expenditure
2010-11	1982.88	1456.31
2011-12	1277.66	1921.22
2012-13	3937.44	2622.05

(Figures are based on actual receipts and expenditure during the year)

4. Appointment of Internal Auditors

MERC intends to engage a technically qualified and experienced Chartered Accountant firm for appointment as Internal Auditors for the financial years 2010-11, 2011-12

and 2012-13, empanelled with the Institute of Chartered Accounts of India (ICAI) and the Comptroller and Auditor General of India having proven track record of not less than five years practice

4.1 Supporting Documents for Eligibility criteria

- An attested copy of Certificate of ICAI as on 1.1.2013
- A copy of C&AG's empanelment letter
- Copies of Balance sheet for the last two years
- Copies of appointment letters/audit completion certificate etc. from the audited organizations

The firm or any partners of the firm should not be blacklisted by any PSUs or Government Companies or any other organizations in respect of any assignment or behavior

5. Scope of work/Job responsibility

- Finalization of Accounts for the Financial Years 2010-11, 2011-12 and 2012-13
- To assist the Commission in replying the Audit Comments on the Accounts of the Commission raised by the C&A.G's Audit Team.
- Advice on Tax matters
- Internal audit of accounts for the years 2010-11, 2011-12 and 2012-13 and submission of report on the result of audit inter-alia bringing out suggestions for improvement in finance functions and maintenance of accounts broadly covering the following aspects.
 - i) The activities are carried out as per the process and guidelines issued by the Commission.
 - ii) All transactions are properly accounted for,
 - iii) Bank accounts are reconciled correctly and timely,
 - iv) All statutory compliances are made in time,
 - v) All contracts for projects purchases and services are awarded as per the guidelines of the Commission,
 - vi) All expenditure is duly supported, approved by the authority as per delegation of powers and properly accounted for,
 - vii) Books and accounts and all statutory records are timely updated and maintained properly
 - viii) Tax deduction at source are being made in all cases, as applicable under the Income tax Act at prescribed rates and that TDS deposits are being made within the prescribed time,
 - ix) All statutory returns have been filed with respective authorities in time, if not report the deficiencies.
 - x) Review of Fixed Assets records

- xi) Review of Works-in-progress (WIP) and point out old cases whether there is no movement in the account and work has been stopped/abandoned for over a year.

6. Instructions for Internal Auditors

- a) Audit is to be conducted for the years 2010-11, 2011-12 and 2012-13.
- b) Internal Auditor has to depute competent audit personals headed by a Chartered Accountant for the audit work.
- c) Audit has to stress more on systems and process. All gaps, lapses and departures from approved standard operating practices (SOP) and Office guidelines are to be reported with instances of transactions and events.
- d) Reporting Formats are strictly to be adhered to and observations will at least have to cover all the aspects and facets of audit as per this Audit Scope Documents.
- e) Reports complete in all respects along with the finalized Accounts should be submitted as under:
- | | |
|---------|--|
| 2010-11 | within 15 days from the date of issue of workorder |
| 2011-12 | within 30 days from the date of issue of workorder |
| 2012-13 | within 45 days from the date of issue of workorder |
- f) Any fraud, defalcations, cash shortages, theft, major anomalies and failure in systems and process are to be immediately reported by way of flash report to the Secretary

7. Tendering Process

Bid should be submitted in the prescribed format in Annexure-I (Technical details) and Annexure-II (Financial details) in a sealed cover super scribed-“**Tender for Appointment of Internal Auditors**” addressed to the Secretary, Maharashtra Electricity Regulatory Commission, 13th floor, World Trade Centre, Cuffe Parade, Mumbai-400005 and reach this address latest by 12th July, 2013 before 4.00 p.m. Bids received with incomplete bid documents will be rejected.

7.1 Bid Price

Bid price should comprise of two components viz.(i) Finalization of Accounts for the year 2010-11, 2011-12 and 2012-13 (ii) Audit fee for Internal Audit and reporting as indicated in Annexure-II (iii) Compliance of statutory requirements

7.2 Bid Security

The Bidder shall furnish, as part of his bid, a bid security (EMD) for an amount of Rs 15,000 (Rupees fifteen thousand only) in the form of Demand Draft from any Nationalised Bank in favour of “Maharashtra Electricity Regulatory Commission” payable at Mumbai.

The bid received without EMD will not be considered. The EMD will bear no interest whatsoever.

7.3 Security Deposit

EMD will be retained in the case of successful bidder as part of security for due fulfillment of the contract. In addition, the successful bidder shall submit a Bank Guarantee, as a Contract Security Deposit, for a value equal to 10% of the contract value from a Nationalised Bank valid for the entire period of the contract plus three (3) months, to enable lodging of any claims, arising due to failure on the contractor's part. The Security Deposit or retention money will bear no interest.

7.4 Validity of Bids

Bids shall remain valid for acceptance 30 days after date of opening.

7.5. Opening of Bids

The bids will be opened on 15th July, 2013 at 4.00 PM.

8. Placement of order

The Commission shall consider placement of order on the bidder whose offer has been found technically and financially acceptable. The Commission reserves the right to accept or reject any bid and to annul the bidding process and reject all bids, at any time prior to award of contract without assigning any reasons whatsoever and without thereby incurring any liability to the affected bidder or bidders on the grounds for the action of the Commission.

TECHNICAL DETAILS

Sr.	Particulars (Supporting Documents required to be submitted along with the Form)	
1	Name of the firm	
2	Address of the firm	i) Head Office ii) Branch Office Mumbai
3	Phone No. Fax No.	
4	Copy of Registration/Incorporation Certificate	
5	PAN No. (Attach copy of PAN Card)	
6	Firm Service Tax Registration No. (Attach copy of Registration)	
7	Registration No. with ICAI (Attach copy of Registration)	
8	Registration No. with CAG of India (Attach copy of Registration)	
9	Turnover of the firm in the last two years (attach copy of balance sheet for two years)	
10	Number of years of firm's existence	
11	Number of assignments of statutory/internal audit of Corporate/PSU/Govt. autonomous bodies in the last three years	
12	Number of Full Time Fellow Partners as on 1.1.2013 (Attach copy of Partnership Deed)	
13	Any other related documents	

I certify that all the terms and conditions of the tender documents are acceptable to us.

Date
Place

Signature of the authorized person

Name :
Designation :

Company Seal:

FINANCIAL BID

1. Name of the firm:

Address :

Phone No.

2. Rate shall include cost of conveyance of auditor's staff from agency office to MERC

Item of Activity	Total amount (in Rupees)
1. Internal audit of accounts for the years 2010-11, 2011-12 and 2012-13 and submission of report on the result of audit	
2. Preparation and finalization of Annual Accounts for the year 2010-11	
3. Preparation and finalization of Annual Accounts for the year 2011-12	
4. Preparation and finalization of Annual Accounts for the year 2012-13	
5. Preparation and filing of TDS Return on quarterly basis and generating TDS certificates	
Service Tax	
Total	

I certify that all the terms and conditions of the tender documents are acceptable to us.

Signature of the authorized person

Name :

Designation :

Company seal :

Date :

Place :