

Request for Proposal  
For Engagement of Internal Auditor

**Issued By: OSMC Ltd., Bhubaneswar, Odisha.**



**ODISHA STATE MEDICAL CORPORATION LIMITED  
(A GOVT. OF ODISHA UNDERTAKING)**

Convent Square, Bhubaneswar – 751001, Odisha, Ph. No.- (0674) 2380608.  
Website: [www.osmcl.nic.in](http://www.osmcl.nic.in), E-Mail: [faosmcl.od@gov.in](mailto:faosmcl.od@gov.in)

RFP Reference No. OSMC/2021-22/SER-FIN/01

Date: 10.08.2021

## TABLE OF CONTENTS

Sl. No	Subject	-	Page No.
1.	<b>NOTICE INVITING PROPOSAL</b>	-	<b>3 – 4</b>
2.	<b>TERMS OF REFERENCE (TOR)</b> 2.1 ELIGIBILITY CRITERIA 2.2 SCOPE OF WORK 2.3 RESPONSIBILITIES OF THE SERVICE PROVIDER 2.4 RESPONSIBILITIES OF THE CORPORATION MANAGEMENT 2.5 TIMELINE 2.6 PAYMENT & PRICE VALIDITY 2.7 PERIOD OF ENGAGEMENT 2.8 TERMINATION/ SUSPENSION OF AGREEMENT	-	<b>5 – 9</b>
3.	<b>INSTRUCTIONS TO BIDDERS</b> 3.1 SUBMISSION OF THE PROPOSAL 3.2 CONTENTS OF THE PROPOSAL 3.3 EVALUATION AND AWARD OF CONTRCT	-	<b>9 – 10</b>
4.	<b>SPECIAL CONDITIONS OF CONTRACT</b>	-	<b>10 – 11</b>
5.	<b>PENALTY CLAUSES</b>	-	<b>11-11</b>
	<b>ANNEXURE – 1 PROFILE OF THE APPLICANT</b>	-	<b>12 - 13</b>
	<b>ANNEXURE – 2 STANDARD FORMAT FOR EVALUATION OF TECHNICAL PROPOSAL</b>	-	<b>14</b>
	<b>ANNEXURE – 3 FORMAT FOR AGREEMENT</b>	-	<b>15-16</b>

**Background :-**

Odisha State Medical Corporation Ltd. (OSMCL) was incorporated on 8<sup>th</sup> November' 2013 under the Companies Act.' 1956 with an authorised share capital of Rs. 10 crore, in pursuance to the Government Resolution No. 8844 dtd. 26<sup>th</sup> June' 2013, to act as an Independent Procurement Agency for the Department of Health & Family Welfare, Govt. of Odisha. The OSMCL has the key functions like timely procurement of quality medicines, surgical, EIF (Equipment Instrument & Furniture), etc. for and on behalf of Govt. of Odisha or Govt. agencies through fair, transparent competitive bidding process.

**Other functions :**

- 1) Management of Central Drug Warehouses at District level to ensure smooth supply to health facilities.
- 2) Management of logistics up to Block/CHC level.
- 3) Provide Equipment Management Support at periphery and tertiary health institutions.
- 4) Provide integrated IT System for inventory Management.

The Corporation operates 37 Warehouses at District level for storage and distribution of drugs & relocate items and also procures medical equipment for different health facilities of the Govt. of Odisha. The Annual value of procurement of the various goods is more than Rs. 600 crores and the no. of items exceed one thousand. Timely procurement of quality goods at competitive price and optimisation of inventory management function remains the thrust area for the Corporation.

**1. Notice Inviting Proposal**

**1.1 Proposals are invited from Chartered Accountant (CA) firms empanelled with Comptroller & Auditor General of India (C&AG) for conducting audits of Public Sector Undertakings (PSU) for the year 2020- 21.**

**1.2 The contract shall be initially for a period of one year, which may be renewed for another two years subject to satisfactory performance of the Firm and with the mutual consent of both the parties.**

- 1.3 Interested Chartered Accountant Firms can download the RFP document containing detailed terms and conditions, scope and eligibility criteria from the official website: [www.osmcl.nic.in](http://www.osmcl.nic.in).**
- 1.4 The technical proposal by eligible Chartered Accountant Firms shall reach the Office of the undersigned within due date and time (i.e. 31.08.2021 at 3 P.M.) in the prescribed format and manner. Proposals received after due date and time shall be rejected. There is no system of receipt of proposal through drop box or by hand. Proposals shall be received only through registered post/ speed post/ courier service.**
- 1.5 One Firm can submit only one proposal. If a Firm submits more than one proposal, all the proposals submitted by that Firm will be rejected.**
- 1.6 Key Information:**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Information</b>
1	Start Date for sale or availability of RFP document in the official website.	10.08.2021
2	Last date and time for receipt of proposal	31.08.2021 up to 03.00 P.M.
5	Date and time for opening of proposals (Technical)	31.08.2021 at 4.00 P.M.
6	Address for submission of RFP	Odisha State Medical Corporation Ltd., Convent Square, Bhubaneswar-751001

**Note : In case the closing date for sale of RFP document and last date for receipt of RFP happens to be a holiday for OSMC for any reason, the activity will be held on the immediate next working day at the same time & place.**

**Sd/-  
Managing Director  
Odisha State Medical Corporation Ltd., Bhubaneswar**

## 2. Terms of reference (TOR) –

### 2.1 Eligibility Criteria :

The interested Bidders shall have to comply to the following criteria to participate in the tendering process:

- (a) Chartered Accountant firms those are empanelled with C&AG of India for the year 2020-21 for conducting audit of PSUs only will be eligible for the audit. (Self-attested copy of latest Comptroller & Auditor General of India Empanelment Letter to be attached.)
- (b) Must have its Head Office in Odisha. Such office must exist within the State for not less than three years as on 1 January 2021 as per the Institute of Chartered Accountants of India (ICAI) Certificate (Self-Attested copy of Registration Certificate issued by Institute of Chartered Accountants of India to be furnished.)
- (c) **Disclosure of Fees in the RFP document:** This is in compliance with the Guideline No-1-CA(7)/03/2016 dated 7/4/2016 issued by “The Institute of Chartered Accountants of India” (ICAI). As required under the guidelines of ICAI, the audit fee is fixed as follows-
  1. Internal Audit Fee (Annual) – ₹ 2,00,000/- (GST Extra )
  2. Stock Audit Fee (Per Warehouse p.a.) – ₹ 20,000 (GST Extra )
- (d) Must be registered with the Institute of Chartered Accounts of India for not less than 10 years as on the last date of submission of the RFP. (Self-Attested copy of Registration Certificate issued by Institute of Chartered Accountants of India to be furnished.)
- (e) Must be having minimum three partners as on 1<sup>st</sup> January, 2021 (Self-attested copy of latest Constitution Certificate from Institute of Chartered Accountants of India to be furnished.)
- (f) Must be having a minimum three years of experience (as on 31<sup>st</sup> March, 2021) in Concurrent Audit and / or Internal Audit of Public Sector Undertakings (PSU). Out of the total experience during the above period, the firm must be having one year experience in Stock Audit of PSU (Self-attested copy of Appointment Letters / Agreements / Work Orders issued by such PSUs to be furnished.)

- (g) Must have conducted Concurrent Audit and / or Internal Audit of at least two Public Sector Undertakings during the last 3 Financial Years i.e. 2018 – 19 to 2020 – 21 (Self-attested copy of Appointment Letters / Agreements / Work Orders issued by such PSUs along with proof of claim to be furnished.)
- (h) Must be registered under Goods & Service Tax. (Self-Attested GST Registration Certificate to be furnished.)
- (i) Must be having minimum Average Annual Turnover of Rs. 75 lakh during the last 3 Financial Years i.e. 2017 – 18, 2018 – 19 & 2019 – 20 (Self-Attested copies of Audited Profit & Loss Accounts and Balance Sheets to be attached. Provisional Profit & Loss Accounts and Balance Sheets will not be considered.)

## **2.2 Scope of Work**

The Firm shall be responsible for the following works –

1. Review of Internal Control and Risk Management System :
  - i. Independently review and appraise the systems of control throughout the year (not just the financial controls);
  - ii. recommend improvements to internal controls;
  - iii. ascertain the extent of compliance with procedures, policies, regulations, statutory obligations and other legislations;
  - iv. provide reassurance to management that their policies are being carried out with adequate control of the associated risks;
  - v. facilitate good practice in managing risks effectively;
  - vi. ensure that assets and interests are safeguarded from fraud, deter fraudsters and possibly identify fraud.
2. Provide necessary guidance for development of proper accounting system, maintenance of essential books of accounts and preparation, presentation & finalization of accounts in accordance with the provision of Companies Act, 2013 so as to avoid any qualification by the Statutory Auditors.
3. Conduct risk-based audit and report the management on quarterly basis the inefficient and weak areas, deficiency in internal control system with suggestion for remedial measures.

4. Report on financial impropriety and irregularities and system inadequacies that lead to such impropriety/ irregularity with suggestion of measures for improvement of the system on quarterly basis.
5. Report on the Company's EDP & IT system related to accounting aspects, with special emphasis on their adequacy and security aspects.
6. There are 37 nos. of Warehouses located in the campuses of CDMO Offices across the State of Odisha, 3 Medical Colleges of Odisha, RGH, Rourkela, Shishu Bhawan, Cuttack, Acharya Harihar Regional Cancer Center, Cuttack and Capital Hospital, Bhubaneswar. The Auditors have to conduct stock audit of inventory in these Warehouses on any working days between January to March of the particular Financial Year so that all the Warehouses are covered twice in that year.
7. 100% vouching of transactions on regular basis.
8. Report on any other matter of significance.

### **2.3 Responsibilities of the Service Provider**

Following are the responsibilities of the Firm (Service Provider) :

- a) Engage minimum two Audit Assistants as follows to verify transactions besides examining other aspects on day-to-day basis –
  - (i) One semi-qualified professional (Inter CA / Inter ICWA)
  - (ii) One experienced Accounts Assistant.
- b) Ensure proper conduct of the deployed personnel in the office premises and enforce prohibition of consumption of alcoholic drinks, smoking, loitering without work, etc.
- c) The personnel deployed should be polite, cordial and efficient and their actions should promote goodwill and uphold the image of OSMC. The firm shall be responsible for any act of indiscipline on the part of the persons deployed.
- d) Shall submit their observations on monthly basis to OSMC and ensure necessary compliance along with rectification / correction, if any by OSMC within two days of receipt of audit observations.

## 2.4 Responsibilities of the Corporation Management -

The responsibilities of the management shall include :

- a) Provide suitable sitting arrangement for the deployed persons.
- b) Co-operate with the deployed persons for smooth conduct of the assignments.

## 2.5 Timelines –

The auditor should submit internal audit reports as per the following timelines :

Sl. No.	quarter	Last Date of Submission of Quarterly Report for F.Y. 2021-22	Last Date of Submission of Quarterly Report for F.Y. 2022-23
1	1 <sup>st</sup>	15 <sup>th</sup> October	15 <sup>th</sup> July
2	2 <sup>nd</sup>		15 <sup>th</sup> October
3	3 <sup>rd</sup>	15 <sup>th</sup> January	15 <sup>th</sup> January
4	4 <sup>th</sup>	30 <sup>th</sup> April	30 <sup>th</sup> April

## 2.6 Payment & Price Validity

- a) The Firm shall be paid on quarterly basis an amount equal to 1/4th of annual audit fees quoted by the Firm, as agreed by OSMC on submission of quarterly audit reports along with bills and attendance sheets.

## 2.7 Period of Engagement

- a) The initial engagement shall be for the year 2021-22 which can be further extended till 2023-24 on yearly basis subject to satisfactory performance with the mutual consent of both the parties.
- b) The agency shall sign the contract (Format given in Annexure 4) and start providing services (actual engagement of personnel) within 21 days of issue of Letter of Award/ Intimation.



## 2.8 Termination/ Suspension of Agreement

- a) The contract can be terminated at any time prior to its completion by either Party with 60 days of notice period.
- b) The OSMC may, by a notice in writing suspend the agreement if the Firm fails to perform any of its obligations including carrying out the services, provided that such notice of suspension:
  - (i) Shall specify the nature of failure, and
  - (ii) Shall request remedy of such failure within a period not exceeding 15 days after the receipt of such notice.
- c) The OSMC after giving 30 days clear notice in writing expressing the intention of termination by stating the ground / grounds on the happening of any of the events (i) to (iv) below, may terminate the agreement after giving reasonable opportunity of being heard to the firm –
  - (i) If the firm does not remedy a failure in the performance of its obligations within 15 days of receipt of notice or within such further period as the Management (OSMC) have subsequently approved in writing.
  - (ii) If the firm becomes insolvent or bankrupt.
  - (iii) If, as a result of force majeure, the firm is unable to perform a material portion of the services in a period of not less than 60 days: or
  - (iv) If, in the judgment of the Management of OSMC, the firm is engaged in corrupt or fraudulent practices in course of providing the service.

## 3. Instructions of Bidders

### 3.1 Submission of the Proposal

- a) The proposal shall be submitted in a sealed envelope with clear inscription as **“PROPOSAL FOR ENGAGEMENT OF INTERNAL AUDITOR OF ODISHA STATE MEDICAL CORPORATION LTD. (OSMCL), BHUBANESWAR, RFP REFERENCE NO. OSMC/2021-22/SER-FIN/01 ”** on top of it before due date and time.
- b) The proposal shall be in one cover as “Technical Proposal”

- c) Any material omission in the proposal shall make the proposal unacceptable at the discretion of the management and the bid will be liable to be rejected.
- d) The proposal shall remain valid for a period not less than 120 days after the last date of submission of RFP.**

### **3.2 Contents of the proposal**

- a) The technical proposal in addition to proof of eligibility shall contain :
  - (i) All the information, documents and clarifications as required under **Annexure – 1 & ToR.**
  - (ii) Copy of the RFP document signed on every page by the duly authorized signatory.
  - (iii) Authorisation Certificate issued by the firm for the Signatory signing the documents submitted to OSMC for this tender.

### **3.3 Evaluation & Award Of Contract**

- a) The proposals shall be evaluated in one stages i.e. technical evaluation.
- a) Contract shall be awarded to the firm whose technical score is the highest.
- b) In case two or more firms having same technical scores, the firm having the highest average annual turnover in last 3 Financial Years i.e. 2017-18, 2018-19 & 2019-20 shall be awarded the contract.
- c) Any effort by a firm to influence OSMC in its decision on bid evaluation or placement of Work Order may result in rejection of the firm's offer.
- d) Any legal dispute arising out of this is subject to Bhubaneswar jurisdiction only.

## **4. SPECIAL CONDITIONS OF CONTRACT**

- a) OSMC may advise the firm to disengage any of its staff from service with 24 hours prior intimation, in case the management of OSMC found any negligence on the part of that particular staff.
- b) The firm shall be totally responsible for the conduct of the personnel engaged for the service and the management shall not be responsible for their conduct at any point of time.

- c) In case of any damage / pilferage caused to the property of OSMC due to mishandling. Carelessness of the firm's personnel, the same shall be recovered from the firm adjusting the amount against their monthly bill.
- d) The persons deployed shall, during the course of their work, will have access to classified documents, which they are not supposed to divulge to third parties. Any breach of this condition shall make the firm liable for penal action under the applicable laws besides action for breach of contract.
- e) The Management shall provide suitable place for sitting for the deployed persons.
- f) The firm shall also be liable for depositing all taxes, levies, cess, etc. on account of service rendered to OSMC with the concerned tax collection authorities from time-to-time, as per the applicable rules and regulations. The firm shall have the responsibility to furnish documentary evidence in support of the statutory compliance to OSMC as and when sought for.
- g) The Tax Deducted at Source (TDS) shall be done as per the provisions under Income Tax Act and OSMC shall provide TDS certificate to the Agency.
- h) In case of non-performance, part performance or non-adherence of the statutory obligations due to negligence on part of the Firm, penalty would be imposed by the OSMC proportionate to the extent of default / non-compliance.
- i) OSMC shall not be responsible for any financial loss or any injury to any person deployed by the Firm in the course of their performing the functions / duties or for payment towards any compensation.
- j) The Firm shall provide a suitable substitute well in advance if there is any probability of the person leaving the job due to his / her own personal reasons. The payment in respect of the overlapping period of the substitute shall be the responsibility of the Firm.
- k) OSMCL reserves the right to cancel, modify and alter any of the terms of the tender without assigning any reason thereof.

## **5. Penalty Clauses**

In order to ensure timeliness on the part of the Auditor, OSMCL may deduct a penalty @ 1% per week subject to maximum 10% of the contract value.

**Profile of the Applicant**  
**(To be furnished along with the Technical Proposal Cover “A”)**

Sl. No.	Particulars	Details
1	Name & Address of the CA Firm	
2	Constitution and Date of Incorporation / Registration. (Self-attested copy of Certificate of Incorporation / Registration to be furnished.)	Date of Incorporation / Registration : Date of Opening of Main Office
3	Date of Registration with Institute of Chartered Accountants of India (Self-attested copy of Registration Certificate issued by Institute of Chartered Accountants of India to be furnished.)	Date :
4	Year of empanelment with Comptroller & Auditor General of India. (Self-attested copy of latest Comptroller & Auditor General of India Empanelment Letter to be attached.)	
5	No. of FCA Partners as on 1 <sup>st</sup> January, 2021. (Self-attested copy of latest Constitution Certificate from Institute of Chartered Accountants of India to be furnished.)	
6	Name, Designation, Contact No. and Address of the Contact Person.	
7	Years of experience (as on 31 <sup>st</sup> March, 2021) in Concurrent Audit and / or Internal Audit of Public Sector Undertakings (PSU) (Self-Attested copies of Appointment Letters/ Agreements/ Work Orders issued by such PSUs )	
8	Experience in conducting Concurrent/Internal Audit of Public Sector Undertakings along with Stock Audit of PSU during the last 3 financial years i.e. 2017-18, 2018-19 & 2019-20. (Self Attested copies of Appointment Letters/ Agreements/ Work Orders issued by such PSUs along with proof of claim to be furnished).	
9	No. of Staff of the Firm (Self-Attested copy of documentary evidence in this respect to be furnished.)	
10	Date of Registration under GST. (Self-Attested Service Tax Registration Certificate to be attached.)	
11	Annual Turnover of the Firm for last 3 Financial Years i.e. 2017-18,2018-19 & 2019-20 . (Self-Attested copies of Audited Profit & Loss Accounts and Balance Sheets to be attached. Provisional Profit & Loss Accounts and Balance Sheets will not be considered.)	F.Y. Turnover (Rs. in Lakh) 2017-18 : 2018-19 : 2019-20 :

12	Registration / empanelment details with different Authorities	(i) Authority (s): (ii) Date of Registration
13	Any other details the Firm would like to furnish (Example – Awards & Accreditations)	

**Note :**

- (i) Information may be furnished in separate sheet(s) wherever necessary.
- (ii) In case of documents, they should be self attested photocopies.

Date :

Place :

**Authorised Signatory**

**STANDARD FORMAT FOR EVALUATION OF TECHNICAL PROPOSAL**

Name & Address of the CA Firm :				
<i>(For office use only)</i>				
Sl. No.	Criteria	Maximum Marks	Marks obtained	Remarks
1	No. of years Registration with the Institute of Chartered Accountants of India : a) Between 10 to 12 years – 5 marks. b) Above 12 years up to 15 years – 7 marks c) Above 15 years – 10 marks	10		
2	No. of FCA Partners : a) Between 3 to 5 nos. – 10 marks. b) Between 6 to 8 nos. – 12 marks. c) Above 8 nos. – 15 marks	15		
3	Years of Experience in Concurrent Audit and / or Internal Audit: a) Between 3 to 5 years – 15 marks b) Above 5 years, upto 10 years – 20 marks c) Above 10 years – 25 marks	25		
4	Years of Experience in Stock Audit of PSU: Minimum one year of experience	5		
4	Nos. Of PSU Audited ( Concurrent Audit and / or Internal Audit ) : a) Between 2 to 3 nos. – 15 marks b) Above 3 nos., upto 5 nos. – 20 marks c) Above 5 nos. – 30 marks	30		
5	Annual Turnover (last three Financial Years i.e. 2017 – 18, 2018 – 19 & 2019 – 20) : a) Between Rs. 75.00 lakh to Rs. 100 lakh – 10 marks b) Above Rs. 100.00 lakh, up to Rs. 150 lakh – 12 marks c) Above Rs. 150.00 lakh – 15 marks	15		
<b>TOTAL</b>		<b>100</b>		

**FORMAT FOR AGREEMENT**

**AGREEMENT**

1. An agreement made this.....day of 2021 BETWEEN Odisha State Medical Corporation Ltd. (OSMC), Bhubaneswar (hereinafter called "1st Party") of the one part AND <insertnameandaddressoftheserviceprovider> (hereinafter called "2nd Party", which expression shall, where the context so admits, be deemed to include his heirs/ successors/ executors/ administrators) of the other part.
2. Whereas the 2<sup>nd</sup> Party has been selected by OSMC through an open tender issued vide Reference No.....dated ....., and accordingly the letter of award was issued vide No.....dated..... inviting to execute the contract.
3. And whereas the 2<sup>nd</sup> Party agreed to conduct Internal Audit of OSMC, Bhubaneswar as per the provisions in the RFP document.

**NOW THESE PRESENT WITNESSES AS FOLLOWS :**

4. The following documents shall be deemed to form and be read and constructed as integral part of this Agreement, viz.:
  - a) RFP Terms of Reference;
  - b) Submissions and Declaration as part of the Proposal submitted;
  - c) Notification of Award issued by the Authority.
  - d) Special Conditions of Contract
  - e) Penalty Clauses
5. In consideration of the payments of Rs.....(in words.....) to be made by the 1<sup>st</sup> Party to the 2<sup>nd</sup> Party, the 2<sup>nd</sup> Party hereby covenants with the 1<sup>st</sup> Party to provide the agreed Services in all respects as per the provisions of this Contract.
6. The 1<sup>st</sup> Party hereby covenants to pay the 2<sup>nd</sup> Party in consideration of the provision of the agreed services, the Contract Price or such other sum as may become payable under the provisions of the Contract at the times and in the manner prescribed in the Contract.

7. The description of the services to be rendered by the 2<sup>nd</sup> party under this contract and their prices as offered by the 2<sup>nd</sup> party and accepted by the 1<sup>st</sup> party are as under:

**9. PRICE**

9.1 The price shall be firm and fixed during the period of contract. Service tax shall be paid at the rate as applicable.

**10. PAYMENT**

10.1 The payment shall be made to the 2<sup>nd</sup> party on quarterly basis.

10.2 The 2<sup>nd</sup> party shall submit the quarterly bill within 1<sup>st</sup> week of the month following the end of each quarter.

**For and on behalf of the Agency**

**For and on behalf of the Corporation**

**Authorised Signatory**

**< Authorised Signatory >**

**Name and Address of the Agency**

Date :

Date :

1. Witness

1. Witness

2. Witness

2. Witness