



The National Small Industries Corporation Limited
(A Government of India Enterprise)
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No. SIC/HO/FIN/IND AS/2019-2020

Dated: 20-03-2020

M/s -----

Sub: Tender for Consultancy for assessment of adequacy and Effectiveness of Internal Financial Control in NSIC Limited.

The National Small Industries Corporation Limited (NSIC) is a Government of India Mini Ratna Enterprise, under the administrative control of Ministry of MSMEs, working for the promotion of Micro, Small & Medium Enterprises (MSMEs).

In this regard sealed quotations are invited in single stage two envelope method (i.e. Technical proposal and Financial Bid).

Terms of Reference along with the following documents is attached for your reference:

- I. Standard form of certificates (i.e. Annexure-B) to be included in the Technical proposal, and
- II. Financial price Bid in Annexure- A.

Request for Proposal (RFP) should contain quotations in two separate sealed envelopes (marked as 'Technical Proposal' and 'Financial Proposal') and should be addressed to the General Manager (C&P), super scribing as 'Quotation to assessment of the adequacy and effectiveness of Internal Financial Control in NSIC Limited.'



Last Date & Time of Receipt of Tender: 3.00 PM on 13-04-2020

Clarification seeking time: upto 3.00 PM, 06-04-2020, on email: procurement@nsic.co.in

Date and Time of opening of Technical Bid Documents: 3.30 PM 13-04-2020

Date and Time of opening of Financial Bid Documents: 11.30 AM 15-04-2020

Venue for Tender Opening: (NSIC Head office):

National Small Industries Corporation Limited.

(A Govt. of India Enterprise)

Contract & Procurement Cell

NSIC Bhawan, Okhla Industrial Estate-III,

New Delhi-110020

Tel. No. 011-26926275, Fax-011-26910910

The tender is uploaded on CPPP and NSIC portal, namely www.eprocure.gov.in and www.nsic.co.in respectively.

It can be download, duly filled and submitted in sealed envelope in tender box or sent through speed post so as to reach before schedule date & time.

The NSIC coordinator shall be GM (Finance) for the execution of contract/work.

**Engagement of Consultant for assessment of adequacy and
Effectiveness of Internal Financial Control in NSIC Limited**

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Section- I

INTRODUCTION:

The National Small Industries Corporation Limited. (NSIC), is an ISO 9001-2008 certified Government of India Enterprise under Ministry of Micro, Small and Medium Enterprises (MSME). NSIC is engaged in promoting, aiding and fostering the growth of Micro, Small & Medium Enterprises (MSMEs) in the country and with this aim NSIC is providing various types of financial assistance and other related services to the small scale sector.

In exercise of the powers conferred on the Reserve Bank of India by Section 45 IA of the Reserve Bank of India Act, 1934, **The National Small Industries Corporation Limited (NSIC)** has been granted **Certificate of Registration** to commence / carry on the business of **non-banking financial institution (NBFC)** without accepting public deposits.

NSIC operates through countrywide network of offices and Technical Centres in the country. The Corporation has 62 accounting units in the country. For accounting purpose, each of the field office and the Corporate Office is treated as a separate accounting unit.

Financial statements are prepared for each accounting unit and are consolidated at the Corporate Office for compilation of the Annual Financial Statement of the Company as a whole.

NSIC is using developed / customized IT applications for Accounting, MIS and other business processes.

Main Activities of the Corporation:

- I. Raw Material Assistance Scheme
- II. Tender Marketing Scheme
- III. Info-mediary Services
- IV. Single point Registration for Government Purchase
- V. Credit Facilitation to MSMEs through tie-up arrangement with Banks
- VI. Training-cum- Incubation Centre (NSIC-TIC)
- VII. Training Activities
- VIII. Common Facilities services through Technical Centres (Testing Facilities)
- IX. Renting of Immovable Property
- X. National SC/ST Hub.
- XI. Procurement and Marketing Support Scheme
- XII. International Co-operation (IC) Scheme.

Section- II

SCOPE OF WORK

Under Section 143(3)(i) of the Companies Act, 2013 (2013 Act), an auditor of a company is required to state in his/her audit report whether the company has an adequate internal financial controls (IFC) system in place and the operating effectiveness of such controls. This is in addition to the existing audit opinion on financial statements. The details guidelines are as under.

Evaluation of internal financial controls

Section -177 (4) Every Audit committee shall act in accordance with the terms of reference specified in writing by the Board which shall inter alia include evaluation of internal financial controls and risk management systems.

Section 143 (3) (i) Auditor's report should state the adequacy and operating effectiveness of the company's internal financial controls.

The Scope of work given below is indicative in nature, if there are any change in guidelines /prescription issued by Ministry of corporate Affairs during the tenor of the contract the same shall be included in the scope of work.

- Review of existing processes & policies, perform GAP Assessment and report on additional requirements in Operating Procedures.
- Report on analysis of all the processes & system which can impact financial reporting, identify risk & develop the internal control Framework and line-item wise internal controls across the Entity.
- Review & Develop controls-assessment methodology for conducting assessment of the internal controls.
- Review & Develop ownership of internal controls by Process Owners for all enlisted internal controls.
- Conduct Internal Audit effectiveness review including review of adequacy of coverage, process effectiveness of recommendation implementation & management action on the same.
- Review detailed Authority Matrix for all important and key business decisions and transactions and recommend improvements.
- Review existing Segregation of Duties and recommend improvements to the same.
- Review existing controls at Entity level and process level (both manual and IT) and recommend improvements to the same and identify areas with potential of revenue leakages or fraud.



- On the basis of gaps identified in the processes/systems and best practice in the sector, suggest improvements through process reengineering in respect of the various functional area of accounts, internal control system, costing, etc.
- Any other matters not stated explicitly.

Offices to be Covered:-

Internal Financial Control shall be carried out in respect of Head-office and two field office in Delhi.

Methodology

PLANNING

Phase-1

- Assessment of the operating efficiencies of the process design and operating controls.
- Identify key and non-key controls

OPERATING EFFECTIVENESS

Phase-2

- Perform assessment of:
- Entity Levels Controls
- Process Level Controls
- IT Controls
- Fraud controls
- Assess the effectiveness of the Internal Control system and identification of gaps at a design and operating level.

MOINTORING AND REPORTING

Phase-3

- Continuous control monitoring and assurance through data analytics/control dashboard.
- Assist management's assessment of design of controls over business operations.
- Enable evaluation of operating effectiveness and deviation identification

Deliverable and timelines

Consultancy Deliverable Requirement	Time-period allowed
Report on diagnostic review including deficiencies and recommendation thereon	2 weeks from award of work
Flow Charts and risk-Control Matrices	Within 4 weeks from award of work
Evaluation of controls and Gap-Analysis between Process and Control.	
Mitigation Plan for gaps identifies at the time of assessment.	
Internal Financial Control policy including templates for Board reporting.	
Testing strategies for self-sustaining program to enable periodic evaluation/assessment and reporting of internal financial controls.	Within 6 weeks from award of work
Final Report (in Hard copy and soft-copy in Compact Disc)	

Section III: QUALIFICATION REQUIREMENTS:

Eligibility Criteria: The eligibility criteria for engagement of the consultant for Internal Financial Control is given below.

S.No.	Eligibility Criteria	Documents to be enclosed
i)	The consultant should be a partnership firm/LLP of Chartered Accountants registered with ICAI and practicing continuously in India for the last 10 years as on 20.03.2020	Copy of certificate of incorporation / registration with ICAI
ii)	The Firm should have average turnover of at least Rupees 50 Lakh during last three financial years (2016-17, 2017-18 and 2018-19).	Supported by Financial Statements / documentary evidence
iii)	The consultant should not have been banned/de-listed/de-barred from business by any PSU/Government department.	Self-declaration in this regard is to be submitted on company letter-head.
iv)	The consultant should have in-house expertise/qualified professionals for handling the assignment and job should not be outsourced to another Organisation.	List of professionals and their bio-data with relevant details.
v)	The consultant should have prior experience of completing at least two assignment of assessment of the adequacy and Effectiveness of Internal Financial Control in respect of NBFC / financial institution in previous 3 financial years.	Client contract award letters for references.



Section -IV:

Bid Evaluation

Technical Bid of the Bidders shall be opened on the pre fix date mentioned in the tender document. After evaluation of technical Bids, price Bid of the technically qualified Bidders shall be opened on the prefix date mentioned in the tender document. The assignment shall be awarded to the Bidder whose financial Bid is the lowest i.e. L1 Bidder.

Section –V:

Payment Schedule:-

Total of Professional fees as quoted plus the GST thereon at actual rate, shall be paid to the Consultant after completion of entire work as per scope of work and submission of the final report by the consultant and acceptance of the same by the management.

Section -VI:

Other General Terms and Conditions

1. Assigning to Others

Sub-contracting in part or full of the assignment awarded to the consultant is not permitted.

2. Confidentiality

The Consultant shall not disclose any proprietary or confidential information relating to the Services, this Agreement or the NSIC's business or operations without the prior written consent of the NSIC.

The raw data/ processed data/ findings should not be disclosed by the agency to any third party.

3. Dispute Resolution

Any dispute arising out of the assignment which cannot be amicably settled between the parties, shall be referred for arbitration to an arbitrator nominated by the Chairman cum Managing Director of NSIC. Provisions of the Arbitration and Conciliation Act, 1996, as amended from time to time, shall be applicable. Courts in Delhi shall have jurisdiction in the matter.

4. **Ownership of Material**

Any studies, reports or other material, graphic, or otherwise, prepared by the Consultant for the NSIC under the Agreement shall belong to and remain the property of the NSIC. The Consultant may retain a copy of such documents for the purpose of this Agreement.

5. **Force Majeure**

The consultant shall be entitled to excuse performance of their respective obligations to the extent they are unable to perform the contract by an event of Force Majeure. The consultant claiming relief on this account shall immediately on becoming aware of Force Majeure event give notice disclosing the manner in and the period during which performance of its obligation is likely to be affected.

For the purpose of the Agreement Force Majeure means Acts of God, wars or similar action affecting India, Civil Commotions or general strike (excluding by its own employees) lying beyond the reasonable control of the affected consultant.

6. **Termination Clause**

If the performance of the consultant during the course of the assignment is not found to be satisfactory; NSIC may at any time terminate the Contract for any reason by giving the consultant 15 days' notice of termination at NSIC's convenience. In the event of the Contract being so terminated, the consultant shall take such steps as are necessary to bring the services to a reasonable conclusion, in a cost effective, timely and orderly manner.

7. **No Legal Relationship**

No binding legal relationship will exist between the consultant and NSIC until letter of award duly accepted by the consultant and execution of a contractual agreement.

8. **Undertaking**

The consultant undertakes that

- a) There has not been any disciplinary action initiated or contemplated/suspension of business against the entity by ICAI/RBI or other regulatory /statutory authority during the last three years.
- b) None of the partners/employees have been convicted of any offence involving moral turpitude or has been found guilty of any economic offence.

- c) No appeal/unresolved dispute/suit/case/application has been pending at any court in India regarding the existence of the business/ right to carry on practice.
- d) Firm has not been black listed, debarred, banned or disqualified by any Government or any Government agencies including PSUs during a period of last five years.
- e) Firm have a team of qualified professionals and infrastructural facilities including manpower that are specialized in the area of assessment of the adequacy and effectiveness of Internal Financial Control
- f) Firm understand that the scope of work is indicative only and not exhaustive in any manner.

9. **Miscellaneous**

- a) It will be imperative on the consultant to fully acquaint itself of all the local conditions and factors which would have effect on the performance of the work / rendering of services and its cost.
- b) The consultant shall perform the services and carry out its obligations under the Contract with due diligence and efficiency, in accordance with generally accepted techniques and practices used in the industry and with professional ethics. The consultant shall always act, in respect of any matter relating to this contract, as faithful advisors to NSIC and shall, at all times, support and safeguard NSIC's legitimate interests in any dealings with third parties.
- c) Consultant will have to arrange on his own the travelling, boarding/lodging and any other incidental expenses for the deputed professionals for the assignment. The consultant shall comply with all laws in force in India.
- d) NSIC reserve the right to cancel the tender without assigning any reason.



Section- VII: (To be separately put in sealed Envelope)

(Annexure-A)

Price Bid

SCHEDULE OF RATES (SOR) AND INFORMATION ABOUT BIDDER

1. Schedule Of Rates (in Rupees)

Sl. No.	Description	Amount	SAC Code	GST %	Total amount including GST
1	Consultancy services for assessment of the adequacy and effectiveness of Internal Financial Control in NSIC				

Total amount including GST (in Words):-.....

Signature & Stamp of Tenderer

2. Information about Bidder

(Annexure-B)

(a) General Information about Bidder

1.	Bidder Name	
2.	Address of registered office	
3.	Telephone No	
4.	E-mail address	
5.	Website	
6.	Fax Number	
7.	GST registration number	
8.	Permanent Account Number (PAN)	
9.	Particulars of bank account	
	• Name of the bank	
	• Branch code	
	• Address of the bank branch	
	• Type of account (SB, Current, Credit)	
	• Account number	
	• Bank's IFSC code for RTGS/NEFT	

(b) Technical Information about Bidder

Sl. No.	Particulars	Documents to be provided	To be filled in by the Bidder
1.	Average turnover of the company during last 3 financial years	Supported by Financial Statements / documentary evidence	
2.	The consultant should have not been banned / de-listed / de-barred from the business by any PSU / Govt. department	Self-declaration	
3.	The consultant should have in-house expertise / qualified professionals	List of professionals and their bio-data with relevant details	

Sl. No.	Particulars	Documents to be provided	To be filled in by the Bidder
	for handling the assignment and job should not be outsourced to another organization		
4.	Date of registration / incorporation and number of years of operation as on 20.03.2020	Self-attested copy of the registration certificate	
5.	Number of assignment for assessment of the adequacy and effectiveness of Internal Financial Control in respect of NBFC/Financial Institution in previous three financial years.	Client contract award letters for reference	

Stamp and signature of Bidder: _____

Name of authorized person: _____

I hereby declare that the particulars given above are correct and complete and accord our consent for receiving payment through electronic mechanism. I also undertake to intimate the changes, if any, in bank account details in future and FACT will not be held responsible for non-payment / delay due to above change in bank details and also due to technical reasons beyond its control.

(_____)

Signature of the authorized signatory (ies) & Designation with official seal of the Bidder.

Place:

Date: