



NIT on Limited Tender Basis
RURAL ELECTRIFICATION CORPORATION LIMITED
(A Government of India Enterprise)

Registered Office: Core – 4, SCOPE Complex, 7, Lodi Road, New Delhi – 110 003.
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No. REC/IA/Loan System Audit/ 2007/1

March 19, 2007

M/s

Subject: Notice Inviting Tender regarding outsourcing of Checking of migration of data to new Loan Accounting Software (On Limited Tender Basis)

Dear Sir,

Your firm is empanelled with the Corporation for various audit work for our Corporate Office. REC has implemented a new Loan Accounting software (Oracle Based) w.e.f. 1st April 2006. The Loan Accounting is centralized at our Corporate Office at New Delhi. It is desired that a thorough checking of migration of data from old accounting package to new accounting package may be conducted.

We intend to outsource this work on consolidated audit fee basis. You are requested to send your bid towards audit fee for this job inclusive of all the cost like transportation, report drafting etc in sealed envelop with the remark "Audit Fee for Checking of migration of data" on the envelop. The work has to be completed within 15 days from the date of award of work positively. You are also requested to give details of relevant experience in the field of system audit and the brief methodology for the work.

The quotation would be opened on 26.3.2007 at 4.00 p.m. The bid / proposal may be submitted within seven days but not later than 3.00 p.m. of 26.03.2007 and addressed to undersigned. A detailed scope of work and general terms and conditions are enclosed herewith. For any clarification regarding scope of work, you may contact following official:-

Sh.L.M.Verma,
Chief (F&A)-Loan
Phone No. 011-24365163

Yours faithfully,

(C.P.Bhatia)
Chief (F&A)-IA

Encl As above

SCOPE AND TERMS OF REFERENCE OF AUDIT OF IMPLEMENTATION OF LOAN ACCOUNTING PACKAGE

The followings are the broad scope and terms of reference for outsourcing the Audit of Implementation of Loan Accounting Package:-

Scope of Work & Terms of Reference

1. REC has implemented Loan Accounting software at Corporate Office, New Delhi which is designated on the following technical parameters:
 - **Browser-Mozilla Firefox**
 - **Backend-Oracle 8**
 - **Front end- J2EE and XML**
 - **All the software are platform independent and their source code are available**
 - **Developed application is platform independent and it can run on Linux, Windows and Solaris**

Implementing agency: M/s Steller Informatics (P) Ltd, Noida

2. A new loan accounting system has been introduced w.e.f. 1st April 2006 importing the data from old system as well as manual records. The CA Firm has to carry out the audit of books of accounts w.r.t. the data ported into new Loan Accounting Package to thoroughly verify the migration of the relevant data.
3. The Audit of implementation of Loan Accounting System is to be carried out so that accuracy and reliability level could be ensured in respect of data migrated from the old system as well as manual records to new Loan Accounting System.
4. The important data includes the loan released to about 173 borrower's accounts with more than 42000 loans schemes (loan accounts) under different categories.
5. The audit will have to be conducted in such a way that migration of relevant data could be thoroughly checked along with internal control and internal check system incorporated in the new Loan accounting package and assessment of benefits from the new package could be drawn;
6. To assess and report that all the required internal control and internal check systems are incorporated in the new Loan Accounting Software regarding :-
 - Proper posting of disbursements / release of loan;

- All the loan accounts must have full details about the borrower, loan sanctioned, cost of the project, security, escrow arrangement, moratorium period, recovery status, duration of loan etc.;
 - Daily automatic report and notice generation / information about the amount due;
 - Report generation on default by any borrower;
 - Examine the method of calculation of Interest with details of such calculation;
 - Check that penal interest is levied on all delayed cases automatically and the penal interest levied are correct and a separate report on the same could be generated;
 - Calculation of TDS and other statutory requirement, if applicable; Also review the scope of incorporating new statutory requirement in the package;
 - Preparation of sub- schedules / details required for Annual accounts and other purpose etc.
7. To have reconciliation of the output generated by the new system with the old system as on 30.9.2006 so that reliability and accuracy of data imported could be established;
 8. To ensure that no records have been omitted in the process of importing data;
 9. To check that system generate the required notices for recovery with full details and also generate relevant vouchers;
 10. Any other required check to be imposed may also be examined.

General Conditions

1. The Audit Firm will have to start the audit immediately on the receipt of the letter of appointment.
2. The Audit of the loan accounting package as per the assigned work has to be completed in a time bound manner, which will not exceed more than 15 days.
3. The Audit party will consist of sufficient number of experienced and qualified professionals in relevant field.
4. The bidding firm may quote fee in lump sum for the total work inclusive of TA/DA and other incidental charges etc.

5. The selected firm will be required to comply with the instructions if any issued by the Corporation.
6. The Loan Section of Finance Division of the Corporate Office, REC situated in New Delhi will co-ordinate with the Package Implementing Agency i.e. M/s Steller Informetacis for facilitation of audit work.
7. The Audit work being conducted by the CA firm will be subject to supervision by Internal Audit Division, REC as and when required to ensure that the work is progressing as per agreed plan.
8. In case of non-fulfillment of any instructions issued by the Corporation, Corporation will be entitled to cancel the audit work without any obligations.
9. No TA/DA expenses will be borne by the Corporation for the CA firms undertaking audit work and this will be met by the Audit firms.
10. The successful tenderer shall not be entitled to claim any additional amount for any reason whatsoever for the above audit work.
11. The Corporation reserves the right to reject any or all offers received without assigning any reasons.
12. These are only proposed draft terms and conditions and can be modified at any time by the Corporation at its sole discretion.

Submission of Audit Report

On completion of Audit, the Audit Report will be issued in three sets along with a copy on CD to the Corporation. Final authority for acceptance of the Audit Report will rest with the Corporation. The Audit Report will also be supported with the certificate from the Audit Firm that they have thoroughly checked required number of records / package as per terms of reference and their findings are based on the same.

Regulation of Audit fees

The payment of Audit Fees as fixed will be made only after completion of Audit Work and issue of Audit Report. Completion of Audit will be inclusive of conduct of audit,

submission and discussion of report with the Corporation. The Corporation will not pay any advance to the selected audit firm under any circumstances.

Bill for Audit Fees will be submitted to the Internal Audit Division along with a certificate indicating that audit has been conducted as per guidelines framed by the Corporation and the work has been completed as per the agreed terms and conditions.