

I. Eligibility and other Conditions for Participation for Cost Auditor

The eligibility criteria for participation I for Cost Auditor are as follows:

- a) Both Partnership and proprietorship firm of Cost Accountant, which is having at least five qualified (passed final examination of ICWAI) Cost Accountants functioning in the said Firm in the capacity of Partner or Proprietor and qualified employee, can participate in the EOI.
- b) The 'Cost Auditor' shall be the 'Cost Accountant' as defined in clause (b) of sub-section of section 2 of the Cost and Works Accountants Act 1959 (23 of 1959) and who holds a valid certificate of practice under sub-section (1) of section 6 of the Act *ibid*.
- c) The 'Cost Auditor' should be free from any disqualifications as specified under Section 233B (5) read with Section 224 and sub-section (3) or sub-section (4) of section 226 of the Companies Act 1956.
- d) The Firm of Cost Accountant must be registered with the Institute of Cost & Works Accountants of India.
- e) The Firm of 'Cost Accountant' must have at least 4 years experience as on 01.04.2011 in the field of preparation of cost records of Govt. PSUs / reputed Private Companies, however preference will be given to the Firm of Cost Accountant which is having, out of 4 years experience, at least 2 years experience in the field of preparation of Cost records of Govt. PSUs / reputed Private Company as per Cost Accounting Records (Telecommunications) Rules 2002. Apart from the experience mentioned above, preference will be given to the Firm of Cost Accountant which is having at least 2 years experience as on 01.04.2011 in the field of audit of Cost Records of Govt. PSUs / reputed Private Company.

Other Terms and Conditions

- (a) Neither the Firm of Cost Accountant nor its proprietor / partners or associates should have any interest in the business of BSNL.
- (b) No partner/proprietor of the Firm of Cost Accountants should be related to Managing Director, Whole-time Directors, Govt. Directors and part-time Directors of BSNL within the meaning of Section 6 of Companies Act 1956 read with schedule 1A *ibid*. The details of Directors of BSNL are furnished in **Annexure D**
- (c) The Firm of Cost Accountant shall comply with the provisions of Section 224 (1-B) of the Companies Act 1956 and the said Firm must furnish a certificate in this regard.
- (d) The Firm of Cost Accountant shall furnish a separate certificate with regard to its independence and arm's length relationship with the company in the prescribed format so that **the same can be placed before** the Audit Committee of BSNL Board.
- (e) The appointment of cost auditor shall be subject to the procedure laid down in the General Circular No. 15/2011 [File No. 52/5/CAB-2011] dated April 11, 2011 issued by Ministry of Corporate Affairs, Government of India.
- (f) The Firm of Cost Accountant to be appointed as Cost Auditor shall comply with the provision of The Companies (Cost Audit Report) Rules, 2011.
- (g) The Firm of 'Cost Accountant', its proprietor / any partner / any employee, which will be appointed as Cost Auditor of the ***Territorial Telecom Circles / Metro District/ Central Auditor*** for the financial year 2011-12, will not be eligible to provide any professional service in any capacity to any unit of BSNL for the F.Y. 2011-12.
- (h) The Firm of Cost Accountant to be appointed as Cost Auditor of the ***Territorial Telecom Circle / Metro District /Central Auditor*** will be required to deploy sufficient number of qualified Cost Accountant so that audit of cost records is completed well in advance and audited cost records and audit report as required under provision of the Companies (Cost Audit Report) Rules, 2011 can be submitted by the ***Territorial Telecom Circle / Metro District/ Central Auditor*** to Corporate Office of BSNL **on or before 14th September 2012**. The details of manpower to be deployed for cost audit shall be furnished by the firm
- (i) The Firm of Cost Accountant to be appointed as Cost Auditor of the ***Territorial Telecom Circle / Metro District / Central Auditor*** will not be allowed to sub-contract the work of audit of cost records of BSNL.
- (j) No TA / DA will be given to the Firm of Cost Accountant to be appointed as Cost Auditor in case Head Office and/or Branch Office of the said Firm of Cost Accountant is located within the U/A of the location / city as mentioned above where the HQ of ***Territorial Telecom Circle / Metro District*** is

situated. However, TA / DA as per BSNL Rules will be given to the Firm of Cost Accountant to be appointed as Cost Auditor in case its Head office and/or Branch office is located outside the U/A of the location / city where the HQ of the ***Territorial Telecom Circle / Metro District*** is situated.

- (k) The term of the appointment of the Cost Accountant firm as Cost Auditor of the ***Territorial Telecom Circle / Metro District/ Central Auditor*** will be up to 30th Sept 2012 or submission of the Cost Audit reports for the F.Y. 2011-12 whichever is earlier.

The Firm of Cost Accountant to be appointed as Cost Auditor of the ***Territorial Telecom Circle / Metro District*** will have to interact extensively with the Central Cost Auditor of BSNL Corporate Office for directives, guidance regarding audit of cost records as well as completion of audit within the schedule of activity.

The following details are required about the firm of Cost Accountant to be included in the Panel

- (a) Name of the Firm of Cost Accountants
- (b) Whether Firm of Cost Accountant is a Partnership Firm or Proprietorship firm
- (c) Full Postal Address of Head Office and Branch Offices of the Firm of Cost Accountants
- (d) Telephone Number, Fax Number & E-mail address of Head Office and Branch Offices of the Firm of cost accountant
- (e) Date of Registration of Firm of Cost Accountant with ICWAI
- (f) Particulars of Registration given by the ICWAI to the firm of cost accountant
- (g) Name, membership particulars, telephone number (fixed & mobile), e-mail address of the Proprietor / each Partner of the Firm of cost accountants
- (h) Number of employees of the Firm of cost accountant who have passed final exam of ICWAI, and particulars (name, address, membership number, phone number (fixed & mobile) of each such employee
- (i) Details of experience of the Firm of Cost Accountant towards preparation of Cost records of Govt. PSUs / reputed Private Company and towards audit of the cost records of Govt. PSUs / reputed Private Company, mentioning the name and address of Govt. PSUs / reputed private company, Financial year for which cost records had been prepared / financial year for which audit of cost records had been carried out.
- (j) Particulars of Service Tax Registration of the Firm of cost accountant
- (k) PAN of the Firm of cost accountants
- (l) Name, designation and contact number (both fixed and mobile) of the contact person to be selected by the Company as liaison officer for dealing with the Audit of cost records
- (m) Particulars of authorised signatory of the Firm of cost accountants
- (n) Signature of the authorized signatory of the Firm of Cost Accountant duly attested by the bankers of the former.
- (o) Particulars of Partners and qualified employees of the Firm of Cost Accountant who will be conducting the cost audit.
- (p) Any other details / information

The above mentioned details (a to p) should be supported by the following documents

- i) copy of the registration certificate of the Firm of Cost Accountant issued by ICWAI
- ii) copies of the certificate of membership and certificate of practice issued by ICWAI, of the Proprietor / each Partner of the Firm of Cost Accountant
- iii) copy of the certificate of membership issued by ICWAI, of each qualified employee of the Firm of Cost Accountant
- iv) Declaration about free from any disqualifications as specified under Section 233B(5) read with Section 224 and sub-section (3) or sub section (4) of the Companies Act 1956
- v) Certificate as specified under Section 224(1-B) of the Companies Act 1956
- vi) Declaration about independence and arm's length relationship with the company
- vii) copy of PAN & Service Tax Registration of the Firm of Cost Accountant
- viii) copy of work order regarding allotment of work towards preparation of cost records and audit of cost records for all the 4 years and 2 years respectively.
- ix) copy of certificate regarding satisfactory completion of work for all the 4 years and 2 years
- x) original copy containing the signature of the authorised signatory

All the documents mentioned above, should be authenticated by the signatory of the firm of cost accountants

II . Scope of work

BSNL through its 26 Territorial Telecom Circles (including two metro districts) provides telecommunication services such as Basic Telephone [PSTN Access, WLL (Fixed / mobile), wholesale (interconnection), other products (PSTN), leased circuits]; National Long Distance including leased circuits; International Long Distance; Cellular Mobile Telephone Service [Prepaid, Postpaid wholesale (interconnection)]; V-SAT; Internet Service; Telex & Telegraph etc as per the license granted by the Department of Telecommunications, Govt. of India.

As per the provisions of the Companies (Cost Audit Report) Rules 2011 the Firm of Cost Accountant(s) is to be appointed as Cost Auditor(s) to carry out cost audit of the cost records prepared and maintained as per Cost Accounting Records (Telecommunications) Rules 2002 in respect of telecommunication services (as detailed above) provided by the Territorial Telecom Circles and Metro Districts. It is proposed to appoint 27 Cost Auditors (26 for Territorial Telecom Circles including two metro districts and one Central Auditor for Audit of consolidated cost records of BSNL).

Audit of cost records of the Circle / Metro District: As the cost records of BSNL are prepared and maintained by each of 26 Territorial Telecom Circle (including metro district), the Firm of Cost Accountant to be appointed by BSNL for each individual Territorial Telecom Circle / Metro District will have to conduct audit the cost records of each Circle for F.Y. 2011-12 as per the provisions of the Companies (Cost Audit Report) Rules 2011. The audit of cost records of each Circle will be conducted by the Cost Auditor at the Headquarter of concerned Circle. The details of 24 Territorial Telecom Circles, two Metro District & Corporate Office; Location of Headquarter of Territorial Telecom Circles, Metro District & Corporate Office; and the postal address of headquarter Territorial Telecom Circle, Metro District & Corporate Office, are furnished in Annexure 'A'.

Audit of consolidated cost records of BSNL as a whole: The audited cost records of 24 territorial telecom circles and two metro district will be consolidated at Corporate Office of BSNL located at Bharat Sanchar Bhawan, 1, Harish Chandra Mathur Lane, New Delhi-110001. Hence the audit of the consolidated cost records of BSNL is to be audited at Corporate Office of BSNL at the address mentioned above.

The Firm of Cost Accountant to be appointed as **Central Cost Auditor of BSNL** will have to:-

- (i) carry out audit of the consolidated cost records of 24 Territorial Telecom Circles and two Metro districts (which are audited by the Cost Auditor of concerned Circles / Metro District) as per the provisions of the Companies (Cost Audit Report) Rules 2011
- (ii) consolidate the audit report of the Cost Auditor of 24 Territorial Telecom Circles and two Metro Districts (iii) issue directives / instructions, guidelines regarding audit of the cost records of territorial telecom circles and metro districts, to the Cost Auditor of 24 territorial telecom circles and 2 metro districts
- (iii) prescribe common format required if any, regarding cost records, audit report etc.
- (iv) interact with the Cost Auditor of the territorial telecom circles and metro district, and monitor the work of the Circle Cost Auditor etc so that the same is completed within the schedule of activity fixed by BSNL Management.