

RASHTRIYA CHEMICALS AND FERTIZERS LIMITED
(A Government of India Undertaking)

REGISTERED OFFICE
Priyadarshani, Eastern Express High way,
Sion, Mumbai 400022.

TENDER NO: - RCF/INTERNAL AUDIT /2020-23

Tender Document for

**Pre-qualification and Appointment as Internal Auditors for
Non- technical function in RCF**

**Last Date & Time of Receipt of Tender:
03.00 PM on 19.06.2020**

At Venue:
Rashtriya Chemicals and Fertilizers Limited,
Room no. 138, Internal Audit Department,
Administration Building, Mahul Road,
Chembur, Mumbai: 400074

Date and Time of opening of Technical Bid Documents 19.06.2020 at 03:00 PM

Phone: 022 – 25522264

Website: www.rcfltd.com

NOTICE INVITING TENDER

1.0 RCF Profile:

- 1.1 RCF was incorporated on 6th March, 1978 consequent to reorganization of Fertilizer Corporation of India. RCF has two manufacturing units at Trombay, Mumbai and at Thal Dist. Raigad in Maharashtra and marketing offices all over India. The Registered office is situated at Priyadarshini, Sion, Mumbai.
- 1.2 RCF is a leading producer and marketer of nitrogenous fertilizers, Complex fertilizers and industrial products in India. Ujjwala Urea (46% N) is the flagship brand of the company. The Company also manufactures and markets Complex (NPK) fertilizers under the brand name Suphala, Bio-fertilizers and a wide range of industrial products like Nitric Acid, Sulphuric Acid, Ammonia, Ammonium Nitrate Melt, Ammonium Bi-carbonate, Methylamines, DMAC, etc. The Company has produced 28.53 lakh MT of fertilizers (23.75 lakh MT of Urea and 4.78 lakh MT of Suphala 15:15:15) during the year 2018-19.
- 1.3 RCF is a listed company with an authorized share capital of Rs.800 crore and paid up capital of Rs.551.69 crore. The shares of the company are listed at Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).
- 1.4 RCF operates under the administrative control of the Ministry of Chemicals & Fertilizers, Department of Fertilizers, Government of India.
- 1.5 **Financial Performance of the Company for Last 3 years:**

(In Rs. Crore)

Parameters	2016-17	2017-18	2018-19
Turnover	7456.21	7523.42	9119.54
Profit Before Tax	248.73	128.22	235.25
Profit After Tax	179.26	78.80	139.17

- 1.6 Further details regarding the operational and financial performance of the company including Annual Reports of the Company is available on company's website www.rcftd.com

1.7 Financial Accounting & Reporting Systems at RCF:

RCF maintains Books of Accounts as required under the applicable regulations and statutes. The Company's books of accounts are maintained in SAP ERP systems and RCF has implemented various SAP modules i.e. FI/CO, MM, PP, PM, SD, HR/Payroll etc. The accounts of the Company are prepared Business area wise, with each business area representing areas of operation like Trombay and Thal representing manufacturing units, Marketing divisions and Corporate Office based on which the accounting and operations are recorded and controlled. The company prepares Interim and Annual financial results as per the Companies Act 2013 and the listing Agreements with the Stock Exchanges.

1.8 Present scenario of Internal Audit

The Company has a well-defined Internal Control System that is adequate and commensurate with the size and nature of its business which has been outsourced for financial audit by CA and ICWA firms which conduct internal audit of various operational and financial matters on an on-going basis.

As required by the Companies Act, 2013, the Audit Committee has formulated the Scope, Functioning, Periodicity and Methodology for conducting the Internal Audit.

For the year 2019-20, Audit Committee has approved Audit Plan of 120 non-technical audits as summarized below. The detailed Audit Plan is attached at **Annexure I**

Name of the Audit Area	Number of Audits
a. Corporate Head office, Trombay and Thal Unit:	
Corporate Head Office	9
Trombay Unit	43
Thal Unit	38
Sub- Total(a)	90
b. Corporate marketing, IPD and Marketing Area Offices:-	
Corporate Marketing	12
Industrial Product Division(IPD)	4
Marketing Area Offices(In West, South North and East Regions)	14
Sub- Total(b)	30
Total(a +b)	120

Reporting to Audit Committee:

The significant observations along with suggestions made in the audits performed, replies received from the auditees and Internal Audit department's further comments are put up to the Audit Committee for their review and further directives, if any, on a quarterly basis. The directives received from the Audit Committee are communicated to the concerned departments for compliance.

The Action Taken Reports by the concerned section in respect of directives are also put up to the Audit Committee. The performance of the Audit department as regards to the audits conducted during the previous quarter is also reviewed by the Audit Committee.

2.0 Tender:

2.1 Sealed bids are invited in a two-bid system (Technical and Financial/Price bids) by Rashtriya Chemicals and Fertilizers Limited from the firms of Chartered Accountants/Cost Accountants for Pre-qualification and Appointment as Internal Auditors for the period from 01.04.2020 to 31.03.2023 for audit of the following areas:

- i) Corporate Head Office (including review of Annual Accounts), Trombay Unit and Thal unit.
- iii) Corporate Marketing office and Marketing Area Offices.

The list of region wise Marketing Area offices is enclosed at **Annexure II**

2.2 The Pre- qualified firms would remain valid for a period of three years.

3.0 Eligibility Criteria for pre-qualification:

Whereas the proprietary concerns of Chartered Accountant /Cost Accountant need not apply, the pre-qualification criteria for the firms are given below:

A. MANDATORY:

3.1 The firm (Partnership/LLP etc.) should be in practice for the past 10 years as on the date of submission of Tender. (Supported by date of Incorporation certificate issued by Institute of Chartered Accountants of India/ Institute of Cost Accountants of India).

3.2 The firm should have at least 3 full time Chartered Accountants or Cost Accountants, (inclusive of two full time partners/directors) as on the date of submission of Tender (supported by copy of Constitution certificate of the firm issued by Institute of Chartered Accountants of India/ Institute of Cost Accountants of India)

3.3 The firm should have at least 6 semi-qualified assistants as on the date of submission of Tender (supported by institute documents)

3.4 The firm should have at least 15 Audit staff/article assistants as on the date of submission of Tender.

3.5 The firm should have experience in conducting Statutory Audit or Internal Audit for at least 15 companies (Registered under Companies Act) as on the date of submission of Tender. (Statutory means Audit conducted by Firm of Chartered Accountant under Section 139 of Companies Act 2013 or by Firm of Cost Accountant under Section 148 of Companies Act 2013 and Internal Audit means audit as per Section 138 of the Companies Act 2013)

3.6 (a) Out of the 15 Companies as mentioned at 3.5 above, for getting eligible for the area mentioned at 2.1(i) above i.e **Corporate Head Office, Trombay Unit and Thal unit**, the firm should have experience in at least 5 manufacturing companies having Annual Turnover of at least Rs.1000 Crore each during last 7 years and out of these 5 manufacturing companies, at least 2 should be listed companies.

(b) Out of the 15 Companies as mentioned at 3.5 above, for getting eligible for the area at 2.1 (ii) above i.e **Corporate Marketing office and Marketing Area Offices**, the firm should have experience in at least 5 companies having Annual Turnover of at least Rs. 1000 Crore each during last 7 years and out of these 5 companies, at least 2 should be listed companies.

3.7 (a) For getting eligible for the area mentioned at 2.1(i) above i.e **Corporate Head Office, Trombay Unit and Thal unit**, the firm should have experience in conducting audit in SAP ERP system (MM, SD & FICO module) in at least 2 manufacturing companies/ organizations/co-operatives having Annual Turnover of at least Rs. 1000 Crore each during last 7 years (to be supported by documents by the firm).

(b) For getting eligible for the area mentioned at 2.1(ii) above i.e **Corporate Marketing office and Marketing Area Offices**, the firm should have experience in conducting audit in SAP ERP system (MM, SD & FICO module) in at least 2 companies/ organizations/co-operatives having Annual Turnover of at least Rs. 1000 Crore each during last 7 years (to be supported by documents by the firm).

B. NON- MANDATORY

3.8 The firm having experience in conducting Statutory Audit or Internal Audit in at least one Urea / complex fertilizers manufacturing Company/organization/co-operative having Annual Turnover of Rs. 1000 crore or more each during last 7 financial years will be given weightage in selection.

3.9 The firm having experience in the area of Direct, Indirect taxation and IND AS will be given weightage in selection by the Committee based on evaluation during presentation.

3.10 The firms having branches at various regions (West, South, North and East) will be given weightage in selection by the Committee based on evaluation during presentation

The firms which are not fulfilling any of the mandatory pre-qualification criteria will not be considered.

4.0 Tenderer would be required to keep the following **under Sealed Cover 1:**

- **Annexure A** – General Terms & conditions duly signed with seal towards acceptance.
- **Annexure B** - Declaration sheet duly signed with seal.
- **Annexure E** - Application form for Internal Audit Assignment along with **Annexures E 1 to E10** duly signed with Seal.
- **Annexure F**- Undertaking duly signed with Seal.
- **Annexure G**- List of Documents to be attached.
- **Annexure H**- Make in India Policy (Optional)

- Documents in support of Technical Bid mentioned at Para 3 above duly signed with seal.

Tenderer would be required to keep the following **under Sealed Cover 2:**

- **Annexure C1- Financial Bid** for the area mentioned at 2.1(i) above duly signed with seal.

This would be opened only for the pre-qualified bidders. In Financial Bid, lump sum fee that is inclusive of Travelling, Boarding, Lodging and all other expenses but excluding GST for conducting the assignments are to be quoted. Guest house facilities would be provided at Company's Thal unit subject to availability on chargeable basis. The tariff rates of Guest House at Thal are attached at **Annexure III**. The local conveyance between Guest House and Thal office and factory would be provided free of charge.

Tenderer would be required to keep the following **under Sealed Cover 3:**

- **Annexure C2- Financial Bid** for the area mentioned at 2.1(ii) above duly signed with seal.

This would be opened only for the pre-qualified bidders. In Financial Bid, lump sum fee that is inclusive of Travelling, Boarding, Lodging and all other expenses but excluding GST for conducting the assignments are to be quoted.

- 5.0 Proposed Audit Plan for the year 2020-21, scope of work, extent and periodicity of checking, reporting formats etc. are mentioned in **Annexure-D** enclosed. It may be noted that the scope as given under this Annexure is only indicative and not exhaustive. The Audit Plan for the year 2021-22 and 2022-23 will be finalized with some replacement/ addition/deletion etc. The number of Audit reports can vary by +/- 10%. The firm may be asked to look into any other activity as may come to the notice during the course of audit and/or render any advice/opinion in the area of audit.

6.0 **Time schedule:** The Internal Audit has to be conducted as per Audit Plan of RCF **(Placed at Annexure D)** in the following 12 phases:

Phase I	April 2020 to June 2020
Phase II	July 2020 to September 2020
Phase III	October 2020 to December 2020
Phase IV	January 2021 to March 2021
Phase V	April 2021 to June 2021
Phase VI	July 2021 to September 2021
Phase VII	October 2021 to December 2021
Phase VIII	January 2022 to March 2022
Phase IX	April 2022 to June 2022
Phase X	July 2022 to September 2022

Phase XI October 2022 to December 2022
Phase XII January 2023 to March 2023

The Audit Reports are required to be submitted as per following schedule:

Time Schedule for Phase Audit Reports			
Period of Audit	Draft Audit Report submission by Auditors	Reply by RCF Offices	Final Report along with draft significant observations to be submitted by auditors
April 2020 to June 2020	On or before 7 th day of each month.	Within 15 days from date of draft report.	Within 7 days from date of reply of draft report.
July 2020 to September 2020	--do--	--do--	--do--
October 2020 to December 2020	--do--	--do--	--do--
January 2021 to March 2021	--do--	--do--	--do--
April 2021 to June 2021	--do--	--do--	--do--
July 2021 to September 2021	--do--	--do--	--do--
October 2021 to December 2021	--do--	--do--	--do--
January 2022 to March 2022	--do--	--do--	--do--
April 2022 to June 2022	--do--	--do--	--do--
July 2022 to September 2022	--do--	--do--	--do--
October 2022 to December 2022	--do--	--do--	--do--
January 2023 to March 2023	--do--	--do--	--do--

- a. The above reports are to be submitted to RCF Head of Internal Audit Department for issue to concerned Auditee department.
- b. The replies to the reports will be received by RCF Head of internal Audit department and forwarded to the concerned Internal Audit firm.
- c. All the working papers during course of audit will be the property of the Company (RCF) and handed over to Head of Internal Audit (RCF) on submission of final audit report.

7.0 The selected firms would have to deploy sufficient number of Chartered Accountant/ Cost Accountant, semi-qualified persons and article assistants / Audit staff for reasonable duration of time for conducting and completion of each Audit report. The senior partner of the firm will be required to attend quarterly Audit Committee meetings (generally held at Mumbai) to brief the significant matters covered under Audit reports issued.

The indicative chart of expected deployment of minimum staff / man-days for conducting Internal Audit is given below:

Sr. no	Units/ Offices	Minimum number of staff	Minimum number of man-days
A	<u>Corporate Head office, Trombay and Thal Unit:</u>		
1	Corporate Head Office	i) One Chartered/Cost Accountant. ii) One semi-qualified person. iii) Two Audit staff / article assistants.	20 man-days in each phase (as per schedule, mentioned at Para 6).
2	Trombay Unit	i) One Chartered/Cost Accountant ii) Two semi-qualified person iii) Two Audit staff / article assistants.	55 man-days in each phase (as per schedule, mentioned at Para 6).
3	Thal Unit	i) One Chartered/Cost Accountant ii) One semi-qualified person iii) Two Audit staff / article assistants.	40 man-days in each phase (as per schedule, mentioned at Para 6).
B	<u>Corporate marketing and Marketing Area Offices:-</u>		
1	Corporate Marketing	i) One Chartered/Cost Accountant ii) One semi-qualified person iii) One Audit staff / article assistant.	18 man-days in each phase (as per schedule, mentioned at Para 6).
2	Marketing Area Offices(In West, South, North and East Regions)	i) One Chartered/Cost Accountant ii) One semi-qualified person iii) One Audit staff / article assistant.	27 man-days in each phase (as per schedule, mentioned at Para 6).

8.0 **Payment Terms:** The details of minimum total audit reports to be covered during 2020-21 are given at Attachment 1 and 6 for two areas. The minimum number of audit reports to be evenly phased out and covered during each phase will be 22 and 8 reports for the areas A and B (as at sr. no.7 above) respectively for the year 2020-21. Similarly, based on Audit Plan for 2021-22 and 2022-23, the minimum number of audit reports are to be evenly phased out during each phase within the respective years. The payment of audit fees would be made in terms of percentage specified below within 30 days from submission of these minimum number of final audit reports, summarized executive reports and significant observations pertaining to that phase along with tax Invoice. The tax invoice will be verified and certified by RCF Internal Audit Department and payment will be released by Corporate Finance Department, subject to deduction of Income –Tax at source as applicable from time to time.

Statutory Taxes etc.: All other taxes or other statutory levies etc. shall be paid extra.

The payment would be released on Phase basis (for both the areas), as under:

S. No.	Phase/ Period	% age of Total Fee Payable
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1	April 2020 to June 2020	8.33%
2	July 2020 to September 2020	8.33%
3	October 2020 to December 2020	8.33%
4	January 2021 to March 2021	8.33%
5	April 2021 to June 2021	8.33%
6	July 2021 to September 2021	8.33%
7	October 2021 to December 2021	8.33%
8	January 2022 to March 2022	8.33%
9	April 2022 to June 2022	8.33%
10	July 2022 to September 2022	8.33%
11	October 2022 to December 2022	8.33%
12	January 2023 to March 2023	8.33%

In view of the audit programme a minimum of Two resident auditors must be available at Trombay during entire period of contract.

9.0 **Period of Contract:** The period of contract will be from 01.04.2020 to 31.03.2023.

10.0 **General:**

- a. **Tender Ref. No. : RCF/INTERNAL AUDIT /2020-23**
- b. **Last Date and Time for receipt of offer: 03.00 pm on 19.06.2020**
- c. **Date and Time of opening of Technical Bid: 19.06.2020 at 03.00 PM**
- d. **VALIDITY OF BIDS: Validity period of Bids should be up to 31.10.2020. No revision in the bids would be allowed during the validity period of the bids.**
- e. The Applicants can apply/quote for one or both the areas as per para 2.1 above; however, assignment shall be awarded for only one area to an applicant / bidder.
- f. The tender documents are available at RCF website www.rcfltd.com and CPP portal at www.eprocure.gov.in and can be downloaded from these sites.
- g. Every page & supporting document forming part of the tender need to be numbered, signed & sealed by the bidders.
- h. The bid documents complete in all respects duly signed with seal, by authorized person, shall be submitted by the bidder in three sealed separate envelopes as at (a),(b) and (c) below:
 - (a) **Cover 1: To be super scribed** "Technical Bid along with related Annexures for Pre-qualification and Appointment for Internal Audit for the period 01.04.2020 to 31.03.2023"
 - (b) **Cover 2: To be super scribed** "Financial Bid for Internal Audit for Area : Corporate Head Office, Trombay Unit and Thal unit for the period 01.04.2020 to 31.03.2023"

- (c) **Cover 3: To be super scribed** “Financial Bid for Internal Audit for Area : Corporate Marketing office and Marketing Area Offices for the period 01.04.2020 to 31.03.2023”

These three sealed envelopes should be kept in another sealed envelope and must be sent/delivered clearly super scribing it “**Application for Pre-qualification and Appointment of Internal Auditors**” and Tender No. “**RCF/INTERNAL AUDIT/2020-23**”, by hand/regd. Post/speed post/courier at the following address to reach on or before 03.00 PM on **19.06.2020**

General Manager (Internal Audit)

Rashtriya Chemicals and Fertilizers Limited
Room no. 138, Internal Audit Department,
Administration Building,
Mahul Road, Chembur, Mumbai: 400074
Phone: 022 – 25522264
Email: sunderg@rcfltd.com
Email: vkmurthy@rcfltd.com

For further details log on to www.rcfltd.com & www.eprocure.gov.in

In case of requirement of any further information, please feel free to contact the undersigned.

(D. D. Mane)
General Manager (IA)

Encl:

1. General Terms & Conditions (**Annexure-A**)
2. Declaration Sheet (**Annexure-B**)
3. Financial Bid Formats (**Annexure-C1 and C2**)
4. Scope of work, Quantum, periodicity and Reporting Formats (**Annexure-D**)
5. Application form for Internal Audit Assignment (**Annexure E** along with its proforma under **Annexure E1 to E10**)
6. Undertaking format (**Annexure F**)
7. List of documents to be attached (**Annexure G**)
8. Make in India Policy (**Annexure H**)

GENERAL TERMS AND CONDITIONS

1.0 Requirements for Bid to be considered Valid.

- 1.1** In Financial Bids, lump sum fee that is inclusive of Travelling, Boarding, Lodging, and all other expenses but excluding GST for conducting the assignments are to be quoted.
For assignment for the Area : **Corporate Head Office, Trombay Unit and Thal unit**, Guest house facilities would be provided at the company's Thal unit, subject to availability on chargeable basis. The local conveyance between Guest House and Thal office and factory would be provided free of charge.
- 1.2** No cutting or overwriting would be allowed in Financial Bids. In such cases, bid would not be considered.
- 1.3** While submitting the bid, tenderers are requested to ensure that bids are in compliance with the regulations applicable under various statutes. Any fine, penalty or expenses due to breach arising thereon will be borne by the tenderer.
- 1.4** RCF takes no responsibility for delays, loss or non-receipt of tender documents or any letters sent by post/courier either way and also reserve the right to reject any offer in part or full.
- 1.5** The submission of offer shall have no cause of action or claim against RCF for rejection of offer. The bidding firms shall not be entitled to claim any costs, charges and expenses incidental to or incurred in connection with submission of offer or its consideration by RCF, even though RCF may opt to modify/withdraw the Invitation to Tender or does not accept the offer or cancel the tender as a whole.
- 1.6** The successful bidders engaged for Internal Audit work will not be allowed to sub-contract the job awarded to them.
- 1.7** The successful bidders engaged for Internal Audit work will be provided with infrastructure facilities like office space for staff, computers (not lap tops) with internet, internal telephones , printer and stationary.

2.0 Bid Evaluation Process & Award of Contract

2.1 Technical Bid Evaluation

Sealed cover 1 of all bidders would be opened first.

The bidder firm can apply/quote for one or both the areas, however contract shall be awarded for one area only to a bidder firm.

The bidder firms which are pre-qualified as per Tender Document Clause No. 3 (i.e. Eligibility criteria for pre-qualification) would be evaluated by a designated Committee on the following line:

1. The technically qualified bidder firms would be required to make a presentation of their credentials mainly for the pre-qualification criteria prescribed at Clause No. 3 of the Tender Document along with supporting documents. (The date and time of presentation would be informed to the pre-qualified bidding firms in due course.)
2. The Committee would evaluate the bidder firms for each area separately based on the presentation of their credentials and the documents submitted against pre-qualification criteria and assign the points / marks out of total points/marks as below:

i) **Evaluation criteria for: Corporate Head Office, Trombay Unit and Thal unit**

Clause No.	Particulars	Minimum Requirement	Points/Marks to be allocated	Maximum Points/Marks
3.1	Existence of the firm as on date of Tender (fraction of the year to be ignored)	10 years	0.6 Marks per year of existence	8
3.2	Number of full time Chartered Accountants or Cost Accountants (inclusive of two full time partners/directors) as on date of Tender.	3 Numbers	2 Marks for each person	8
3.3	Number of Semi-qualified Assistants as on date of Tender.	6 Numbers	0.75 Marks for each Semi-Qualified	5
3.4	Number of Article Assistant/Audit Staff as on date of Tender.	15 Numbers	0.10 Marks for each Article/Audit Staff	3
3.5	Number of companies audited by the firm.	15 Companies	0.60 Mark for each Company	10
3.6	Number of manufacturing companies having Annual Turnover of Rs. 1000 Crore or more each audited by the firm during last 7 years. Out of these, at least two should be listed companies.	5 Companies (including two listed Companies)	1 Marks for each Company	6
3.7	Number of manufacturing companies/organizations/Co-operatives having SAP ERP system (MM, SD & FICO module) and Annual Turnover of at least Rs. 1000 Crore each during last 7 years audited by the firm.	2 company /organization /Co-operative	3 Marks for each company.	12
3.8	Number of Urea/Complex manufacturing companies	Desirable	4 Mark for each Unit	8

	/organizations/Co-operatives having Annual Turnover of Rs. 1000 Crore or more each audited by the firm during last 7 years.			
3.9	Marks assigned by the committee for the presentation by the firm.	Presentation	--	10
TOTAL				70

ii) **Evaluation criteria for: Corporate Marketing office and Marketing Area Offices.**

Clause No.	Particulars	Minimum Requirement	Points/Marks to be allocated	Maximum Points/Marks
3.1	Existence of the firm as on date of Tender (fraction of the year to be ignored)	10 years	0.6 Marks per year of existence	8
3.2	Number of full time Chartered Accountants or Cost Accountants (inclusive of two full time partners/directors) as on date of Tender.	3 Numbers	2 Marks for each person	8
3.3	Number of Semi-qualified Assistants as on date of Tender.	6 Numbers	0.75 Marks for each Semi-Qualified	5
3.4	Number of Article Assistant/Audit Staff as on date of Tender.	15 Numbers	0.10 Marks for each Article/Audit Staff	3
3.5	Number of companies audited by the firm.	15 Companies	0.60 Mark for each Company	10
3.6	Number of companies having Annual Turnover of Rs. 1000 Crore or more each audited by the firm during last 7 years. Out of these, at least two should be listed companies.	5 Companies (including two listed Companies)	1 Marks for each Company	6
3.7	Number of companies /organizations/Co-operatives having SAP ERP system (MM, SD & FICO module) and Annual Turnover of at	2 company /organization /Co-operative	2 Marks for each company.	8

	least Rs. 1000 Crore each during last 7 years audited by the firm.			
3.8	Number of Urea/Complex manufacturing companies /organizations/Co-operatives having Annual Turnover of Rs. 1000 Crore or more each audited by the firm during last 7 years.	Desirable	4 Mark for each Unit	8
3.9	Marks assigned by the committee for the presentation by the firm.	Presentation	--	14
TOTAL				70

3. The area wise total of points / marks as above will be considered as the scores for Technical Bid Evaluation of each firm.
4. These scores of points/marks of each firm would be disclosed before opening of financial bids.

2.2 Financial Bid Evaluation

1. The pre-qualified bidder firms would be informed regarding the date, time and place of opening of financial bids and can remain present at the time of opening of financial bids.
2. After evaluation of technical bids as above, the financial bids of only pre-qualified bidder firms of Area – **CORPORATE HEAD OFFICE TROMBAY UNIT AND THAL UNIT** would be opened first.
3. The lowest bidder firm would be given 30 points / marks and the next higher bidder would be given proportionate points / marks out of total 30 points / marks.

For example: If first three lowest quotations received are for Rs. 100, Rs. 120 and Rs. 150, then the firm quoting Rs.100 would be given 30 points, the firm quoting Rs.120 would be given 25 points $(100/120*30)$ and the firm quoting Rs.150 would be given 20 points $(100/150*30)$

This process would be carried out for all the bidders for this area.

2.3 Ranking of Bidders

The combined score of technical bid (out of 70) and financial bid (out of 30) would determine the ranking of bidders for this area. The bidder scoring the highest combined score for this area would be considered as the Most Preferred bidder (P1) for this area. The bidder having next highest combined score with respect to this area would be considered as Second Preferred bidder (P2) and so on.

2.4 Award of Assignment / Contract

The contract for the Area **CORPORATE HEAD OFFICE TROMBAY UNIT AND THAL UNIT** shall be awarded to the P1 bidder firm as determined at 2.3 above and this firm would not be considered for further process for award of contract for the Area **CORPORATE MARKETING OFFICE AND MARKETING AREA OFFICES**.

2.5 1. After award of contract as at 2.4 above, the financial bids of pre-qualified bidder firms of Area – **CORPORATE MARKETING OFFICE AND MARKETING AREA OFFICES** would be opened. The offer of successful bidder of the Area - **CORPORATE HEAD OFFICE TROMBAY UNIT AND THAL UNIT** will not be opened.

2. The lowest bidder firm would be given 30 points / marks and the next higher bidder would be given proportionate points / marks out of total 30 points / marks.

For example: If first three lowest quotations received are for Rs. 100, Rs. 120 and Rs. 150, then the firm quoting Rs. 100 would be given 30 points, the firm quoting Rs. 120 would be given 25 points ($100/120 \times 30$) and the firm quoting Rs.150 would be given 20 points ($100/150 \times 30$)

This process would be carried out for all the bidders for this area.

3. The process of **Ranking of Bidders** as per 2.3 above would be carried out thereafter for this area also.

The combined score of technical bid (out of 70) and financial bid (out of 30) would determine the ranking of bidders for this area. The bidder scoring the highest combined score for this area would be considered as the Most Preferred bidder (P1) for this area. The bidder having next highest combined score with respect to this area would be considered as Second Preferred bidder (P2) and so on.

2.6 The contract for the Area **CORPORATE MARKETING OFFICE AND MARKETING AREA OFFICES** shall be awarded to the P1 bidder firm as determined at 2.5 above

2.7 In case of any tie within the bidders, preference would be given to the bidder firm that has scored more points / marks out of total 70 in Technical Bid evaluation.

3.0 Other Terms and conditions.

1. The bids should be unconditional. Conditional bids would be rejected.
2. RCF reserves the right to negotiate with the bidders.
3. If some discrepancies are found between the rates given in words & figures the rate as quoted in words shall be adopted.
4. The acceptance of tender will rest with RCF and reserves itself full right to reject any or all tenders.
5. The tenderer are not entitled to any compensation for the expenses incurred in connection with the preparation and submission of tenders.
6. Currencies for bid and payment shall be in Indian Rupees only.

7. The successful bidder would ensure that the information obtained during the audit in respect of RCF is maintained in strict confidence and secrecy. An undertaking towards maintaining confidentiality is to be provided by the successful bidder.
8. The manpower engaged by the successful bidder Audit firms for RCF Audit work shall be the employees of the bidder Audit firms for all intends and purposes. The manpower should be engaged on need basis and should not be engaged for more than 240 days in a year for the subject contract. The Audit firms have to withdraw the manpower deployed by them after expiry/completion/termination of the contract and RCF will not take any responsibility of them.

4.0 Termination of contact

RCF reserves the right to terminate the contract if the progress/performance of the audit firm is found unsatisfactory or any part/whole of the contract terms are not fulfilled. RCF also reserves right to de-list such audit firms and take other appropriate action against them.

5.0 Arbitration:

Except where otherwise provided in the contract, all matters, questions, disputes or difference whatsoever, which shall at any time arise between the parties hereto, touching the construction, meaning, operation or effect of the contract, or out of the matters relating to the contract or breach thereof, or the respective rights or liabilities of the parties, whether during or after completion of works or whether before or after termination shall after written notice by either party to the contract be referred to the arbitration of Director Finance, Rashtriya Chemicals and Fertilizers Limited or his/her nominee.

The Arbitration proceedings shall be governed by the Arbitration and Conciliation Act, 1996 or any statutory modification or re-enactment there-of and the rules made there under.

The bidders hereby agree that they shall have no objection if the arbitrator so appointed is an employee of RCF and had to deal with the matter to which the contract relates and that in the course of his duties as such he has expressed his views on all or any of the matter in dispute or differences.

6.0 Jurisdiction

In respect of all tender conditions, the decision of RCF shall be final and binding. The venue of the Arbitration shall be Mumbai & Mumbai courts will have exclusive Jurisdiction.

7.0 Force Majeure:

Neither party shall be liable for any claim on account of any loss, damage or compensation, whatsoever, arising out of any failure to carry out the terms of this contract where such failure is caused due to war; rebellion, mutiny, civil commotion, fire riot, earthquake, drought, floods, crop failure, or Act of God or due to any restraint or regulation of the State or Central Government or a local

authority/authorities provided a notice of such occurrence is given to be other party in writing within 10 days from the date of occurrence of the force condition, furnishing therewith a documentary evidence supporting the invoking of the force majeure clause. On cessation of the force majeure the party invoking force majeure shall inform the other party of the period for which the force majeure condition continued and shall also give documentary evidence thereof to this effect.

8.0 General

Bidder/Tenderer shall mean the firm who submits the tender and enters into contract with RCF and shall include their executors, administrators and successors and permitted assignees.

DECLARATION SHEET

I/we, hereby certify that all the information and data furnished by me/us with regard to this tender specification are true and complete to the best of my/our knowledge. I/we have gone through the Terms, conditions and stipulations in detail and agree to comply with the requirements.

I/we, further certify that I am / we are the duly authorized representative of the under mentioned tenderer.

I/We, further certify that the following close / distant relative(s) of partner/director of our firm are presently working in Rashtriya Chemicals and Fertilizers Limited (RCF):

S.No.	Name	Designation	Department
1.			
2.			
3.			

I/We, further certify that the following Ex-employees of Rashtriya Chemicals and Fertilizers Limited (RCF) are presently working/associated with our firm:

S.No.	Name	Last Designation in RCF
1.		
2.		
3.		

I/We, further certify that no sister concern / Common Partner is bidding separately in this tender in the name of other concern/firm.

I/We also undertake that the terms and conditions of Notice Inviting Tender and Annexure-A of NIT is acceptable to us without reservations and no deviation to NIT has been taken while making the offer.

I/We further agree to abide by the conditions of contract and to carry out all work that would be assigned (as per Annexure D) within the specified time in accordance with instructions referred to in the Notice Inviting Tender.

In case of acceptance of the Bid by Rashtriya Chemicals and Fertilizers Limited, I/We bind myself/ourselves to execute the contract as per the conditions mentioned in the Assignment awarded.

Yours faithfully
For M/s _____
(Signature of Bidder with Seal)
Address: _____
E-Mail-ID : _____
Contact No : _____

Annexure- C1

Financial Bid for Internal Audit of RCF for 2020-23.

Name of the Firm:.....

Address:.....

E-Mail ID:.....

Contact Numbers:.....

S. No.	Area of Audit (Refer clause no 2.1(i) of Tender Document)	Lump sum Audit Fee (All Inclusive) (Rupees In figures) for the Period 01.04.2020 to 31.03.2023 excluding GST	Lump sum Audit Fee (All Inclusive) (Rupees In words) for the Period 01.04.2020 to 31.03.2023 excluding GST
1.	Corporate Head Office (including review of Annual Accounts), Trombay Unit and Thal unit.	Rs. _____	Rupees _____ in words: _____

Note 1 The quoted bids are valid for entire contract period: FY 2020-21, 2021-22 and 2022-23 and no escalation will be claimed during the contract period.

2 GST/ statutory levies will be extra as applicable.

3 **Above fees is in Indian Rupees and inclusive of all i.e. TA, DA, Lodging, Boarding, incidental expenses etc.**

(Signature of Partner with Membership number and seal of the firm)

Financial Bid for Internal Audit of RCF for 2020-23.

Name of the Firm:.....

Address:.....

E-Mail ID:.....

Contact Numbers:.....

S. No.	Area of Audit (Refer clause no 2.1(ii) of Tender Document)	Lump sum Audit Fee (All Inclusive) (Rupees In figures) for the Period 01.04.2020 to 31.03.2023 excluding GST	Lump sum Audit Fee (All Inclusive) (Rupees In words) for the Period 01.04.2020 to 31.03.2023 excluding GST Tax
1	Corporate Marketing office and Marketing Area Offices.	Rs. _____	Rupees _____ in words: _____

Note 1 The quoted bids are valid for entire contract period: FY 2020-21, 2021-22 and 2022-23 and no escalation will be claimed during the contract period.

2 GST/ statutory levies will be extra as applicable.

3 Above fees is in Indian Rupees and inclusive of all i.e. TA, DA, Lodging, Boarding, incidental expenses etc

(Signature of Partner with Membership number and seal of the firm)

Annexure - D

For Internal Audit of Corporate Head Office, Trombay Unit and Thal unit.:-

1. **Attachment 1** - Proposed Audit Plan, Quantum & Periodicity for 2020-2021.
2. **Attachment 2** - Overall Indicative Scope.
3. **Attachment 3** - Reporting formats for Monthly Final Audit Reports.
4. **Attachment 4** - Reporting formats for Executive Summary of Audit Reports.
5. **Attachment 5** - Reporting formats for Quarterly Significant Observations Reports.

For Internal Audit of Corporate Marketing office and Marketing Area Offices:-

1. **Attachment 6** -Proposed Audit Plan, Quantum & Periodicity for 2020-2021.
2. **Attachment 2** – Overall indicative Scope.
3. **Attachment 7**- Reporting formats for monthly Final Audit Reports.
4. **Attachment 8** - Reporting formats for Executive Summary of Audit Reports.
5. **Attachment 9** - Reporting formats for Quarterly Significant Observations Reports.

Attachment-1**Proposed Audit Plan for Corporate Head Office, Trombay Unit and Thal Unit for the year 2020-21 along with reference no. of Scope and Periodicity**

SR.NO	AREAS TO BE COVERED	NO. OF AUDITS	Minimum Scope of Audit to be covered as mentioned at Attachment – 2
			Annexure 1,14, 44 are applicable for each audit report along with Annexure numbers as mentioned below:
A	CORPORATE HEAD OFFICE		
1	Funding , short term deposits, Forex & Hedging Transactions	1	12 ,39 , 60
2	Schedule Review	1	20
3	Bank Reconciliation	1	13
4	CSR expenditure & Corporate Governance	1	46, 56
5	New Projects and Schemes in progress	1	39, 60
6	Insurance policy & claims	1	39(11)
7	Subsidy claims and overdue follow up	1	19
8	Review of Annual Accounts	1	39
9	Receivables from Tax Authorities including Sales Tax, Excise, Income Tax etc	1	4,39
	SUB TOTAL (D)	9	
B	TROMBAY UNIT		
1	Vouching of Gas, Water, Electricity Payments	1	2 & 16(C)
2	Vouching of Payroll Section and Time office	1	6,7,8,9,10,28
3	Vouching of Service Account (OTW & GAF)	1	16(C)
4	Vouching of Purchase payments	1	16(C)
5	Vouching of Foreign Exchange Payment including Raw materials	1	16(C)
6	Capitalization & Capital payments including Imports	1	50, 16(C)
7	Vouching of Bulk Raw Material and	1	16(C) & 21-D

	Bags Payments.		
8	RCF Hospital Contracts and payments including spot audit of hospital equipments.	1	16(C) 27 &
9	Schedule Review – Trombay and Thal	1	20
10	POs above Rs.1.60 lakhs to Rs.12 lakhs	1	21
11	POs above Rs.12 lakhs (other than bulk raw material and bags)	1	21
12	Bulk raw material procurement	1	21
13	Procurements of Bags & other packing materials.	1	21
14	Orders on Single Tender & on Emergent basis	1	21
15	Excise and GST department	1	15
16	Contracts by Admn. Dept.(other than horticulture & conservancy)	1	24,25,26,30,31
17	Horticulture Contracts (Factory & Township)	1	29
18	Conservancy Contracts (Factory & Township)	1	29
19	MES Contracts above Rs.1.60 lakhs to Rs.12 lakhs.	1	16(B), 21
20	MES Contracts above Rs.12 lakhs	1	16(B),21
21	Movement of Material to outsiders for repairing	1	22(E)
22	Transport & Clearance contract & Bulk Raw material movement and spot verification.	1	24
23	Final Settlement of Employees	1	5
24	New construction of Building in Township	1	21(A)
25	Civil Contracts above Rs.1.60 lakhs in Township	1	21(A)
26	Civil contracts above Rs.1.60 lakhs in Factory	1	21(A)
27	Surplus & Scrap material	1	22(D)
28	Cost Sheets	1	55
29	Goods Receipt Note(GRN) in respect of POs	1	22(B)
30	Township Contracts (other than civil)	1	32
31	Spot audit of Factory and Admn Canteen	1	34
32	Contracts by R&D	1	21(A)

33	Energy saving and pollution control schemes	1	2
34	SAP utilization – Trombay and Thal	1	52,51,49,48,44
35	Contracts by Bagging Plant	1	21(A),23,24
36	Contracts by Technical Services(TS)	1	21(A)
37	HR purchases for employees	1	21(A)
38	CISF working and payments	1	16(C), 25(B)
39	Township Security contract and payment	1	21(A), 16 (C), 25(C)
40	Bank Reconciliation and Spot audit of cash/cheques/imprest.	1	13,11
41	Spot audit of Truck/Tanker movement in Factory/Township ship.	1	24
42	Review of vendor master /KYC documents.(Trombay & Thal)	1	51
43	Audit of Semi-finished and finished goods in Plants	1	22
	SUB TOTAL (B)	43	
C	THAL UNIT		
1	Vouching of Maintenance Contracts (Mech. & Inst.)	1	16
2	Vouching of Wages payments	1	8,9,6,7,10,28
3	Vouching of Purchase payments (including capital)	1	16 (C), 50
4	Vouching of Gas, Water, Electricity & Lease income.	1	2 & 16(C)
5	Vouching of Maint. (Elect & Civil) & Misc. Payments	1	16
6	CSR Activities.	1	46
7	POs below Rs1.60 lakhs	1	21
8	POs above Rs.1.60 lakhs to Rs.12 lakhs	1	21
9	POs above Rs.12 lakhs	1	21
10	Rejected material & pending inspection items.	1	22
11	WOs above Rs.1.60 lakhs to Rs.180 lakhs.	1	16(B), 21
12	WOs above Rs.180 lakhs (other than Hort.& Conservancy)	1	16(B), 21

13	Contracts by Admn. Dept.(other than horticulture & conservancy)	1	24,25,26,30,31
14	Horticulture Contracts (Factory & Township)	1	29
15	Conservancy Contracts (Factory & Township)	1	29
16	Final Settlement of Employees	1	5
17	Material sent for repairs outside Factory	1	22(E)
18	Ongoing projects & schemes and all Capitalization	1	39,60
19	Spot audit of Truck/Tanker movement in Factory/T/ship.	1	24
20	Audit of Heavy Water Contracts and Payments	1	21, 18
21	Audit of Semi-finished and finished goods in Plants	1	22
22	Surprise Check of Bags with Testing Reports	1	23
23	Electrical, Mechanical and Instrumentation certification.	1	16
24	Spot audit of firefighting and safety equipment, public address system.	1	21(E)
25	Contracts by PRO / Training Centre	1	21(A)
26	Medical claims Dependents, Retired Employees RCF/CISF/Railway.	1	10
27	Spot audit of Canteen & Guest house.	1	26, 34
28	Monitoring of Security / Performance B/Gs	1	16
29	RCF Hospital Contracts and payments including spot audit of hospital equipments.	1	27,16-c
30	Inventory Audit	1	22
31	Energy saving and pollution control schemes	1	2
32	Emergency, Single Tender orders	1	21
33	Cost sheets	1	55
34	Surplus & Scrap material	1	22(D)
35	Contracts by HR (including purchases for employees).	1	21(A)
36	CISF working and payments.	1	16(C), 25(B)
37	Township Security contract	1	21(A), 16 (C), 25(C)
38	Bank Reconciliation and Spot audit of cash/cheques/imprest .	1	11 ,13

	SUB TOTAL (C)	38	
	GRAND TOTAL (A+B+C)	90	

ATTACHMENT -2

Scope of Internal Audit

Annexure – 1

The following check points are only indicative and not exhaustive. The Audit Plan for the year 2021-22 and 2022-23 will be finalized with some replacement/ addition/deletion etc. The number of Audit reports can vary by +/- 10%. The detailed Standard Operating procedures (SOPs) for major activities are under preparation and will be provided to the firm for their further improvement/enrichment in the scope of Internal Audit. The firm may be asked to look into any other activity as may come to the notice during the course of audit and/or render any advice/opinion in the area of audit.

Further the scope of Audit shall include:

To check that internal checks and control system for various activities of the organization and monitoring of such systems, is in place in the organization. To check the adequacy of the existing guidelines/procedures and Internal control system and suggest measures for their improvement / streamlining. To check adherence to laid down policies / procedures. To check compliance of IND –AS. To review adequacy with respect to Internal control on financial reporting(ICFR). The firm shall ensure GST compliance through its audit.

Annexure – 2

Checklist for Audit of Utilities

Utilities used in the plants are gas, water & electricity. These are used as inputs in the generation of final output.

1. GAS

(a) Check contract terms & condition.

- (a) Gas is used both as a raw material (feed gas) as well as a fuel. At present GAIL /RIL/PMT supplies gas to RCF. In respect of supply of gas by GAIL/RIL, check the procedure for ensuring the smooth, uninterrupted and accurate running of the meters installed on the gas pipeline.
- (b) Check the agreement and its tenure for supply of gas between GAIL/RIL/PMT and RCF. Clauses of Ship or Pay charges, set off availability between Thal & Trombay should be carefully planned / reviewed to minimize cost of gas. To see debit/credit notes given by supplier if any, for the same. Check if ship or pay charges are due to default of seller and the procedure to get refund to be checked as per contract.
- (c) Check the consistency in GCV/ NCV of Gas periodically.

- (d) The abnormal increase in rate of gas needs to be checked.
- (e) Check SAP PO of gas for quantity, rate and other Tax conditions to minimize effect in PRD account.
- (f) Check PO in SAP T-code ME2N:PO status as per PO number
ME2M:PO as per Material number

2. WATER

Water is supplied to RCF by MIDC / BMC.

3. ELECTRICITY

Electricity is supplied to RCF by TATA / MSEB.

With respect to the supply and consumption of the above utilities, check the following:

- What is the periodicity in which routine checkup of meters is done and certified by the operations/technical manager.
- What are the number of breakdowns of the meters during the audit period and what corrective measures (with what promptness) were taken and its impact on the production / billing.
- Check the certified statements of quality / concentration of utilities supplied to RCF and ensure that appropriate cognizance has been taken in the bills raised by suppliers.
- Check up thoroughly the periodical bills raised by suppliers as regards the period of billing, quantity, quality, Exchange rate, total amounts and certification for payment, etc. after having technically checked the same by the operations manager.
- Sanctioning the payment of the bills, by the competent official, as per the delegation of powers and see that bill is paid well within due date.
- The abnormal increase in rate to be checked.
- The reason for ship or pay charges to be analyzed. The calculation of quantity of Gas to be checked as per contract terms.
- If ship or pay charges are due to default of seller the procedure to get refund from vendor to be checked as per contract.
- SAP P.O to be closed after supply of utilities.
- Breakup pertaining to consumption of water and electricity used at factory for production purposes and at township for domestic use, be checked.
- Check up whether the different rates are quoted by supplying authorities for use of water and electricity for industrial and domestic purposes.
- Check up whether the billing on the employee's for the water and electric supply, for the domestic purposes is done at the above mentioned rates and in accordance with the predetermined policy of the company in that respect.

ELECTRICITY GENERATED BY RCF

To follow the complete routine checklist applicable for the plant audit and has to ensure that installations and resources are utilized in the most effective, efficient and economical manner, over the periods of time and making positive contribution to the profitability of the company.

Occasionally and thoroughly verify the cost sheet for turbo / GT – generation. Ensure that it is favorably matching with the rates charged by outside agencies like MSEB /ADANI/TATA/RELIANCE and may give appropriate suggestions to the management for MAKROR BUY decision or ensuring profitable production of electricity through appropriate plant modifications etc.

Thoroughly review the energy consumption of the different plants over the period of time in relation to their designed / rated energy consumption.

GENERAL OBSERVATIONS

- In case of major contracts check the payments made through the running bills to see that items of work had been executed as per the work order and as per the rates contained therein.
- During checking of running bills see that necessary deductions for security deposit, water and power supplied, stores issued, advance paid if any, income tax and other statutory levies were made.
- Check whether the concurrence of the finance department was taken before issuing work order to the contractors.
- To see whether all P.O are closed in SAP after completion of supply.

MARKETING AUDIT

Annexure – 3

Checklist for Marketing Audit of the broad areas to be covered are mentioned below

1. Stock Reconciliation:

- a) The status of completion of stock reconciliation is obtained to ascertain whether the stock reconciliation is being done timely.
- b) From the stock reconciliation, to scrutinize whether any inter-district movements of material has been done, if so, whether the competent authorities approval has been obtained giving proper justifications.
- c) The quantities of closing stock for a few of the godown are verified as given in the stock reconciliation alongwith the godown stock reports.
- d) From the stock reconciliation, the status of damaged stock and sweeping is obtained to check the age of the damaged / sweeping stock and the reasons for not disposing of the same are to be ascertained.
- e) The details of goods in transit are checked, to ascertain whether any material has been lying in transit for longer period and whether claims have been preferred with Railways/Transporters for these goods in time.
- f) The quantity of transit loss & storage loss is checked to see, whether they are on the higher side and reasons for the same.
- g) The rake disposal reports are checked to ascertain the position of disposal of material i.e. for ex-rake point sales transferred to godown. If delay is observed in raising the invoices for ex-rake point / cash and carry sales the same are reported.
- h) SAP T-Code MC.9, MB5B to view Godown wise report.

2. Customer Ledger:

- a) The customer ledger of the latest month is scrutinized and the cases where the due dates are over and amounts are still outstanding are listed. The line item wise list is available in FBL5N.
- b) To check and prepare a list of cases where the amounts have been realized after due dates i.e. delay in realizing the sale proceeds.
- c) To check whether interest has been charged for delayed payments received and recovered from dealers and whether the same have been accounted properly.
- d) To check the customer ledger for cases where amounts are outstanding for more than one year and whether any legal action has been taken for recovery and the same are reported.
- e) To check the account of dummy customer code in the customer ledger for amounts appearing in the dummy code and action taken for transferring the amounts to the proper customer codes.
- f) Customer ledger due date wise balance should not be more than the credit policy approved by the management. If so analyze the reason.
- g) Check auto clearing facility of SAP is used for clearing of Advance R.O with cash sales Invoice and also for post goods issue.
- h) See that there are any other credit balances appearing in different schedules so that it can be adjusted against the debit balances against the customer's account.
- i) The clearing/review of open items of customer ledger needs to be done regularly.
- j) To check Security deposit, Collateral deposits are accounted in Special G/L key in SAP.

3. Sales Invoices

- a) Sales invoices are scrutinized in respect of sales terms, which are approved by the management and whether the same has been adhered to. The sales invoices can be viewed in ZSD_AOINVOICE OR KE24.

- b) The invoices are checked to see whether all columns in respect of mode of delivery, product code, credit terms, discounts applicable if any, payment details have been entered.
- c) To check some invoices, at random, for the date of issue of the invoice with the actual date of lifting from warehouse stock reports and take disposal reports. If delay is observed the same is reported.
- d) Sales invoices are verified to ascertain that the rebates i.e. quantity rebate, DD commission, etc. are not given in the invoice as they are to be given by way of credit notes.
- e) To check reason of cancellation of Invoices and approval of Competent Authority. To check all invoice cancellation from KE24.
- f) To check delay in cancellation and preparation of new Invoice. If delay in days are substantial between the two, the same has to be reported.

4. Sales against Credit

- a) To check the register showing partywise details of invoices raised on credit i.e. against collateral in the form of BG/LC and Clean Credit has been maintained properly. See list of BG in SAP T-Code VXA2.
- b) The register is scrutinized to ascertain that the material has not been supplied to the party for over and above their approved limits of collateral.
- c) To check whether the payments for the credit invoices has been received on the respective due dates and wherever discrepancies / delays / short collections are found they are reported.
- d) To check whether the sight drafts have been sent in time for collection from the bankers in case of sales against L/C.
- e) To see credit limit against collateral in the form of BG is entered in SAP after confirmation of BG from Bank from SAP T code FD-33.

5. Sales under SSP

- a) From the SSP stock reconciliation statements it should be checked whether the material supplied to dealers under SSP are as per the approved items.
- b) To check the position of outstanding for some of the dealers to whom SSP scheme has been allowed.
- c) Some of the selected dealers are visited and their registers are checked which show details regarding material received and stock invoiced and the balance stock. From the dealers register it is also ascertained whether there has been visits of our marketing executives at regular intervals.
- d) At the time of the visit to the dealer the stock available under SSP is physically verified and compared with the stock shown in the SSP register and discrepancies if any, are reported.
- e) If there is any difference between the physical stock and book stock of SSP dealers, whether sales officer has raised invoice and collected money.

6. Verification of Bank Guarantees

- a) To check the Bank Guarantees obtained from dealers for sales against collateral and verify date of purchase of stamp paper and compare with the date of entering into agreement so as to ensure that the agreement has been entered within six months from the date of purchase of stamp paper. b) To check the Bank Guarantees whether all the clauses have been included which are as per our standard format.
- c) To check and verify whether the finance dept has obtained the confirmation of issue of bank guarantees from the respective bankers.
- d) To check the Bank Guarantees, whether the claim period has been allowed for six months from the date of expiry of the guarantee.
- e) To check whether any Bank guarantee register dealer wise is maintained and the same is properly updated with the details of supplies made against each guarantee,

limit available, validity period, etc. All BG records to be maintained in SAP. The BG can be viewed for all customer in transaction code VXA2.

- f) To check whether supplies were made without a valid Bank guarantee.

7. Verification of Dealership Agreement / SSP Agreement

- a) To check the dealership /SSP agreements and compare with the list of dealers to see whether agreements have been entered with all the dealers.
- b) The agreements are checked, to ascertain whether all the clauses have been incorporated as per our standard formats and whether both the parties have properly filled all the columns with initials in the margins.
- c) To check whether the names and addresses of the witnesses and the signing parties have been given. In case discrepancies are found for the above points, the same are reported for rectification.
- d) To check whether the dealers availing SSP scheme are appointed as per the norms and terms and conditions circulated by the management.

8. RO Register

- a) To check whether the Receipt orders are prepared on regular basis i.e. immediately on receipt of cheques / DDs at the regional office / service centers.
- b) To check the RO to ascertain whether there is any delay in deposit of the cheques / DD's in the bank by comparing the date of RO and the date of the instrument. All cases where the delay is observed for more than seven days are reported.
- c) See that in the RO party code and party name is appearing similar to one given in the dealer's / MO's forwarding letter.
- d) See that RO indicates correct invoice no. as mentioned in dealer's / MO's forwarding letter.
- e) A copy of the RO must be sent to dealer acknowledging receipt of DD / Cheque.
- f) Any cancellation of RO should be authorized by responsible Officer. Delay in cancellation of R.O to be scrutinized and reported.
- g) E-receipts to be encouraged.

9. Bank Reconciliation

- a) To check whether the bank Reconciliation is done on month to month basis.
- b) While going through the latest bank reconciliation, it is checked whether there are any old pending items in respect of instruments deposited but the credit for which has yet not been received and the reasons for the same are obtained.
- c) To check whether there have been any cheques issued, but have not been debited from our account for a longer period.
- d) The bank statements are also checked to obtain the number of cheques returned unpaid cases during the year which are to be reported so that cheque facility for those dealers whose cheques have been returned unpaid may be reviewed.
- e) The bank statement is also scrutinized to verify the balances in our account on day to day basis.
- f) The bank statements are checked to see whether there is regular / full / partial transfer of funds to our main account at SBI, Mahul Road Branch.
- g) To see Monthly posting of reconciled items of bank in Main Account in SAP.

10. Telephone expenses

- a) The telephone expenses upto the period of Audit are obtained from the marketing office and are compared with reference to sales effected during that period and also in proportion to the expenses incurred during the previous year. If a larger variation is found the reasons are ascertained.
- b) To check whether the expenses are within the approved budget.

11. Insurance Policies

- a) To obtain the list of Insurance policies taken by marketing office and to verify whether the policies are valid during the period of our audit.
- b) To check whether all the items for which insurance is required to be done have been covered.
- c) To check whether the policies in respect of cash in transit, fidelity, cash in safe and policies pertaining to office furniture and equipment's for burglary and fire have been taken.

12. TA and Miscellaneous Advances

- a) To check Special G/L of TA and Misc. Advances from SAP T-code FBL3n, FAGLB03 as on the date of audit to check whether the employees / outsiders have been regularly submitting their bills against their advances. The delay in submission to be reported.
- b) It is also ascertained whether second advance has been given, to any of the employee / party, without submission of bills for the first advance. Such cases are reported.
- c) To check the status of recovery of the advances outstanding for more than one month from the date of drawal.
- d) To check whether advances have been adjusted against proper bills and supporting documents.

13. Godown Utilization

- a) For ascertaining whether the godown are being utilized properly a statement showing opening stock, receipt, issue, closing and peak stock monthwise is to be obtained for some of the godowns, where the turnover of material is high.
- b) From the statement obtained it is ascertained whether the godown has been utilized considering the reservations. Wherever there is higher variation for over and under utilization, the same are brought to light so as the reservations can be done in a judicious manner to avoid payment of higher reservation charges in cases of overutilization and unnecessary payment of godown rent on account of underutilization.

14. Sales Performance

- a) To obtain a statement showing season wise / region wise sales along with targets and achievements compared with previous year's figures from SAP T-code ZSD_AOINVOICE, KE24.
- b) To check whether the sales have increased or decreased with respect to previous year. In case performance is poor the reasons for the same are obtained from the concerned regional managers and are reported for necessary action.

15. Voucher verification

While verifying the vouchers the following points are to be checked.

- a) Whether proper classification of expenses i.e. Capital and Revenue has been done.
- b) Whether the payments are released with competent authority's approval.
- c) Whether tax if required to be deducted at source from payment of suppliers and contractors has been done as per rules and whether the same have been deposited in the bank before the 7th of the subsequent month.
- d) Whether payments have been released within the budget provisions.
- e) Whether tender procedures, if applicable, have been followed.

16. Credit Notes

- 1. To see the credit notes are auto generated in SAP, if not check arithmetical accuracy of the calculations.

2. To check whether the quantities for which rebates are given in credit notes have been confirmed from the stock reconciliation.
3. To check whether the rebates allowed in credit notes are as per the approved sales terms.
4. To check whether the accounting entries passed for issue of credit notes have been done correctly and whether the same has been credited to individual party's accounts.
5. To check and analyze whether any debit notes were raised for reversal of wrong credit notes and vice-versa.

17. Subsidy Claims

1. To obtain the details of claims raised by the Area Office on account of subsidy to be received.
2. To check whether the quantity as per the subsidy claims and sales accounted for the corresponding period have been tallied.
3. In case if the subsidy has been less claimed action is to be suggested for raising supplementary claims.
4. To check the accounting entries passed for claims receivable and check the status of claims appearing as receivable for longer period and the reasons thereof.

18. Transportation Contracts

1. To check the tender procedures in respect of issue of press advertisements, limited tenders, issue of NIT, preparation of comparative statement, award of work to the lowest bidder, etc.
2. To check and compare the rates finalized for the current contract with the rates as per previous contracts for the increase / decrease in current year rates and analyze the reasons thereof.
3. To check from the bills submitted by the contractors as to whether slab wise movement of quantity has been recorded for proper control of movement of material in different kms as per NIT terms; else, it could lead to increase / decrease in transportation cost (per metric ton).

19. Marketing Cost

1. To obtain the statement of marketing cost of the current period and marketing cost of the past year for the corresponding period.
2. To compare and check whether there has been much variation in the cost between both the periods and analyze the reasons for increase /decrease in the marketing cost.
3. To study the marketing cost vis-à-vis sales performance of the area and ascertain the causes for increase, if any.
4. To ascertain whether marketing cost was taken into account correctly for arriving at margin for working out various rebates.

20. Sale through seasonal stock point scheme (SSP):- Ascertain the following:-

1. Making material available at the nearest point of consumption.
2. Utilization of dealer's space at relatively low cost of storage.
3. Blockage of godown space of the dealer, thereby depriving competitors of commercial advantage.
4. To make material available at any point of time to induce the dealer to off load the material in the market quickly.
5. Assured business to the extent of material pushed and stored in this scheme.

21. Sales & Debtors

1. Documents like Invoices, Delivery Challan, Cancelled Invoices, reasons for cancellation, delay in creation of Invoices should be checked and investigated.

2. Check procedure of accepting customer order, check approved credit limits to be checked before Customer Orders are accepted.
3. Check Customer's acknowledgement of goods dispatched.
4. Check the quantity of goods dispatched and quantity of goods Invoices before monthly closing.
5. Check the arrangement made for stock transfer between Units.
6. Check prices on invoices are as per approved pricing.
7. Check R.O. are made without delay and credit of the same is realized in Bank Statement.
8. Check clearing of Invoices with R.O. on continuous basis or with Auto generating entries in SAP.
9. Check records of returned / rejected goods.
10. Check system of issuing credit notes.
11. Check Customer balance are reconciled monthly with parties.
12. Check 'Ageing Schedule' from B/W reports of SAP to follow up old balances.
13. Check procedure of sending periodical reminders to customers, initiating legal action when necessary and policy for writing off provision for doubtful Bad debts.
14. Check classification of debts for a period exceeding 6 months, other debts and provision for doubtful debts.

ANNEXURE – 4

CHECKLIST FOR INDUSTRIAL PRODUCTS DIVISION

1. PRICING POLICY

- a) To ascertain the present cost of production from the management report/Cost sheet. Also to see whether any abnormal increase in raw material is taken into account for finding out the present cost of production.
- b) See whether the cost of sales is analyzed in terms of variable cost and fixed cost before making proposal for pricing.
- c) See whether the comparative study of prevalent market conditions and price terms offered between our company and other companies similar in set up to our company has been done.
- d) To compare the proposed selling price with variable cost and to find out the contribution. Also compare fixed cost of the product with the contribution to find out the profit per ton.
- e) To see that by accepting a reduction in selling price, whether the quantum of entire sales is enough to recover fixed cost substantially and with the result whether the profit is increased or not.
- f) To ensure that the products are not sold with negative contribution.
- g) See that the terms of off take rebate should be given only when,
 - 1) The customer gives in writing his commitment to lift so much quantity of material within prescribed month / quarterly / annually. See that the off take rebate is not given when the commitment is not fulfilled.
 - 2) Check whether the proposal for off-take rebate has been made only when there is an increase in market share of our product.
 - 3) See that the off take rebate is avoided where one or more buyers form as a group and claim rebate on entire quantity unless there is a commitment in the beginning of the year and agreement between RCF and group of buyers is reached. Check that no new company was added in the middle of the year in order to claim extra rebate. This should be supported with approvals from competent authority.
- h) See that the proposal for rebate on total quantity is avoided to the maximum and if given, to be given on gradient basis.
- i) See that there is a proper policy being followed up for issuing credit note at specified period.
- j) Check whether the credit note for off take rebate has been adjusted for supplied only after the specified period mentioned in the policy and also after the credit notes are issued by accounts department.
- k) To review contribution PMT with earlier two years and if significant drop in contribution amount.

2. CASH REBATE

- i) Check whether cash rebate has been allowed only when there is specific approval for allowing credit for the product without interest.
- ii) Check whether the cash rebate has been fixed based on bank borrowing rate.

- iii) Check whether cash rebates have been allowed only when there are payments in advance by draft / cheques and credited to our account and whether cash rebate has been reversed in case of dishonored cheques.
- iv) Interest is to be charged at cash credit rates plus 1%. If interest is more than the cash rebate then cash rebate need not be withdrawn. If interest is less than the cash rebate, then difference between interest charged and cash rebate given should be recovered.
- v) Freight rebate can be considered only where there is an increase in market share of the product in the State in which we are selling the product. Check whether the freight rebate can be allowed only when the material actually reaches the State. See that the proof of octroi duty / entry tax paid / GRN are attached with the claim and certified by the Chartered Accountants of the claimant.
- vi) If the material is delivered by the dealer in Maharashtra, to other dealers, for selling the product in other States the dealer will not be entitled for cash rebate.

3. CREDIT POLICY

Check whether the credit policy is as per approved terms of management. Also check whether clean credit is allowed as per approved terms.

Material can be sold without collateral only after the approval from the competent authority. Check whether the proposal for supply of material without collateral has been made only after analyzing credit worthiness of the party and the customer does not have any overdue / current outstanding and supplies to be approved by the competent authority.

See that whenever material is sold without collateral the IPD department has to obtain indemnity bond from the customer for making he payment regularly. (In the case of company the Indemnity Bond has to be signed by any director duly authorized by the Board by resolution)

See that in the case of material supplied without collateral / clean credit the payment has been received on due dates and if the payments are not forthcoming within due date the supply of material without collateral to be discontinued.

See that in case of material supplied with collateral for a specified credit period like Letter of Credit and Bank Guarantee, audit should check that their payments are received within due date of payment. Also see that LC and BG are as per prescribed Proforma.

Check whether a file containing all the credit policy approvals has been properly maintained.

Se that the credit policy is monitored properly and in case a customer is not paying or not lifting material as per the schedule the credit policy has to be reviewed.

4. INVOICE

The invoice has to be checked in the following respects.

1. The price given in the invoice is based on the price circular prevailing at that date from SAP T-code V/LD, KE24.
2. If different prices are adopted for different parties see that price given in the invoice is applicable to that party as per approval.
3. See that cash rebate given in the invoice is proper and rebate is given when actual payment is received in advance.
4. See GST charged in the invoice is as per rate applicable to particular GST chapter and head.

5. Whenever GST is not charged see whether the product is non-GSTable or whether the material has been issued on production of form.
6. See whether the sales tax is charged properly such as central / state GST.
7. See wherever sales tax is not charged, whether it is due to sales tax exemption for the product or material supplied on production of form as prescribed in the Sales Tax Act.
8. See that wherever material is supplied with specified credit period with interest, whether interest is charged in the invoice properly.
9. Check PAN, CST, VAT, GST number is printed on TAX Invoice.

5. RECEIPT ORDERS

1. E-receipts to be encouraged.
2. See whether cheque was deposited on the same day on which the customer had given the cheque.
3. See that in the receipt order party code and party's name is appearing similar to the details given in the letter received from the party.
4. See the receipt order indicates correct invoice number and correct product code number for advance payment and for payment made against invoice prepared on credit.
5. Any cancellation of receipt order should be authorized by responsible officer.
6. See that duplicate receipt order is not prepared for the same cheque.
7. All receipts can be viewed from customer ledger FB L5N.

6. CUSTOMER LEDGER

Scrutinize the customer ledger based on outstanding with

1. Current
 2. 1 month to 3 months
 3. More than 4 months upto 6 months.
 4. More than 7 months upto 12 months
 5. More than 1 year
 6. More than 3 years
- from BW reports of Debtors.

To check whether there are outstanding appearing in the customer ledger for invoices due for more than credit period. See that any amount outstanding after due date has to be analyzed and the date of actual realization of money has to be observed. See that if there is unreasonable delay then action for not supplying material to that party has to be initiated and interest is to be recovered for delay in payment.

See that the accounts department has to prepare an outstanding statement at periodic intervals showing party wise outstanding for more than due date.

- a) Against collateral
- b) Against clean credit
- c) Against cash sales

See that if there is an outstanding for more than the due date, against clean credit, the credit policy of the customer has to be reviewed. See that if there is an outstanding more than due date against Bank Guarantee see that action is taken for realizing the money by lodging claim with the Bank against the B/G of the customer. Thoroughly analyze the reasons for outstanding against cash sale.

See that reconciliation parties accounts is done periodically and reconciliation signed by both parties, since it will become basis for consequent year reconciliation.

See that the outstanding portion has been monitored properly. See that customer ledger give a clear picture of outstanding so that at any time the proper invoice against which outstanding is there can be known.

See that customer ledger adjustment/clearing entries has to be passed month wise so that customer ledger will not be bulky. See that even though interest has to be charged on late payment (i.e. after due date) there should not be abnormal delay of realizing the amount after due date. To see that legal action is initiated in time for recovery of dues.

7. CREDIT NOTES

Credit notes are issued for the following:

1. For off take rebate, freight rebate, special rebate, etc.
2. For reversal of debit note issued wrongly.

The credit note for off take rebate has to be checked by verifying that the party has actually lifted the material and off take is correctly calculated. To check whether invoices have not been cancelled for which credit notes have been issued.

See that for freight rebate credit note is issued only after getting the proof that the material is actually received at the place for which freight rebate is payable. See that there is an endorsement made in the copy of invoice that off take rebate is given in order to avoid duplication of credit note. See the proper accounting of all the rebates.

8. DEBIT NOTE:

Debit note is to be issued in the following cases.

1. For interest on delayed payment.
2. For bank charges, interest etc.
3. For reversal of wrong credit note.
4. For dishonor of instruments.

The debit note for interest on delayed payment has to be checked with invoice date, due date of payment and actual date of payment. Check that the claim for interest on delayed payment has been raised on all parties, inclusive of Government companies, where pricing term provides so. See that debit notes were raised without delay after getting the intimation of dishonor.

To see accounting of debit notes in SAP and realization/clearing of debit note.

9. Goods and Service Tax (GST)

1. Verify whether GST is charged according to the relevant chapters, and also see that in case GST is not charged whether relevant forms have been collected.
2. See whether monthly reconciliation is done between GST paid on finished goods and GST recovered from parties and action to be taken for the differences identified.
3. See that yearend reconciliation is done tallying with GST paid and recovered.
4. See that in case price is reduced retrospectively the reduction in GST is given after the receipt of refund from GST and certificate from the customers that he has not claimed the entire ITC benefit.
5. See that in case price is increased retrospectively extra tax is recovered from party by issuing debit note and copy of PLA account for debit made.
6. See that ITC on capital goods are timely claimed and adjusted against the GST payable.
7. See whether credit in PLA account is not in excess and is being monitored periodically to avoid blocking of working capital.

10. State GST

1. See whether State GST is charged in the invoice as per rate prevalent on that day.
2. See that either central GST or Sales GST is levied based on actual place of dispatch.
3. See whether sales tax recovered in the invoice is deposited with sales tax authorities within prescribed time.
4. See the period upto which the assessment has been completed. See the assessment order and also see any demand notice issued by Sales Tax Authorities.
5. See that set off given in the assessment order is adjusted properly in the books of the unit.
6. See that relevant forms given by the customer are kept in a file since the sales tax authorities may require the same during assessment.
7. See whether any disputed tax liability is there.
8. See whether register is maintained for disputed tax.
9. See the level at which disputed tax is pending and the reasons thereof.
10. See that no statutory liability is outstanding in the books of accounts, if undisputed.
11. See the treatment given in the case of sales return with respect to Sales tax already paid at the time of original invoicing.

11. EXPENSES

1. See the expenditure is incurred with the Competent Authority's approval and with relevant document.
2. Compare the budgeted expenses and actual expenses and analyze the reason with reference to turnover and other areas of similar size.
3. Analyze the marketing cost compared to previous years.

12. STOCK RECONCILIATION

1. See whether stock reconciliation is done monthly and action taken for the difference.
2. Cancellation of invoice / re-invoicing/ invoicing done on the cut off dates to be traced in the stock register.
3. See that quantity sold is matched with excise records.
4. Last day of the month invoices raised to be cross-checked with stock register and customers accounts to ensure that the invoices are genuine and not raised to reconcile the stock between book quantity and physical quantity.

FINANCE AUDITS

Annexure – 5

Checklist for Audit of Final settlement of retired employees

1. To obtain list from personnel dept. for persons retired during for the period to be audited.
2. To see whether Personnel department has issued requisitions of 'No dues certificates' to all departments and all these completed certificates have been handed over to Wages dept. within 15 days of retirement.
3. To check whether final payments were released only after the 'No dues certificates' have been received from all the sections.
4. To check with wages department the status of settlement of dues of retired employees.
5. To see whether the personnel dept. has issued a relieving certificate to employees retired.
6. To check whether the leave records have been updated by the time office upto the date of retirement and sent to wages section for final settlement of dues.
7. To check with wages record whether the dues pertaining to Last pay, Leave encashment, Incentives, Bonus and other payments if any have been made correctly.
8. To check whether all recoveries have been effected for outstanding LTC advances. TA and Misc. advances, Conveyance advance, HBL advance, HBL interest and other misc. recoveries from estate dept.
9. To check whether the Income tax has been calculated properly for the financial year and see whether the recovery / refund has been done correctly.
10. To check with the Provident Fund section, whether the dues pertaining to PF and Gratuity have been paid as per the schedule balances and Gratuity has been calculated properly.
11. To check whether superannuation is being sent to retired employees in time.

Annexure – 6

Checklist for Audit of Conveyance Advances

NOT APPLICABLE

Annexure – 7

Checklist of HBL Interest Subsidy

1. The Interest subsidy paid to eligible employees on maximum Rs 20 lakhs may be checked as per calculation of SBI rates and employees paid rate.
2. To check a few cases of retired employees who had availed housing loan and ensure that full recovery of principal and interest was made in all the cases.

Annexure – 8

Checklist for Salaries and Wages

1. Check up whether the scales of pay are approved by the Board.
2. To check whether the schemes for the benefit of employees i.e. pension, gratuity, medical reimbursements, etc. have been approved by the Board.
3. To check a few cases as to whether the pay fixed is in accordance with the scales for which the appointment / grade has been allotted to the employees.
4. To check whether approval is available from competent authorities for general increase in pay, individual increase in pay, advance of wages, holiday pay, leave encashment etc.
5. To check that the increment is at regular intervals as per personnel records.
6. Are the duties of those handling payroll rotated?
7. Are the names of retired / resigned / discharged employees reported in writing from the personnel dept. to the wages dept.?
8. Is the payroll checked as to whether the deductions are being made properly on account of ALF, water, electricity, loans if any, Income Tax etc.?
9. Are the signed authorizations available with wages dept. for all deductions other than statutory being made from employee's wages?
10. To check the accounting entries for all the recoveries effected from employee's wages and whether they have been credited to the respective accounts.
11. To check whether the payments are released in time to outside entities for whom the deductions have been effected from the employees' salaries i.e. on account of LIC premium, co-op. society loans, Income Tax, PF, etc.
12. Do appropriate authorities sign salary payrolls before making the payment?
13. Test check a few cases for monthly pay, allowances, deductions, overtime, etc. with Time Office as per biometric punched by the staff.

Annexure – 9

Checklist for Audit of TA Advances and Expenses

1. To obtain the latest details of TA advances from wages section.
2. To check whether advances are outstanding for more than the specified time and list out the cases for scrutiny.
3. To ascertain the reasons for non-recovery / adjustment of TA advances from employees which are outstanding for more than the time specified.
4. To check some of the vouchers to ascertain whether competent authorities as per delegation of powers have approved the advances.
5. To check bills submitted by the employees with respect to
 - a) Approval of the bills by competent authority.
 - b) Whether the bills have been passed as per the TA rules and as per entitlements and all supporting documents are available.
 - c) Specific approvals obtained when payments are made above entitlements for travel and lodging
 - d) The bills of foreign TA for rules and rates as circulated by GOI and approved by the Board.
6. See that receipt orders are prepared at the time of finalization of the TA bills and the employee makes refund within 24 hours from the date of the receipt order. If money is not refunded, action taken for recovery of the same.
1. See that no TA advances due from the employees are transferred to other accounts such as Accounts Receivable.
8. In case of local traveling claims, the distance traveled and the places visited should be clearly mentioned in the claim form. As per policy, claims are to be made only when the employee covers more than 10 Kms one way, if he/she draws conveyance allowance.

Annexure – 10

Checklist for Audit of Medical Advances and Expenses

1. To obtain from the SAP the details of Medical advances given to employees.
2. To check whether the requisitions for granting of advances have been approved by hospital authorities and other authorities as per the delegation of powers.
3. To check whether the bills have been settled as per the approved medical rules for hospitalization and nursing charges.
4. To check whether the bills reimbursement forms have been filled properly for all the columns of declarations and information.
5. To check whether bills have been paid duly supported by valid prescriptions and bills from pharmacies, hospital and doctors.
6. To check whether bills have been claimed for dependents as per the list of dependents declared by the employee available with the hospital / personnel department.
7. To check whether cases referred to outside hospitals are as per rules and by competent authority
8. To check whether income tax at source is deducted with reference to “perquisites” under medical expenses.
9. To study whether it would be economical to employ in house Doctors vis-à-vis outside specialized consultants.
10. To check the treatment procedure / reimbursement of medical expenses in case of retired employees.

Annexure – 11

Checklist for Physical Verification of Cash

1. To conduct surprise verification of cash at the cash office.
2. To check the main cash and petty cash according to the balances as per the cash register and tally it with the SAP cash balance.
3. To check and note the denominations of main and petty cash along with stamps and coins.
4. To randomly check some of the payments released and cash received during the day of the audit.
5. To check the receipt orders for refund of cash on the day of the audit and whether the same has been accounted properly and timely.
6. To verify the insurance policies of cash in safe and cash in transit and verify the cash register to check whether the balances have exceeded the limit of insurance policies. Also check up need / adequacy of fidelity guarantee insurance.
7. To check and ascertain as to whether high amount of cash balance is being maintained by cash office – if so, suggestion to be given to reduce the cash balances.
8. To check payments made, if any, but not yet accounted in main cash and ascertain the reasons for the same.
9. To check the status of soiled notes.
10. Check whether physical verification of cash is conducted at regular intervals by finance officials / representative of the concerned unit.
11. To check how many sets of keys are available and in whose custody, to see that the keys are not handled by the same person.
12. To check that sufficient security is provided at the time operating the safe and while getting the cash from the Bank (Main Branch).
13. To ensure that cash handling allowances are disbursed in line with company's policy.

Annexure – 12

Checklist for Interest on Cash Credit/working capital and Long Term Loans

1. Verification of opening A/c, operation of A/c, obtaining of C.C. limits/working capital and long term loans to ensure that such kind of powers are centralized and exercised strictly in accordance with the delegation of powers / Board approval etc.
2. Check up the interest rates applied and whether they are in line with the RBI guidelines and competitive comparison rate of various banks.
3. Check up actual operation, product calculation and interest application and its accuracy.
4. Check up for delay in receipts of TT's and debit of TR's in Main account from various branches.
5. Check accounting entries with the help of the bank pass book entries, debit / credit advices, etc.
6. Check up whether any surplus cash is available which could have been utilized to adjust the C.C. to reduce interest burden of the company or alternatively for short term Investment (TDR) if rate of return is higher than interest expenses.
7. Ascertain whether value dating provision is available and in use by the company. Check whether transactions made during the peak hours have been recorded on the same day to avail the benefit of reduction in CC balances, leading to interest saving.
8. Check accounting entries are recognized and presented as per accounting Standards.
9. Foreign exchange fluctuation on loan and interest amount is correctly recognized and shown separately in books.
10. Check roll over decisions are giving long term benefit to company.

Annexure – 13

Checklist for Bank Reconciliation

1. To download the Bank statement and Cash/Bank book for each month for last six months. Also check whether the reconciliation process is automated in SAP.
2. To take a particular month's reconciliation statement between cash book and bank reconciliation statement prepared by the cash department and see the difference between balance as per bank statement and balance as per cash book. Analyze the reasons for the difference.
3. From the bank statement, cash book and reconciliation statement following are to be checked:
4. To check clearing of entries to Main account on continuous basis.

I. Cheques deposited but not credited:

- a) See that all the cheques received and deposited by RCF are credited in the bank statement by bank in time.
- b) In case of local cheques verify that bank has given credit in the same day or the following day.
- c) In case of outstation cheques see that credits are given by bank within 21 days.
- d) See that any dishonored cheques were returned and verify the reversal entry passed by the concerned department who has prepared the Receipt Orders for acceptance of cheques immediately.
- e) See that the cash department has followed up with bank for the cheques for which credit was not given in the bank statement. In such cases whether the interest was collected from the bank beyond the collection period.
- f) List out details of cheques not credited and reasons thereof.

II. Cheques issued but not presented for payment:

- a) Verify whether payee presented all cheques issued by RCF to the bank within 6 months. In case any cheques has not been cleared within 6 months, see that the stale cheques are accounted properly.
- b) List out details of cheques issued by cash office but not debited to our account and reasons thereof.
- c) Check reasons for not presenting the cheque for payment in time to ascertain whether the delay for the same is on our / party's account.

Whenever the party has reported loss of cheques, ensure that the **duplicate cheques** are issued after verifying the following conditions:

1. The party has given affidavit that once he has received the original cheques, the same will be returned to RCF to indemnify RCF for any loss incurred.
2. Cash department has to verify whether the cheques not cleared by the bank is on the basis of original cheques.
3. Intimation should be given to the bank to stop payment for the original cheques and acknowledgement be obtained to stop the payment.
4. Reversal entry for such transactions should be passed by Finance before issuing a duplicate cheques to the party.
5. See that no cheques are lying in the cash department and if any cheques are found, the reasons and the age should be ascertained.
6. In case of salary and incentive cheques, if the employee has not collected the cheques in time, verify the cheques has been forwarded to wages department of paying it through next salary slip.
7. Check whether reversal entries were made in books for unpaid cheques periodically and particularly at year-end.

III. Amount debited by Bank but not adjusted in Cash book

1. To check whether all the debit advices issued for bank charges, interest, dishonored instruments and the payment made for materials through bank are received from bank and sent to the concerned department immediately so that the department can account / respond the transaction / advice early.
2. See that part responding of advices is avoided to the maximum extent. Any clarification can be sought from the bank and action should be taken for responding the advice in full. This will reduce the work of reconciliation.

IV. Amount credited by bank but not adjusted in Cashbook

1. Verify the credit advices issued for interest income, documents sent through bank against L/C, sales realization of export material and time taken to send to the concerned section.
2. See that action is taken for responding the advices in full.

Verify that all transactions are accounted immediately and there is no variation between closing balance of bank statement and Cashbook in any month.

General Observations:

The voucher prepared by any department is valid upto the month in which it is prepared and also in subsequent month. RO is valid for 24 hours only.

Any voucher / RO prepared and where there is no validity, then the concerned department has to reverse that entry.

Get the certificate from the Bank for the latest month for verification and record.

To check whether Acknowledgements from respective departments are obtained on submission of cheques by Cash department, giving all necessary details.

To take print of open item lying in bank book from SAP T-code FBL3N after passing clearing entries of all reconciled items. The total of Main account to be checked with bank closing balance.

Annexure –14

Risk Management

1. Check key risks are communicated to Risk Committee, Unit Heads, Audit Committee.
2. Check new risks are identified in operational level, financial risk, etc.
3. Check audit plan allocate a larger portion of audit resources to high risk areas.

Annexure – 15

Checklist for Audit of GST Cell

1. Checking ECL balances with trial balance
2. Checking of GSTR 3B in relation to GSTR 1 & GSTR 2A and trial balance
3. Review of ITC availed
4. Review of non-deductible ITC
5. GST Registration certificate amendments if any
6. Additional Places of Business in GST Registration Certificate
7. Review of GST Liability under RCM
8. Outward supplies (goods and services) – HSN /SAC code – Rate of GST
9. GST on interstate transfer of stock/assets etc.
10. Reconciliation of GSTR2A for major vendors
11. Filing of GST returns on due dates
12. E way bill Compliance

Annexure – 16

A- Checklist for Payments against Work Orders (Mechanical, Electrical and Instrumentation)

To check:

- ii) The actual payments made, deductions / recoveries of advances, in case of civil work order, material reconciliation and amount recoverable from contractor (when supplied to him by RCF on chargeable basis), statutory deductions, liquidated damages, etc. with the terms and conditions of the respective work orders.
- iii) The quantity and value, the description of the account, account number, correct distinction between capital and revenue items and posting to the appropriate account code, cost code, payee code, should be done in SAP POWO.
- iv) Authorization of the payment voucher by the competent officials as per the delegation of powers of the Company.
- v) Existence of the internal checking mechanism i.e. whether every transaction is counter checked by the person other than one who has done the original work, etc.
- vi) Checking of the validity of the Bank Guarantee / Security Deposit as the case may be up to contract period as per condition of SAP P.O.
- vii) Any default made by party to check recoveries against B.G/S.D
- viii) Authorization of Service sheet updated in SAP as per actual performance of activity/as per W.O
- ix) Closure of P.O/W.O in SAP to check from SAP T-Code ME2N and selection parameter to be given WE101.

B- Checklist for MES Contracts – Work Orders for Maintenance

1. Check whether the estimate for the job was approved by the competent authority also check whether the tender committee was formed by the competent authority's approval.
2. Check the mode of enquiry for quotations i.e. limited tender, local, regional press advertisement. All India press notification as per the value of the contract is to be followed as per work order contract procedure.
3. If it is not followed check whether approval of competent authority was taken. To check whether pre-qualification of parties for various categories of jobs has been done periodically. Check in case of limited tender whether NIT was sent to all the pre-qualified parties.
4. Check whether time allowed for submission of bids was reasonable. Check whether all the bids received were opened on due date in presence of finance representative. To check whether EMD has been given by all the parties as per NIT. Check whether the bidders were technically pre-qualified before opening of price bid.
5. Check whether the QCS (Quotation Comparative Statement) was prepared by the department, checked and signed by the finance department representative.
6. To carry out test check whether comparative statement was correctly prepared by giving due weightage to price discount, payment terms, taxes and duties, completion in time, etc.
7. To check whether negotiation was absolutely necessary and if so, only lowest party was called for negotiation after approval of the competent authority. If not, justifications thereof.
8. To check the recommendation of the tender committee and the work order issued to the parties on the basis of recommendation by tender committee and approved by the competent authority.
9. Check that acceptance of the work order placed on the contractor has been received and an agreement on non-judicial paper as required has been executed for each contract.
10. Check whether Bank Guarantee for security deposit received from the successful bidder is within the stipulated time. Check that Bank Guarantee is as per our requirement.
11. Check payments made are for the work certified by engineer-in-charge of the work and as per the work order terms.
12. Check whether the work order contains the payment terms as per the work contract procedure manual. For deviations, if any, whether competent authority's approval was taken.
13. Check for the detailed workings for part rates used for stage payments and whether approved for adoption of these rates was taken from competent authority.

C- Voucher verification

While verifying the vouchers the following points are to be checked.

- a) Whether proper classification of expenses i.e. Capital and Revenue has been done.
- b) Whether the payments are released with competent authority's approval.
- c) Whether tax if required to be deducted at source from payment of suppliers and contractors has been done as per rules and whether the same have been deposited in the bank before the 7th of the subsequent month.
- d) Whether payments have been released within the budget provisions.
- e) Whether tender procedures, if applicable, have been followed.etc.

Annexure – 17

Checklist for Audit of Bank Charges

1. To obtain copy of the agreement between Bank and RCF.
2. To know the rates charged by bank.
3. To verify whether commission was charged correctly by the bank.
4. To ascertain the necessity of purchasing demand drafts.
5. To verify the bank charges towards Bank Guarantees issued.
6. Whether the bank is charging on account of postage / other charges and the same is as per agreed rates.
7. To check accuracy of the entry.
8. To know the trends and reasons for increase / decrease, if any, on account of bank charges in a year.
9. Action taken to get wrong entries for charges reversed by the bank timely.

Annexure – 18

Checklist for Audit of DAE Claims

RCF is running Heavy Water Plant for and on behalf of Department of Atomic Energy. For this purpose RCF is getting remuneration in the form of Annual Management fee as decided from time to time in agreement with DAE, revised from time to time. As regards capital and revenue expenses actually incurred for running of the Heavy water plant, RCF has to prepare and submit monthly claim statement to the DAE as per the terms and conditions detailed in the "Agreement between RCF and DAE". For this purpose a separate set of books of accounts is maintained for HWP and RCF. These books show the sum receivable from DAE (Subject to closing adjustment) under the head "ACCOUNTS RECEIVABLE" : INTER UNIT ACCOUNT.

Audit of monthly HWP claim is to be made on the basis of latest agreement between RCF and DAE and with special reference to below mentioned points:

- a) Timely submission of monthly claim by RCF to DAE.
- b) Proper settlement of the monthly claim by DAE within reasonable period.
- c) Any additional / supplementary / special claim on DAE within the reasonable period.
- d) List of total outstanding claim as on the date of audit along with the reasons for non-settlement of claims within reasonable time.
- e) Status of capital inventory procured by RCF on behalf of DAE, lying in stores.
- f) The consumption pattern of capital stores in the last 3 years. The blockages, if any, in the working capital to be worked out.

Annexure – 19

Checklist for Audit of FICC Claims

To check the following:

1. Whether the claims are preferred as per FICC norms.
2. Whether all the notification circulars as issued by FICC have been considered before lodging the claims.
3. The age of the claims pending and ascertain the reasons for non-settlement of the same.
4. Whether the quantity as claimed in the FICC claims tallies with the dispatch figures for the corresponding period in SAP.
5. Whether subsidiary claims have been raised when there is revision in the selling prices with retrospective effect.
6. Entries passed at the time of preferring claims, receipt of moneys from FICC, reversal for quantities unsold etc in SAP.

Annexure – 20

Checklist for Schedule Review

1. Obtain list of transaction from T-Code FBL1N and Trial Balance. Arrange the data into G/L account wise for review.
2. See that schedule of accounts gives information sufficient for reference and control purposes. It should contain the below mentioned information.
Description of the account, document no., date, payee code number, link voucher no., PO / WO No., cheques No., debit/credit amount. All the data must be filled in correctly and completely and there should not be any omission / incomplete date.
3. Check that the procedure / periodicity as per the predetermined programme of critically evaluating the scheduled accounts for outstanding decides the daily reference for the clearance of advances etc.
4. See whether advances / accounts receivables, bills receivables / payables are scrutinized for age-wise analysis and communication / correspondence, follow-up / clearance etc.
5. All the entries routed through the above accounts must be as per the terms and conditions of the purchase / work orders and under proper sanctions as per delegation of powers.
6. Check up the procedure / periodicity, promptness with which odd / adverse balances in the scheduled accounts are rectified properly.
7. Check up whether appropriate sanctions are taken for transfer of entries from Advances accounts to account receivables accounts, creating provision for bad and doubtful debt and write off from the accounts.
8. To check whether any credit balances are appearing in party's accounts after final payments against the Purchase Orders have been made, if so what action has been taken for reversing the credit balance.
9. To check whether amounts are appearing in advances and provisions for the same payee codes and action taken for adjustment of the same.
- 11 To see clearing of open items on regular basis after review.

COMMERCIAL AUDITS

Annexure – 21

A- Checklist for Purchase Orders

A. Indenting Stage:

1. Check whether competent authority as per the delegation of power has approved the indent.
2. To select the purchase orders of Electrical, Mechanical, Instrumentation and General items depending on value of POs and see that a proper purchase procedure is elaborately given in the Materials Manual. . *T-Codes are ZMM_PO, ME2N, and ZMM_POLIST.*
3. To check whether there is a system of control for maintaining maximum and minimum levels of stores and spares, EOQ for procurement of stores and useful life of material is determined.
4. To check the consumption of the material during last two years as per our inventory record or inventory generated indent so as to check the urgency of the item to be procured to ascertain that the present quantity indented is justified with consumption of the past period. Therefore all Material Master to be updated for all these details in SAP. Proper care to be taken based on ABC analysis.
5. *Check auto Indent facility in SAP is used properly.*

B. Tendering stage:

1. *To check whether tender notice are put on the RCF website/ CPP portal & NIC portal.*
2. To check whether quotations are asked from parties as per approved vendor list – Also to ascertain, whether the vendor list is updated periodically or not. To check, if the order is to be placed on proprietary basis, whether justification / approval for the same has been given / obtained from competent authority.
3. Check whether prequalification of parties carried out after every three years.
4. Check that acceptance of single quote offers are decided by next higher authority.
3. To check whether the quotations have been received from all the parties to whom enquiries had been sent and action taken / proposed to be taken in case parties who did not respond to the enquiries.
4. To check whether the material has been received as per the delivery schedule as mentioned in the PO.
5. *Check whether E- procurements are made as specified in Tender guidelines.*
6. *Check there is tendering process has not been delayed beyond 120 days from purchase requisition to placement of purchase order.*

C. Tender evaluation and award of Contract:

1. To check the comparative statement whether the rates compared are as per quotations of all the parties and for all the items. Also to check that the terms of delivery, payment, taxes and other charges, if any, have been considered to arrive at the lowest quotation offered.
2. To check whether negotiation, if any, was absolutely necessary and approval from competent authority was taken. If negotiation was conducted with other than lowest party, reasons thereof.
3. To check whether the purchase order has been concurred by the budget and finance / concurrence department. To check, whether the committee formed and members nominated for the committee are as per delegation of powers.
4. To check whether the clauses, terms and conditions as recommended by the committee / competent authority have been included in the PO.
5. *To check whether current stock and consumption are mentioned in the MOM.*

D. Other Points:

1. *To check whether the rates in the current P.O if abnormally higher than the estimates/earlier P.O's are approved by competent Authority*
2. *To check any PO is generated without complete details in Vendor Master.*
3. *To check whether demands for Thal / Trombay and Marketing are clubbed together so as to reap the benefits of bulk buying.*
4. To check any intentional bifurcation/split of purchase orders so to avoid approval from higher authorities.
5. *To check that all PO's are correctly classified in SAP as Emergent, Single, Nominal, Proprietary etc.*
6. *To check penalty terms in case of default is properly included or in case of default RCF has right to procure from another party at the risk and cost of defaulting vendor.*
7. *To check whether the material has been received as per the delivery schedule as mentioned in the PO. T-code is ME23N.*
8. *To check age wise analysis of material procured during the year but lying in stock for more days from report ZMM_MAT_STOCK_AGE to reviewed increased inventory cost of material procured.*
9. *Check Material Master available in SAP from SAP T-code MM03.*
10. *Check list of defaulter to be available in SAP Enquiry route and also prequalification of vendor list.*
11. *Check all condition records are clearly defined in SAP P.O like cost to be taken for Inventory, CENVAT, set off of Taxes etc.*
12. *Check that purchase orders are closed once delivery is complete or if material is not required.*

13. *To avoid post facto approvals , in case of ARC's whether lining up action has started at least three months prior to expiry of contract. In case of orders on nomination/single tender reported to boards.*

B- Checklist for Purchase Payments subject to finalization of P.O. and Supplies of material

1. Payments are to be made strictly as per the terms and conditions of P.O. Any deviations whatsoever needs appropriate sanction through Amendment / Concurrence procedure and purchase officer / paying officer on his own has no authority whatsoever to deviate from the P.O. terms. The amendment in SAP PO to be made in system.
2. Finance Department on receipt of documentary evidence of receipt /RD /DC of ordered material from stores will proceed to make payments for the material received and passed. Ensure that quantities in the case of high value items are not varying sizably compared to the originally concluded quantities without the approval of the competent authority.

Verify the arithmetical accuracy of advances recovery calculations, taxes and duties, TDS, freight, discount, L.D. recovery etc. and see that they are strictly as per P.O. terms.
3. Check up the accounting entry passed from the document prepared. The should show description of the account, account number, identification of the item, capital or revenue, nature of item purchased and appropriate accounting entry thereafter indicting account code, cost code, payee code, work order number etc. Also check the narration and counter checking of each payment by 2 persons (prepared by & checked by) who have to put their signatures on payment vouchers and Document entry and see whether the transaction is within the scope of their authority given (conferred) by Delegation of Powers of the Company.
4. Check whether taxes and duties are reimbursed against production of proof for payment by the suppliers to authorities where prices are not inclusive of taxes and duties.
5. See that ITC receivable entries are of correct amount and as per condition record of SAP to be supported by documentary proof given by supplier.
6. Check Tax Invoice to contain details of PAN, SERVICE TAX,GST, etc for claiming ITC benefit.

C- Purchases & Creditors

1. Check Re-order level for various items of materials on the basis of factors like EOQ, Ordering cost, Usage rate, lead time etc.
2. Check Indent are raised by Indenter after verifying stock position in hand.
3. Check Tenders are invited as per Tender Guidelines and evaluation of tender proposals on factors such as quality, quantity, terms of supply, payment terms, prices, duties and taxes, procedural formalities etc.
4. Check Committee approval before placing Purchase Order. When a large quantity of any material is to be purchased it is advisable to distribute the orders to several suppliers, to maintain regular supplies and development of new vendors.
5. Check evidence of inward movement of material from CISF.
6. Check any delay in preparation of GRN, and inspection.
7. Check the copies of GRN are send by Storekeeper to Excise for availing ITC and to Purchase Department for payment against P.O. and delivery challan.
8. Check the materials are placed in Bin and entries are made in Bin Cards.
9. Check the issues of material to plant are made in SAP, with correct cost entries etc.
10. Check any material returned to supplier (credit notes etc.)
11. Check statement of balances with suppliers are confirmed regularly.

D- Checklist for Packing Materials / Bags / Drums

1. Check up Government restrictions on usage of Jute/HDPE bags etc. (Composition in procurement)
2. Check up company's directive / policy for procurement of bags in terms of delegation, requisitioning, tendering, finalization of terms & conditions of NIT, selection of supplier / panel of suppliers. The division of P.O. in between the parties and staggered delivery, rate, quantity, quality, printing (design/layout) etc. should be unambiguous. Penalty for late delivery, rejection of defective bags /rec-acceptance with / without penalty but after appropriate sanction, laboratory testing (RCF / third party inspection) etc. be thoroughly checked. Compliance should be rigorously checked.
3. Record control procedure/documentation for receipt/ issue/ balance of bags purchased, periodical reconciliation of book stock vs. physical stock vis-à-vis filled product dispatched duly certified by competent officials be checked. Similarly whether records have been maintained for cut /stolen /torn /wasted bags and entire stock position / usage /procurement have been reconciled at frequent (reasonable) intervals.
4. Procurement must be well launched so as to ensure continuous, smooth supply of packing material according to the production. But at the same time whether appropriate level of inventory has been maintained (optimum level to be decided by expert study). Study the system for ensuring accuracy of bulk packing material received viz. statistical, sampling techniques etc. for which team f management should have been involved.
5. See whether most prompt economical, speedy, procedure is existing for standardization and re-bagging of the product from cut and torn bags and spillage in the operating floors.
6. In respect of disposal of cut and torn bags whether standardization procedure is streamlined for accounting. Disposal and mixing of cut and torn bags with fresh bags is to be avoided.
7. Treatment of other companies' bags lying in our godowns to be checked.
8. Procedures and accounting of return to stores / bagging plants to be thoroughly checked.
9. Procedures and accounting of procurement of drums and heir usage to be thoroughly checked.
10. Check stock position of bags/drums already existing before further procurements in SAP
11. Check consumption entries passed regularly for packing materials/Bags/Drums.
12. Abnormal wastage / consumption to be reported separately.

E- Check list for Audit of firefighting and safety equipment's. , public address system.

1. To check the implementation of contract terms
2. To check the statutory requirements.
3. To check the validity of certificates etc.

Annexure – 22

A- Checklist for Audit of Inventory/ Stores and Spares

1. Complete data of Inventory of stores & Spares, Packing materials, Finished goods etc to be taken from SAP system storage location wise. T-codes are MB52, ZMM_MAT_STOCK_AGE.
2. To check age wise analysis has been done for all items. Non-moving and Slow-moving items for longer period (3 yrs / 5 yrs) including High value items of non-moving are regularly reported.
3. To check proper identification are made for Surplus and Obsolete spares. To check movement types are correctly assigned for disposable/usable surplus items in SAP.
4. The Slow / Non moving inventory should be further classified into the following categories – The value and quantity of -
 - (a) Item that will be consumed in the next few months.
 - (b) Items that can be sold off being not required.
 - (c) Items that have to be scrapped – useful life being over.
5. Ensure that an action plan has been drawn to dispose off / sell the Non-moving inventory.
6. To check Physical verification of items at random and tallying with SAP stock.
7. To check Pending returnable material based on RCF's gate pass.
8. To check Project surplus items lying in plant stores / main stores are recorded in SAP system and its uses.
9. To Check % of consumption for 3 years and Inventory amount lying for last 3 years. Analyze reasons for huge amount lying in stock.
10. To check Block facility in SAP system is used in material master of those materials if already existing. The further procurement of such materials should be stopped.
11. To check reports are regularly sent for unused list of stores to all plants for any usage between Thal & Trombay.
12. To check Abnormal wastage/consumption are reported separately.
13. To check Stores items carry proper identification tags / codes etc and are put on the bins for identification of material and recorded in SAP.
14. To check whether an ABC analysis of the stores inventory is carried out both by value and consumption. Comment upon the need for an ABC classification of inventory for ensuring a proper control.

15. Ensure that the stores stock ledgers are kept up-to-date and entries in respect of receipts / issues are made on a daily basis.
16. To check that Norms (No of days consumption) have been determined in respect of inventory level . The inventory level should be maintained at that level. Comment if the inventory levels are at a higher level as compared to the Norms.
17. To check that a proper control is kept by Stores over items sent outside for job work/repair etc (Material sent under a Returnable Gate Pass)Check that the list of pending items (RGP) is prepared on a regular basis and the materials sent are received back within a reasonable period.
18. To check that various items forming part of the Stores inventory are stored properly and safely. For example in case of chemicals, ensure that the containers are kept safely and not exposed to rain / heat /sunlight etc. Carry out a review of all the items Stores-Raw material/General//Packing material and the finished goods warehouses etc.
19. To check that all key items in the Stores are insured against fire, theft etc.
20. To Check whether there are adequate fire fighting arrangements in the Stores e.g. required no of fire extinguishers etc, required in the event of fire etc and as part of industrial regulations.
21. To check that the Rejected Material is kept separately and the material is returned back to the supplier only after adjustment of outstanding balance in Accounts. Analyse the reports of rejected materials over a period of time.

B- Checklist for Audit of Material under Inspection / Transit

1. Procure the list from the stores accounts for the period / month to be audited.
2. List out cases where the amounts are pending in the statement for material under inspection and in transit.
3. To check the period for which and confirm the reasons as to why the amounts are been lying under inspection / transit account.
4. To check and ascertain the frequency of utility of the item with the period for which the material was under inspection / in transit. Abnormal delay in the above cases to be reported.
5. To check whether all materials have been received after inspection and material on receipt is transferred to stores account duly transferred from material under inspection / transit account.
6. To check whether defective materials were duly replaced by the suppliers and in time. If not, action taken thereof.
7. To check whether payment to the extent of defective materials was withheld. To check advance payment duly adjusted/recovered if defective material is returned.
8. To see whether ITC benefit has been obtained at the time of taking the materials to capital items.
9. SAP report for movement type 103, 105 to be checked.

C- Checklist for Material under Care & Custody stores

1. Procure the list of items lying under C&C stores upto the period to be audited.
2. To check and list out items lying in C&C stores for longer period to:
 - a) ascertain the reasons for procurement of items under DC but not utilizing the same on receipt and transferring the item to C&C – Stores.
 - b) confirm from the indenter the reasons for non-use of item procured under DC and confirm the expected time period by which the item will be used.
3. To check the approval of the competent authority stating reasons for transferring the DC items to C&C-stores.
4. To check the physical condition of the DC items lying under C&C – stores.
5. Ascertain the action taken for items, which have become obsolete during the period it was in C&C – stores.
6. To check whether proper records have been maintained for receipt and issue of items to and from C&C – stores.
7. Check whether approval from competent authority was obtained for further extension of period.
8. To check for follow up done by stores with the indenter / approving authorities for items not lifted within the approved period from C&C –stores.

9. To ascertain the action taken for disposal of items lying in C&C –stores for a very long time.
10. To check whether similar items were procured ignoring the availability of the existing DC items. Such cases to be reported.

D- Checklist for Scrap / Surplus / Obsolete / Moving / non-moving / slow moving Stores items

1. To check the policy existing for –
 - a. Defining each of the above mentioned items.
 - b. Identifying each of the above mentioned items.
 - c. Declaration of the stores items to be Scrap /Surplus /Obsolete / Moving /non moving /slow moving stores items.
 - d. Sorting of the items as Scrap /Surplus /Obsolete / Moving /non moving /slow moving stores items.
 - e. Evaluation of each of the above mentioned items.
 - f. Timely action of Disposal /Sale /Transfer (in case of surplus item) from one plant to another plant for its alternative utilization.
2. To ensure strict compliance / adherence to the policy and procedure in respect of each of the above steps by going through documents and other physical evidences available. Any kind of discrepancy / deviation / shortcoming in the compliance should be suitably reported.
3. Also to ensure whether existing system of record keeping is facilitating adequate control over the accounting / monitoring / physical controlling / reconciling at the regular intervals and that all records maintained are correct, complete and up to date in all respects.
4. Also check whether committee exist, for identifying surplus / Obsolete / Moving /non moving /slow moving items of stores and spares.
5. As regards the scrap sales management check up whether the predetermined standard procedure is laid down for finalization of Sales Order which should be parallel to the purchase order finalization procedure of the company.
6. In case of surplus items specifically look into age-wise analysis of items lying unutilized for unreasonable period of time and extent of funds utilized and losses incurred thereon.
7. *To Check movement type is changed in SAP for obsolete, usable surplus, disposable etc.*
8. To check provision amounts are reversed of disposable surplus after sale of scrap.
9. In respect of insurance spares required to be stocked to take care of emergency requirements of the plant. Auditor should verify the relevant documentation / record / registers maintained in respect of these items.
10. In respect of obsolete items, after reviewing age wise analysis, verify the remedial action taken. If no remedial action has been taken till the date of audit, check why timely disposal action had not been taken to minimize the losses due to obsolescence.
11. In respect of non-moving and slow-moving items verify the detailed procedure and documentation involved in monitoring / certification / reporting of such items periodically thereof, corrective actions taken by the management etc.

If it is observed that no proper follow-up of non-moving and slow moving items is done within reasonable time, it should be suitably reported along with the suggestions for changes in the adequate / periodicity / channels of reporting such kind of data to the higher executives who can act upon it.

E- Checklist for pending returnable material report by CISF based on RCF

1. To obtain the pending returnable materials report from CISF.
2. Check whether CISF is preparing the pending returnable material report properly based on the gate passes.
3. Check whether any register is maintained by CISF by showing entry for outgoing and incoming materials.
4. Check whether CISF is keeping copies of the gate passes properly for use at the time of return of materials.
5. Check whether the plants / departments are maintaining properly register of materials sent out on returnable basis, showing the expected date of return and actual date of return, gate pass entry, etc. Check from the department / plants the reason for the materials not returned in time.
6. Check whether the department / plant vigorously follows up with the party for getting back the material, which is not returned within the expected date.
7. Check whether the code number of the material and the value of the material are given in the returnable gate pass besides the description of the material.
8. Check whether the CISF is sending the cumulating pending returnable material report to GM (TO) or GM (Thal) on quarterly basis and action taken thereof by the GM's.
9. Check whether CISF has updated its report after getting reply is from the plants /departments regarding status of pending materials.
10. Check whether plant/department is maintaining properly the files of returned copy of the gate passes where in CISF entries for incoming outgoing materials are given. Also see whether file is maintained for keeping delivery challan, bill for repairs along with returnable material gate pass.
11. Check whether defective materials sent out for replacement are not returned and taken as fresh purchases.

Annexure – 23

Checklist for Bagging Plant Audit

1. During the visit to bagging plant, the status of number of slats in operation is to be checked with respect to availability of manpower allotted for each shift.
2. If some of the slats are not in operation, the reasons for the same may be obtained from the shift-in-charge.
3. To check the frequency of adjustment of calibration of the slats by operators.
4. To take sample weighments from each slat (A&B system). The number of samples to be drawn for sample weighment should e approximately 100 bags per slat / per system.
5. To check at random the weighment of bags on the digital weighing machines available near the slats at each bagging plant.
6. To check the weight and quality of empty bags at random.
7. To check the stitching of the bags, whether they are being done in uniform and straight manner and the size of the stitches is to be checked to see whether there is possibility for material flowing out of the bags after stitching.
8. To check and calculate the quantity and value of product loss on annualized basis with respect to the loss that has been calculated for the sample checked.
9. Check quantity of and number of times sweeping collected and treatment thereof.
10. Measures of safety and cleanliness adopted for the workers and their usage to be verified.
11. To check for damages, if any, to the product or packing material on account of rough bagging / handling process.
12. To check the rates of services by Mathadi workers whether they are duly approved by the competent authority.

Annexure – 24

Checklist for Audit of Work Orders of Clearing, Forwarding and Transportation Contracts

1. To check whether the budget provision exists for the contracts that have been awarded.
2. To check whether the previous year actual expenditure was well within the budget and whether the same have been considered for finalization of the budget for the current period.
3. To check if the previous years expenditure has exceeded the budgetary provision proper justification and appropriate sanction has been obtained for the same.
4. To check the newly estimated requirement and expenditure are in light of the factors given in the proposal for entering into a new contract and in line with the previous year working. In case there is any deviation, whether proper justifications for the same have been given.
5. To check thoroughly the tender procedures followed.
6. To check up the comparative statement of the quotations.
7. To check up the finalization of work orders i.e. a) Finalization is on the lowest basis. b) Other than lowest basis. Check up the reasons and sanctions for finalizing the order on other than lowest basis.
8. To check the detailed terms and conditions of work order in the light of NIT issued for the contract awarded.
9. To check whether the bills are raised within the reasonable time after rendering of the services under the work order. The condition of work order to be checked in SAP.
10. To check up the bills with reference to Terms and Conditions of work order and the recoveries to be effected thereof.
11. To check whether the new contracts / renewals are initiated well in time before the expiry of the existing work orders to avoid 11th hour extension / renewals, etc.
12. To check the time taken during IN and OUT of the trucks and tankers inside the factory. To ascertain the reason for delay and suggest procedure for improvement.

Annexure – 25

ADMINISTRATION AUDITS

A- Checklist for Log Books of Company Vehicles

1. To obtain logbook from the users of the vehicles or the administration dept. for vehicles in pool.
2. To check whether the logbook is complete in all respects such as date of use of vehicle, opening and closing, mileage, total mileage, opening time and closing time, place of visit, name of user and designation, purpose of use and signature of the user and designation.
3. To check whether the entries for fuel bill have been made in the logbook.
4. To check the details of repair expenses from the user / administration dept. and to ascertain whether the expenses are reasonable.
5. Try to ascertain the mileage per litre of fuel consumed. If abnormal variations are found the reasons for the same to be obtained from the user / administration dept.
6. To check the age of the vehicle vis-à-vis expenses on fuel & repairs and maintenance to ascertain whether continuation of the vehicle is economical or needs replacement.
7. Whenever an employee uses the vehicle the logbook has to be signed by the person using the vehicle or by a responsible officer.
8. To check whether vehicles are used by entitled staff only.
9. Analysis or calculations to be made on the basis of data available in logbook i.e. kms covered, fuel consumed, etc. for a particular period to ascertain proper use of vehicle.

B- CISF CONTRACTS

- a) Verify the contracts lined up for CISF.
- b) Verify that the payment is as per the agreement.
- c) Medical expenses, township facilities and other expenses approvals and entitlement.
- d) Deployment of man power and expenditure monitoring.

C - SECURITY CONTRACTS

- a) Verify the contracts lined up for Security .
- b) Verify that the payment is as per the contract.
- c) Verify the system of Deployment of man power and expenditure monitoring

Annexure – 26

Checklist for Guest House Expenses

To check:

1. Budget approval for the year for Revenue and Capital Expenditure.
2. Whether department wise budget for entertainment in Guesthouse is strictly followed.
3. Mode of booking of Guesthouse and procedure for raising requisitions for accommodation.
4. The existing contract provision for scope of the contractor and terms of the contract.
5. Actual expenditure whether within Budget or has exceeded the budget.
6. List of assets and equipments in the Guest house with full details.
7. Test-check the list of occupants at least for 2 months.
8. Recovery of tariff from employees and outsiders for room rent and other charges.
9. Whether the equipments were in good condition or missing and whether the recoveries for the same had been effected from the last contractor at the time of change over from one contractor to other.
10. The suggestion book provided in the Guesthouse and the implementations of the suggestions thereof.
11. Whether the rates charged by the contractors are as per the approved rates.
12. Whether the physical verification of the assets i.e. furniture, fixtures and equipments handed over to the contractor is done periodically.
13. Whether statutory deductions have been made correctly and in time from the contractor's payments.
14. Whether recoveries are made from the bills of contractor towards upkeep of appliances, if the company has incurred expenses on his account.
15. Whether necessary approvals are sought for conducting functions, meetings and gatherings at the guesthouse.
16. Whether the maintenance of the guest house and its surroundings are in order or not.

Annexure – 27

Checklist for Hospital Audit

1. To obtain the organization structure of the hospital with reference to the total manpower, allocation of jobs, etc.
2. To check the registers maintained at the hospital.
3. To check the system of issue of medicines & prescriptions for issue of medicines from hospital stores and outside authorized medical shops.
4. To check the system of maintaining patients' files and referral cases. See that treatment is provided to dependants only. This can be verified from the dependants' list from the Personnel Department.
5. To check the utilization of ambulance.
6. To check the contracts awarded by the hospital for various pathological labs and X-ray labs with reference to contract procedures.
7. To check the work orders issued by hospital to visiting doctors and their appointment procedure.
8. To check the stock of medicines in the hospital stores with the stock register and try to ascertain whether any high volume of stock is maintained for the items stored. To check the medicines are in the stock. To ascertain reason for not using the medicine in time.
9. To check the occupancy records to ascertain the number of employees treated at our hospital and number of outsiders and CISF personnel treated at the hospital.
10. To check whether a proper revision has been made in the schedule of charges for outsiders and whether it needs to be revised again.
11. To check the records and physically verify the hospital equipments, crockery and linen with utilization thereof and ascertain that there is no difference between book stock and physical stock.
12. Check up whether adequate records are separately maintained for treating outsiders and total cost of the same is correctly and completely recovered from them either in cash or recovery through running bills under different work orders of the outsiders if any.
13. Strict measures of cleanliness and hygiene at Hospital and in-house kitchen.
14. To check whether proper queue system is being maintained through proper token system or by monitoring the same through an attendant.

Annexure – 28

Checklist for Audit of Time Office

1. To check the computer punching record of workmen with attendance record and EDP record for salary preparation. To check for at least two months the time cards of officers with EDP records to ascertain whether attendance recorded by EDP is as per card.
2. To check records of manual attendance with punching records for non-officers.
3. To check whether leave applications duly approved by competent authority as per Delegation of Powers are submitted along with the Time cards and attendance.
4. To check leave applications along with leave balances, whether the leave has been sanctioned considering the available balances, if no what action has been taken by Time Office.
5. To check Time Office Memo for supplementary pay / No-leave pay with original record of attendance for the concerned period.
6. To check leave balances along with applications for a few employees to confirm whether leave balances are updated properly.
7. To check whether records have been maintained for Time Office Memo issued for LTC encashment and EL encashment so that LTC encashment cannot be granted more than once in a block year (2 yrs) and EL encashment cannot be done more than once in a calendar year.
8. To check whether the Personnel Department has provided dependants' list and the same is being updated periodically.
9. To conduct a surprise check of a few plants / offices to ascertain that the physical attendance of the staff tally with the records maintained by the supervisory staff and EDP.

Annexure – 29

Checklist for Audit of Horticulture and Conservancy contracts

1. What is company's policy for getting the work done – In-house /through contractor?
2. Check up certification of work done by the site officials were counter checked and signed by Administration for finalization of bills under respective work orders.
3. Check up whether NIT Terms / Conditions, Work Order terms, Labour Law requirements, lawful recoveries, SD/SG etc. are properly complied with.
4. Ensure timely payments of certified bills after recoveries. It should not be before maturity.
5. Check up system of record keeping in Administration department for Procedural control measures.
6. Check up system of controlling expenditure through Budgetary Sanctions etc.
7. Annual Expenditure trends (2/3) years vis-à-vis area covered / number of workers employed by contractors, to be checked to find out dis appropriate / extravagant expenditure or discrepancies therein.
8. To check whether personnel department is checking the contractor's record for employment of workmen, payment, PF, ESIS, etc. in regular interval or not.

Annexure – 30

Checklist for Audit of Hired Vehicles

1. Company's policy for total vehicles hired.
2. Movement of men by hired vehicles within and outside the plant vis-à-vis owned vehicles and its extent of utilization.
3. Detailed report by administration department for need of hiring outside vehicles justified by committee decisions etc.
4. Procedure of lining up contracts through normal tendering procedure till final issue of contract (concurrency procedure) and SAP W.O.
5. Procedure for log book maintenance, correct and complete in all respects each entry signed in full by actual user with full identifiable signature (only entitled category of employee should have authority to sign the log book).
6. Checking logbooks by administration department in all respects (correctness of distances, private / official uses, timings, etc.)
7. Certification of bills, recoveries to be effected, payment control procedure.
8. Check up 3 to 4 years trend for increasing /decreasing expenditure, analyze reasons by administration department vis-à-vis scale of operations in general.
9. Suggestions for minimizing the expenditure on hired vehicles.
10. Cost-benefit analysis between T mark and owned vehicles.

Annexure – 31

Checklist of Telephones and Fax Machines

To check:

1. Budget provision unit wise / department wise.
2. To obtain list of connections given to various sections / departments and officials and ascertain the company's policy for providing telephones to officials at residence as well as in office.
3. Check whether the users have certified the bills for official / personal calls.
4. Whether recoveries were effected for personal calls declared and for the calls exceeding the limits if any.
5. To compare current expenses with previous year's expense to judge the trend and to obtain reasons from users in case of abnormal increase in expenditure.
6. To check spare lines not in use and action taken by administration department for the same – whether it was kept under safe custody and for how long.
7. Whether telephone / fax register has been maintained by the users and cross check the entries of the register for some period with the bills.
8. Whether payments have been released by Administrative department well within the due dates and no additional charges have been paid on account of delay in payment to telephone authorities.
9. Whether there is any system to control the use of telephone / fax for common connection or extension provided to various users / departments. Whether there is any system for calls made from various extensions and getting them certified from the users.
10. To check availment of ITC against GST paid.
11. To check any incentive scheme for payment before due date is availed.
12. Check cost code wise accounting entry is passed.

Annexure – 32

B- Checklist for Township Maintenance

This section generally looks after providing the general services / maintenance of township in respect of civil, electrical, horticulture, conservancy, sanitation, pest control, water supply, painting etc.

1. To check whether contracts are lined up for each type of job mentioned above.
2. To check thoroughly the entire routine and documentation involved in the finalization of work orders and ensure that there are no deviations whatsoever from the company's laid down policies, procedures and precedence in respect of work order finalization.
3. To check any deviation / irregularity / extravagant things should be got clarified and /or reported suitably.
4. To check the rate structure for different types of job/piece works given above.
5. To check up the procedure of requisitioning of the service by the township occupants.
6. To check up the following:
 - Calling on the contractor by the township administrator to attend such requisition / complaint.
 - The attendance of requisition / complaint by contractor men in terms of the written orders issued by the township administrator under the respective work order.
 - To obtain occupant's certification of having attended the requisition / complaint mentioning clearly the details of materials used up by him in attending the same.
 - Counter checking (supervision) by township administrator / his representative of complaint's attended / service rendered.
 - Certification of contractor's periodical bills raised in terms of work orders and sending them to the accounts department along with the supporting documents.
 - Payments made by the accounts department as per the laid down procedures and delegation of powers.
7. To check and ensure that adequate system of internal check and mechanism is existing in the entire system.
8. To verify the trend of expenditure on the above items of service over the span of 2/3 years to trace out and report abnormal / disproportionate expenditure.

B- Township Maintenance: Electrical

To check the following:

1. Check up whether system of budgetary control or such other system is in existence for controlling the expenditure over the township maintenance or not and if it is devised check up its implementation and strict compliance / follow up through appropriate organizational channels.
2. What is the policy of providing domestic electricity to the township occupants (employees as well as outsiders) and at what rate.
3. What is the procedure / periodicity of checking the fitness of electric meters and ensure accurate reading / billing on the occupants.

4. What is the procedure / periodicity for recovering the electricity bills from the occupants.
 - a) in case of employees, whether it is recovered from salary or otherwise
 - b) in respect of outsiders, whether recovery is made from the sums payable to them under the running work orders or whether there is system of taking advance against electricity supply account.

5. Check up whether adequate control, records and registers are maintained and are correct, complete and up to date in all respects and are properly utilized for timely recovery of outstandings.

Annexure – 33

Checklist of Working of Public Relations Department (Mktg.)

This department mainly deals with the following:

- Publication of in-house journal.
 - Advertisements – for tenders, quotations, etc.
 - Entertaining RCF guests / VIPs
 - Distribution of Gifts and Mementos to VIP
 - Nurturing the positive image of RCF in public
1. To check up thoroughly (as per the checklist for work order finalization) and point out any deviation irregularity, discrepancy, etc.
 2. To check whether the adequate number of records and registers are duly maintained for physical control over the day to day routine. To see whether these are maintained correct, complete and up-to-date in all respects and the way in which they are serving the purpose of controlling things, else suggestions for amendments in the same may be given.
 3. To check what kind of control mechanism like budgetary control etc. is introduced for controlling actual expenditure on different heads mentioned above.
 - How they are monitored and controlled.
 - At what intervals.
 - What kind of follow-up / remedial actions are taken thereon, etc.
 4. To check up the work orders issued in all respects, especially to see whether appropriate sanctions as per delegation of powers are obtained.
 5. Check up the revenue, if any, generated from in-house journal advertisements, sale of old newspapers, etc.
 6. Check up whether the distribution of complementary diaries, greeting cards, calendars etc. is as per the entitlement of the employees or not.
 7. In respect of distribution of gifts, mementos to outsiders whether proper authorization in writing was taken.

Annexure – 34

Checklist for Canteen management

1. To check whether proper procedures have been followed for award of contract for the canteen facility of the employees.
2. To check whether all the clauses with respect to Labour Laws and other statutes have been incorporated in the work order.
3. To check the rates fixed by the management for the items to be supplied in the canteen are as per the work order.
4. To check the clauses in respect of hygiene and cleanliness have been incorporated in the work order for canteen operation.
5. To physically verify the assets supplied by the company to the contractor and see whether the appliances installed in the canteen are working properly.
6. To check whether recoveries have been effected from the contractor's bills in case of shortages of items noticed during physical verification.

Annexure – 35

Checklist for purchase of Printing and Stationery Items

1. To obtain the list of printing and stationery items procured by the materials department to be kept at stores.
2. To check whether annual requirement of the stationery items has been worked out by stores department and compared with the total issue for the previous year.
3. To check whether proper requirements / indents have been received from the user department indicating the requirements of stationery for the full year and month wise and also check opening stock in hand has been considered while working out the indenting quantity.
4. To check whether tendering procedures and preparation of comparative statements have been properly followed.
5. To check whether proper specifications have been given in the enquiry letters with respect to quality of paper and printing before calling the quotations and whether the samples submitted by the parties are as per the specifications required.
6. To check whether proper records have been maintained for issue of stationery items and compare some of the issues with the requirement letter of the user department.
7. To check whether any abnormal use of stationery in any department and if so the reasons thereof.
8. To physically verify the stationery items at stores and ascertain reasons for shortages if any.

Annexure – 36

Checklist for Audit of Allotment of Quarters and recovery of ALF, Water charges & Electricity charges etc.

1. To check Company's policy for allotment of quarters to the employees (as per the entitlement) and to the outsiders (need based for benefit of RCF).
2. Get the list of persons occupying our quarters including RCF employees, C.I.S.F. and outsiders.
3. Check the list of quarters lying vacant and verify the period for which they were vacant and ascertain the reasons.
4. Check for ALF fixation for various categories of employees and recovery from outsiders.
5. Recovery from outsiders –Whether an advance is taken from the outsider or whether outstanding is recovered from the running bills, under different work orders, from the outsiders.
6. Whether the quarters are allotted under Leave and License Agreement with proper documentations.
7. See that quarters allotted to outsiders are only in the name of institutions rather than in the name of their individual employees (for e.g. Banks, Post Office, Police, Courts, CISF, Joint Stock Companies etc.) to avoid the chances of non recovery of outstanding ALF etc. and resultant bad debts.
8. Check up whether adequate documents, records, registers are correct, completely and up-to-date in all respects and maintained by the Estate Department and whether they are sufficient and effectively used for monitoring and controlling outstandings.
9. Check up whether the records of the Estate Department are periodically reconciled with the records of the Accounts Department and only accurate figure of outstanding is shown in the books of accounts.
10. Study the procedure and its adherence / implementation for recovery of outstanding – like servicing of ordinary notices, legal notices, court cases, eviction procedures etc.

11. To check whether any quarters or shops or other places have been allotted in the township to outsiders for specific reasons and whether the rents are being recovered from them as per schedule.
12. To check whether any out of turn allotments have been done for quarters and whether competent authority's approval has been obtained.
13. Check whether the recovery of ALF and other charges is being done as per rates applicable, whenever there is a change of quarters by the occupants.
14. To check the approvals for allotment of quarters to outsiders and the rates of recovery of ALF and other charges from outsiders.
15. To check whether proper approvals have been obtained giving justifications, when ALF and other charges are recovered at lower rates than market rates.
16. To check the company's policy for allotment of quarters to employees who have availed HBL advance and recovery of rent thereof.
17. To check whether electricity charges are recovered at the prevailing billing rates of MSEB / ADANI / BES/ RELIANCE.
18. To check whether proper meter readings are being taken at fixed intervals for all the quarters and other shops and establishments to effect recovery of making adjustment against monthly recoveries.
19. To check whether the recovery is effected from the salary slips in case of employees.
20. To check whether electricity charges are recovered from the occupants on actual meter readings at the time of vacating the quarters.
21. To check whether electricity adjustment is done from all employees uniformly.
22. To see whether quarters are allotted to outsiders such as contractors and whether recovery has been made in their running bills.
23. See in the case of retired employees occupying the quarters whether LAF / electricity / water charges are recovered / received properly.

CORPORATE AUDITS

Annexure – 37

Checklist for Audit of Personnel Department

To check:

1. Does the company provide budget for manpower planning?
2. What authorities are involved in sanctioning employment and procedures involved therein. What is the process of maintaining personal files of employees?
3. The documentation involved in transferring workers between the departments and allocating or re-allocating their specific duties and criteria for transfers.
4. Whether the company employs job evaluation schemes and if so, how effectively are they utilized.
5. Does the company employ merit-rating schemes and if not then on what basis are promotions granted?
6. Does the company conduct training programme? What is the basis for sponsoring employees for such programs? Are the results evaluated?
7. What are the procedures for terminating the services of the employees?
8. What is the retirement age? Does the rule permit extension, in special cases?
9. What are the amenities and facilities available to staff and workers? How are they controlled?
10. Is the existing actual manpower strength vis-à-vis the workload considered before getting sanction for fresh recruitment and the methodologies involved therein.
11. What measures are taken by personnel department to monitor the attendance of employees, discipline at work, work accomplishment and participation in curricular activities of the company?
12. Check whether implications of fixation and revision of wages have been taken care of.

Annexure – 38

Checklist for Corporate Planning

1. See the five years corporate plan is prepared based on technical details, plant reports etc.
2. See that future plan is envisaged properly taking into account expansion, revamping and retrofitting.
3. Check whether market study is done by expected time so that the key factors have been identified and proposals correctly evaluated.
4. See that updating is done wherever there is a change in the plan.
5. The original corporate plan has to be updated depending on memorandum of understanding signed by the Company with the Ministry.
6. See that financial analysis has been done properly.
7. See the basis on which projected profit and loss account and cash flow statement is prepared.
8. See whether new project study has been undertaken taking into account the viability of the project, economic feasibility, etc.
9. See whether proper estimates have been done for procuring short and long term loans.
10. See whether proper arrangements are made for procuring loan so that loan will be available at appropriate time.
11. See whether accounting ratios arrived at on the basis of corporate plan gives clear picture of the corporate standing.
12. Check whether Sensitivity Analysis is being performed. Also check whether Buy or make option has been considered while judging viability of new projects.
13. See whether Economic Value Added Concept, Debt service coverage ration, cost of capital, etc. have been taken care of.

Annexure – 39

Checklist for Corporate Finance Department

1. Payment Vouchers

- a. See whether payments for purchase of computers, ribbons, disk and other stationery items are made as per terms and conditions of purchase orders.
- b. To see whether payment for annual maintenance contracts for computers, air conditioners, conservancy and others are made as per terms and conditions of work orders prepared in SAP.
- c. To see whether payments for purchase of furniture and other office appliances are made as per terms and conditions of contract.
- d. To see other expenses incurred are as per competent authorities' approval and as per delegation of powers.
- e. To check benefit of ITC is availed.

2. Loans & Investments

- a. See the contracts between RCF and banks/ foreign banks for procuring short term and long term loans.
- b. To check the clause in the agreement for charging interest, bank charges and other charges.
- c. In case of loan from banks and other financial institutions see that Board approval is obtained before making contracts.
- d. See that the Company's Act u/s 370 to 372 are complied with while company is making investments in procuring loan from other companies. Guidelines of Investment for PSU are followed.
- e. Effect of change in foreign exchange rate to be checked as per Accounting standards and note to accounts.
- f. To check payment are made on due dates.
- g. Effective rate of return on investment to be checked.

3. Income Tax

- a. See that tax deducted at source by other parties is properly accounted and claimed in our tax returns.
- b. To see whether estimation is properly made and advance tax is paid as per the schedule.
- c. To see records of any disputed liabilities for income tax, wealth tax, are maintained and the level at which it is pending.
- d. To see whether income tax returns are filed within time and assessment has been completed within reasonable period.
- e. To see that income tax is calculated after availing all deductions and benefits
- f. To see that amendments in Income tax laws are being taken care of.
- g. Reconcile the details of Tax return with Tax assessment order. The action taken for difference items.
- h. Reasons for disallowance and adjustment of all T.D.S, Tax provision, Tax receivable entries.
- i. Tax refund along with interest are correctly accounted in books.
- j. Deferred Tax Assets/Liabilities are recognized, accounted and yearly reconciliation of the same.
- k. Check disclosure of Tax is made as per Accounting Standards.
- l. Check presentation of MAT.
- m. Check whether income tax department has issued demand notices, if any.
- n. See that whenever demand is disputed appeal is made within time schedule.

- o. See whether registers/files are maintained showing correspondence taken place, when appeals are made with income tax appellate and tribunals etc. Check whether capitalization has taken place to avail full benefit of depreciation.

4. General

- a. See that periodical return to the bank for availing loan is sent in time.
- b. To see any circular issued for change in accounting policies and see the circulars issued for change in delegation of powers, changes in accounting treatment, change in tax structure.
- c. Scrutinize the projects in hand with the department and study intricate detail, with reference to procurement of funds for project purpose.
- d. Check process of preparation of financial statements like Cash flow, Fund flow, Profit and Loss Account, Consolidated Balance Sheet etc.
- e. Check the process of assessment of Working Capital requirement of the company. Check u the feasibility of the terms and conditions of the banks providing finance.
- f. To check whether accounting of expenses of liaison office at Delhi is proper.

5. Preparation of monthly, quarterly and yearly profitability statements

- a. Check whether profitability statement is arrived at after taking into account all provisions for expenses and income due such as subsidy, insurance claims etc.
- b. Compare the projected profitability and actual profitability and analyze the reasons for variations.
- c. Analyze the prior year income and expenses.
- d. To see whether proper provisions have been made for doubtful debts / claims. Also analyze miscellaneous income / expenses.
- e. To see allocation of Interest Income/Expenses in various business area for segment reporting.
- f. To check any delay in Capitalization entries.

6. Consolidation and preparation of Revenue and Capital budget

- a. See that budget is prepared taking into account all key factors. Verify the expenditure budget, capital budget, maintenance budget, sales budget, profitability budget, welfare budget and compare with the previous years actual.
- b. See that the budget has been approved in the Board meeting.
- c. Analyze the variation between budgeted expenses and actuals and comment on grey areas. Study the corrective action taken by the department to narrow down the negative variations.
- d. The configuration of Budget to be entered in SAP.
- e. To check the reporting from SAP for monitoring Capital Budget and actual expenses.

7. Annual Plan and Five-year plan

- a. See that the Annual plan and Five-year plan are prepared after taking into account all technical and commercial aspects.
- b. See that approval is received from Board/Central Govt. for projects to be undertaken.
- c. See how the project finance will be met i.e. whether through internal accrual or through loans from financial institutions and ascertain the rationale behind the decision.

8. Work relating to MOU

- a. See the parameters applied for production and sale to be achieved and utilities for preparing the MOU and getting it signed with the Ministry.
- b. Study whether targets of MOU have been achieved during the year and if not the reasons thereof.
- c. Verify the steps taken to rectify the situation so that future targets are achieved as per M.O.U.

9. Credit Monitoring and Appraisal

- a. See whether budgeted working capital is prepared periodically.
- b. See whether proper returns are sent to banks for procurement of loan for working capital.
- c. See whether giving proposals to the management for review of credit policy of sale helps to monitor working capital.
- d. See whether inventory is kept at minimum and debt is collected within due time to improve the working capital.
- e. See the payment to vendor is made on due date.

Corporate Division Accounts

Expenses

- a. See that there is budget for expenditure and it is approved.
- b. See that expenses are approved as per delegation of powers.
- c. See that concurrence is given to purchase orders / work orders and also payments are made as per terms and conditions of purchase orders / work orders.
- d. See that tax is deducted at source as per income tax act while making payments to contractors, consultants and other agencies.
- e. See that the competent authority duly approves the payment for consultancy fee.
- f. See that interest expenses on working capital is allocated properly to all departments as per the share of individual department.

Income

- a. See all income such as rent, royalty, remuneration for services rendered (received and accrued) are accounted properly.
- b. See the original copy of TDS deducted while getting income is kept properly for claiming the benefit from Income Tax Department.

10. Projects / Joint Ventures

- a. Analyze the basis and workings of equity contribution of partners in joint ventures.
- b. Increase of overseas venture see whether RBI and Govt. of India approvals have been obtained.
- c. Study the loan agreement made between RCF and suppliers of loans.
- d. Study the buy-back agreement, if any.
- e. Study project feasibility studies done on the project.
- f. Study the financial viability of the project taking into account, internal rate of return, buyback period, breakeven point, market study, Govt. policy, expected import, pricing , etc.
- g. See the workings of capital cost of the project and study for time / cost overrun.
- h. Find out the progress made in the joint ventures.

11. Insurance Policies

- a) To obtain the list of Insurance policies taken by company and to verify whether the policies are valid during the period of our audit.
- b) To check whether all the items for which insurance is required to be done have been covered.
- c) To check whether the policies in respect of plant & equipment, building, stock, cash in transit, fidelity, cash in safe and policies pertaining to office furniture and equipment's for burglary and fire have been taken and covered.
- d) To check the insurance claims and there timely settlement.

Annexure – 40

Checklist for Industrial Engineering

1. Study the work order procedures to ensure that delegation of powers and financial concurrence are properly followed in respect of :
 - a) Purchase of computers, Laptops etc.
 - b) Purchase of Printers
 - c) Purchase of Stationery
 - d) Purchase of Disk etc
2. See that the computers procured are properly distributed to departments where it is required.
3. Study the incentive scheme and see whether proper agreement between the plant and the management has been made out for change in the scheme.
4. See that the incentive is calculated properly and the percentage drawn are proper as per approval.
5. Study the marketing system maintained by the industrial department for sale, receipt of money from the relevant output.
6. See any suggestions given by the department for development of the marketing system.
7. To study the performance evaluation report maintained by the department and see that the recommendations for de-listing of contractors are implemented.
8. Check what is the basis of evaluation of an employee for award purposes.
9. Procedure adopted for manpower planning and its implementation.
10. Check up the outcome of management audits undertaken by IE.
11. To check the role / contribution of IE during shutdown period at plants.

Annexure – 41

Checklist for Audit of Corporate Communications

1. To see that the promotional communication expenses are well within prescribed budget.
2. See whether standard manual is available regarding corporate communications.
3. See whether proper and timely relation is maintained with outside world.
4. See that communication reached out of the company is properly edited.
5. See that communications are correctly worded and approved by competent authority.
6. See that house journal with relevant information reaches to all employees.
7. See that the contract with printers is in pursuance of approved tender procedures and the contract is awarded at reasonable price.
8. See that printing of annual accounts are properly taken care of without any mistakes since it reaches to the shareholders, other companies and Ministries.
9. See the budget provision is available and actual expenditure spent on meeting, annual conference etc., is within the approved budget. If not the reasons thereof and whether approval from competent authority was obtained.
10. Is there any common centre for all departments for press advertisements so as to reduce the cost of advertising.
11. See that proper recording and check is maintained during distribution of documents / journals of the company i.e. diaries, pamphlets, circulars, monthly /quarterly magazine etc.
12. What activities are being undertaken for further upliftment of the image of the company, by effective communications, through various media of propaganda.
13. Check that all the newspapers purchased by the department are based on company's requirements.
14. See that relevant and significant information is clipped regularly, to be given to the top management.
15. Check the method of maintenance of records and acknowledgement from employees relating to receipt of diaries and greeting cards.
16. See that the company's policy and procedure pertaining to printing of items like diaries, annual reports, house journals, corporate literature and other misc. printing jobs, is being strictly adhered to.
17. Treatment adopted by the department for rectification of misleading and wrong information published.
18. What are the roles of the department in the conduct of social welfare activities like celebrations on account of Independence Day, Republic Day, etc.?
19. Whether all necessary arrangements for these functions / events are well coordinated. The SC/ST scheme and expenditure involved be studied.

20. The current status of Chembur green project and benefits derived therefrom to RCF and society in general.
21. Arrangements made for hiring vehicles for VIPs and executives from Ministry and for employees from other departments and expenditure incurred thereon including the approvals from competent authority.
22. Arrangements made on account of Board Meetings, Annual General Meetings and inauguration of projects and other special schemes of the company.
23. Expenses incurred on account of Chembur Hospital project and progress and benefit thereof for RCF and society in general.
24. Collect details regarding the expenditure made on general and industrial photography and check whether the expense is well within budget.
25. Expenditure incurred in the preparation of company's documentary films and their exhibitions on TV and other media.

Annexure – 42

Checklist on Management Services

1. Check whether the work order procedures, delegation of power and financial concurrence is followed up for purchase of computer stationery, refilling of ribbons, purchase of computer spares etc.
2. See whether password is given to each individual so that he/she alone can have access to their respective and regular programmes.
3. What is the basis of allotment of PC's / terminals to various departments and whether terminals / PCs given are in excess / short?
4. Study the output to ensure that the programmes are adequate to protect company's interest.
5. See whether suggestions can be given for better utilization of terminals / PCs.
6. What are the methods being adopted by the department to assess the full utilization of computers at various outlets?
7. See what the computer programming is updated so that it meets the latest development.
8. Study the contract between RCF and SAP.
9. What measures are being taken by IT to provide latest facilities in software, like E-mail, internet, SAP etc. for global information, modem connections for bank / marketing transactions etc, at required levels?
10. See the data security measures etc. Risk involved for any loss of data etc to be checked. The preventive steps to reduce such losses to be checked.

Annexure – 43

Checklist on Corporate Business Development Division

1. See the diversification proposals / ventures RCF has planned for other than its principal business.
2. Check whether the company possesses eligibility for entering into the new ventures it has planned for, by referring to the Articles and MOA of the Company.
3. Check whether agreement has been entered into between both the parties for the new venture and study the terms and conditions therein. This shall also include details of equity contribution and loans if any.
4. Check what are the prospective benefits / outputs of the new ventures, undertaken by the company, in financial terms.
5. Study the extent to which financial and manpower implications the new ventures shall involve and their feasibility.
6. Check whether feasibility study and market research of the new ventures has been done to assess the viability.
7. Check whether cognizance of applicable Government policies, future trends and consumption patterns has been taken.
8. See the progress to which the new venture / projects has reached.
9. See whether project study has been made and whether there is viability and economic feasibility of the new venture.
10. See whether new business has been forecasted properly so that it helps the company to increase its profitability and generate employment opportunities.
11. Study the contract pertaining to sharing technical knowhow and deploying employees of our organization to another organization.
12. Study the contract terms for getting royalty, other remuneration, etc.
13. See the terms of overseas employment and contract service cell.

Annexure – 44

Internal Control

1. Check the methods of assigning authority and responsibility, including segregating of duties, as per Delegation of Power, Tender Guidelines, Vigilance Guidelines, etc.
2. Check Board Minutes, Board Approval, Audit Committee recommendations.
3. Human Resources Policies & Practices.
4. Check where new controls are needed, or discontinuing unnecessary controls.
5. Check Accounting & Financial reporting Policies & Compliance with applicable legal and standards.
6. Check Risk Policy, Risk Matrix evaluated from time to time.
 - a) Check IT Policy.
 - b) Check exceptional reports in SAP system.
 - c) Check confidentiality of sensitive information.

Annexure – 45

IT (SAP)

1. Check IT policy and should be easily available to all person.
2. Check the provision for uninterrupted power supply.
3. Check smoke detector and automatic fire-extinguish equipments are installed for protection against fire hazards.
4. Check the inventory level of computers, file servers, printers, etc.
5. Check back-up options.
6. Check virus protector established in servers and administration done by IT. The regular updated of virus applicator.
7. To check secured Internet access authorization.

Annexure – 46

Corporate Social Responsibility

1. Check the members of Corporate Social Responsibility Committee; including Independent Director.
2. Check Corporate Social Responsibility Policy.
3. Check activities are undertaken as per Schedule VII of Companies Act.
4. Check company spends in every financial year at least 2% of the average net profits of the company made during the three immediately preceding financial year.
5. Check if company fails to spend such amount, the reason for not spending the amount, is given to Board.
6. Check the areas where spending amount is made preferably local areas.

Annexure – 47

Materials issued on loan

1. Check Purchase Order for the material and the quantity to be received on loan has been given as the Purchase Order quantity.
2. Check Return Tab 'Ticked'
3. Check amount paid as deposit to the Party as advance given to the party's account.
4. Check if any expenses incurred on the loan quantity are loaded to Inventory Cost.
5. Check if any excess material return is made, the purchase order to be amended for quantity.

Annexure – 48

Customer Master (XD03)

1. *Check list of customers code Area wise from report ZSD_CUSTOMER.*
2. *The details regarding address of customer, PAN, TIN, Telephone and attributes like legal status, operative/non operative, provision for Bad/Doubtful debts, nursing etc. Are completed and updated from time to time.*
3. *Check duplicate/dummy customers codes are blocked and are not in operation.*
4. *Check all details of customer alongwith supporting documents like photo identity and address proof, fertilizer license, MFMS registration number, Vat registration number etc. are properly documented and updated in SAP.*
5. *Check that the documents received are properly self attested by customer and cross verified by RCF officer.*
6. *Check that dealership agreements are complete in aspects.*
7. *Check that caste certificate and caste validity certificate is received, if the customer belong to reserved category.*

Annexure – 49

Navigation – Logistics – S&D – Master Data – Business Partners – Customer (DO3)

1. Check Pricing / Discounts / Taxes from VK/3, for sales.
2. Check conditions records are maintained for each condition type based on various key combinations based on the sales operations.
3. Check sales order from VA03. Logistics – S&D – Sales – Sales Order. Check payment terms, incoterms, delivery plant, material and order quantity.
4. Check outbound delivery from VL03N. Logistics – S&D – Shipping & Transportation – Outbound delivery – Create – Single document – with reference to order.
5. Check shipping point.
6. Check Billing from VF03 – Logistics – S&D – Billing

Annexure – 50

Check Capital Budget & Payment

1. Check budget approval by Board, for lump sum amount for capital items under renewals & replacement category.
2. Check in SAP for Budget allocation, procurement, monitoring, control & reporting after Board Approval.
3. Check IM23 Accounting – Financial Accounting – Investment Management Programs – Master data Investment Program Structure.
4. Check IM36-Cr Budget amount
Accounting – Financial Accounting – Investment Management Program – Program planning
5. Check Internal Order (Budget Code) No. given before placement of Purchase Order of the capital items.
K003 – Accounting – Controlling – Internal order – Master data – Special Functions – Order
4. Check reports in S_ACR_87013018 Total Plan (Actual) commitments
5. Check Fixed Asset Master (Asset Class) AS03.
6. Check K088 has been done before Monthly Costing run.
7. Check Asset value data for date of capitalization.
8. If any sale of Assets are made or decapitalized, Asset retirement report to be checked for date of decapitalization.

Asset history sheet S_ALR_57011990
 S_ALR_87012050 Asset Acquisition
 S_ALR_87012052 Asset Retirement
 S_ALR_87011966 by cost centre
9. Check Physical Verification report

Annexure – 51

Vendor Master – (XK03)

1. *Check correct Reconciliation A/c TAB is given in Vendor.*

A/c No. 117000 -	Sundry Creditors Indigenous
A/c No. 118000 -	Sundry Creditors Foreign
A/c No. 118600 -	Sundry Creditors Others
2. *Check withholding tax Accounting TAB for declaration of IT exemption certificate, validity period of exemption, details of TDS etc in Vendor Master. See the date of changes made in masters etc for TDS etc.*
3. *Check CIN details TAB for Sales Tax / Excise registration no., PAN No. details correctly given.*
4. *Check report for all vendors from ZMM_VE, MKVZ, XK03. The details regarding address, Mobile number, E-mails, Taxes etc are complete for all vendors.*
5. *Check whether any blocked vendors were operated during the year. The reason and approval may be seen.*
6. *Check all Vendors linking with materials have been done.*
7. *Check preparation of Purchase order is blocked in absence of complete details of Vendors.*
8. *Check major financial payments made to vendors other than through P.O are also completed with all details in Master.*
9. *Check whether complete details of Vendors like mobile number, address, E-mail ID etc are given through Authorized Officer before opening of new Vendor Code.*
10. *Check that search term is properly updated in SAP.*
11. *Check whether the details furnished are genuine on the face of it. For e.g mobile number shall not be 1234568991.*
12. *Random Checking for duplication of same details in different Vendors.*

Annexure – 52

Material Master (MM03)

1. Check correct Material Type is operated for opening of new material code . For eg. for description of Material like for Raw Material Serial No. is 1.....

<i>Packing material</i>	<i>2000.....</i>
<i>Stores & Spares</i>	<i>3000.....</i>
<i>Semi finished goods</i>	<i>4500.....</i>
<i>Finished goods</i>	<i>5000.....</i>
<i>By products</i>	<i>4000.....</i>
<i>Insurance spares</i>	<i>5500 (Imported)</i>
<i>Insurance spares</i>	<i>5600 (Domestic).</i>

2. Check assignment of Valuation Class Code of material in Master from T-code MM03.
3. Check Price control 'V' and Price determination '2' for current moving Average Price in the system, which gets updated with every receipt / purchase transaction. With Price control 'S' and Price determination '3', transaction and inventory gets valued at Standard Price.
4. Check details of all material code from report ZMM_MAT. The duplicated material code if any opened may be checked from short/long description of material.
5. Check space provided for old material code has been utilized for identifying plant wise spares etc.
6. Check Spares linking with Assets have been made for all plants.
7. Check ABC, VED categories are given for all material codes.
8. Check duplicate material codes are blocked.
9. Check warranty – guarantee details are updated in SAP.
10. Check material codes are created under proper authorisation.

11. Check for Import P.O. advance is paid only through MIRO.
12. In case of shortage of material either at Port or during transfer of material from Port to Factory, scrapping of material is done against movement type '551' for short quantity.

Service P.O.

1. Check services are codified. Check valuation class to determine GL Account correctly.
2. If services are not codified, description of the services is to be given in text field.
3. Check MBST for Material in transit.
4. To check stock with sub contractor MMBE & MBLB.

Annexure – 53

Precious Metal Accounting

1. Check Purchase of virgin metals.
2. Check issue of virgin / refined metal for fabrication of gauzes.
3. Check receipt of fabricated gauzes from fabricator.
4. Issue of Fabricated Gauze to Plants.
5. Return of scrap gauze from plant.
6. Issue of scrap Gauzes to Fabricator for refining and fabrication.
7. Check precious metals recovered from various items like Pickled Dust, Glasswool, etc. retrieved from the plants and valued based on the metal content.
8. See the monthly entries passed in SAP for consumption.
9. For purchase of virgin metal, P.O. is placed.
10. Check for issue of samples for metal analysis.
Most type 333 and cost centre of plant is entered for consumption entry.
11. Check balance of stock lying with sub contractor – fabricator MBLB – stock lying with sub contractor.

Annexure – 54

Whistle Blower Policy

1. Check internal policy on unethical and improper practices.
2. Check it is part of HR Manual and communicated to employees.

Annexure – 55

Audit of Cost Accounting Records

1. Check the information of cost records give systematic determination of cost at every single and distinct process of manufacture to provide a continuous check on the margin of waste in the processing of raw and semi-finished materials on the utilization of machinery installed, on the manpower expended and the percentage of rejection of finished products.
2. Check Reconciliation of cost records and cost statements with audited accounts, for financial year.
3. Check classification of variable, semi-variable, fixed cost. Check the allocation of Fixed Cost and capacity utilization of plant.
4. Check the cost records policy for accounting material, Utilities, labour, Overhead. Check basis of allocation of Overhead cost. Check rebates, ITC has been considered in determination of cost.
5. Check consumption entries are made in SAP on time.
6. Check Repairs & Maintenance cost are compared with Budget etc. Check cost of major overhauls and basis of amortization. Any abnormal portion of the repairs and maintenance cost to be analyzed.
7. Check treatment made in books for abnormal losses.
8. Check Cost Accounting Standards w.e.f 1.4.2011 are implemented for preparation of cost sheet.
9. Check reconciliation statement has been made for all indirect taxes.
10. Check cost records for Traded goods.
11. Check timely E-filing of cost reports i.e. within 180 days from the close of the company's financial year.
12. Check the reports generated for all types of wastages.
13. Check Budgetary control and standard costing reports are generated for cost comparison.
14. Check valuation of closing stock.
15. Check accounting of by products and joint products.
16. Check system to recognize revenue and capital expenditure.
17. Check cost centre and profit centre are defined in SAP for all products. Check any cost accounted in common cost centre instead of product wise cost centre.
18. Check appointment of Cost Auditors.
19. Check comments of Cost Auditors and action plan taken by Company for improving Profit.

Annexure – 56

Corporate Governance

1. Check composition of Board of Directors required as per Companies Act.
2. Check Audit Committee, Composition, Meetings & Powers.
3. Check Management of Subsidiary Companies.
4. Check disclosure of imported issues e.g. related party, transactions, Accounting policies, Risk management etc.
5. Check CEO / CFO certification.
6. Check Compliance Certificate.

Annexure – 57

Contingent Liabilities

1. Check Contingent Liabilities for estimated amount of contract remaining to be executed on capital account and not provided for.
2. Check any other matter, which the Company is contingently liable.
3. The amount of any guarantee given by the Company on behalf of Directors or officers of the Company.

Annexure – 58

Proprietary Audit for PSU

1. Check on substance of transactions, documents, vouchers, evidence.
2. Check executive actions and decisions.
3. Check vigilance exercised by officers in respect of expenditure incurred from public money.
4. Check Public Financial Morality.
5. Check care and due diligence in sanctioning of any expenditure.
6. Check Accountability and improvements made.
7. Check any documents, unsupported by transactions.
8. Check reasons for sale at loss.
9. Check any personal expenses charged to revenue.

Annexure – 59

Investments

1. The documents title should be physically verified.
2. Check Bonus, dividends, Interest are accounted properly.
3. Check certificates, documents are in safe custody.
4. Check all Investments are in name of RCF.
5. Check any delay in execution of transactions.

Annexure – 60

Project Finance

1. See whether project study for financial viability is undertaken before starting the project.
2. See how the finance has been / is proposed to be met for the project.
3. See whether work order procedures & delegation of powers are followed for awarding contracts.
4. See that the payments have been made as per the terms of the work orders and Internal Order allotted in SAP.
5. See whether TDS/WCT etc has been deducted as per income tax act from the contractors' bills.
6. See whether Bank guarantee is available and valid for performance guarantee, security deposit etc.
7. See that payments are made as per contractual terms and after the completion certificate is obtained, it is transferred to capital work in progress account.
8. See that contract value remaining to be executed is shown under contingent liability under "commitments".
9. See that expenses are booked under expenditure during construction so that it can be allocated properly at the time of capitalization.
10. Ascertain the reasons for cost / time overrun of the project, if any and whether approval was taken from the competent authority.
11. Check whether project surplus, if any, has been identified, ascertain the value of the same and check whether they have been recapitalized, by giving credit to stores. If not reasons thereof.
12. Check whether amounts are lying in advance accounts for a long time, unadjusted depriving the benefit of capitalization resulting in losing depreciation benefit, ITC benefit, subsidy benefit, etc. from T-Code FBL1N.

Attachment -3

Report No.: _____

Dated: _____

For Internal Audit of Corporate Head Office, Trombay Unit and Thal unit.:-

DRAFT INTERNAL AUDIT REPORT

1. Draft Report Number and Subject/Area Audited :
 - i) Date of submission:
 - ii) Due date of submission:
2. Name of the Auditee Unit/Office:
3. Period covered in the Audit:
4. Date of start/completion of Audit:
5. Detail/Names of Auditors:
6. Audit Scope/Area of transactions covered in the Audit and extent of verification/sampling technique:
(Actual area covered may be indicated here, in brief even if there is no observation. If required, separate sheet may be attached)

S. No.	Particulars/ Area Audited	Scope and extent covered as per scope defined	Draft Audit Observations
1.			
2.			
3.			
4.			
5.			

7. Methodology and process of Audit employed:
8. Brief of the Internal Control Systems/Procedures examined for its Adequacy, short comings/weaknesses/appreciable points observed and suggested measures/viable solutions suggested:
9. Constraints in conducting the Audit:

Final Audit report, executive summary and significant observations indicating there in the financial implication and risk category (High/Medium/Low) will be given after receipt of replies from the Auditees (**Attachment 4 and 5**):

(Signature)
Name & Address of the Auditors/Firm

Attachment-4

Report
No _____ Dated: _____
For Internal Audit of Corporate Head Office, Trombay Unit and Thal unit.:-

**Final Audit Report and Executive Summary of the Internal Auditors of
____(Unit/Office) for the Period_____to
_____.**

Sr. No.	Draft Audit Queries/Observations	Reply as given by the Auditee Unit/Office	Internal Auditor's Comments/Suggestions with Financial implication	Grading of Risk (High/Medium/Low)

Signature
Name & Address of the Auditors/Firm

Attachment-5

File No. _____

Dated: _____

For Internal Audit of Corporate Head Office, Trombay Unit and Thal unit.:

Head of Internal Audit Department,
RCFL

Subject: Significant Observations of Internal Audit in respect of _____(Unit/Office) for the period _____to_____

Sirs,

We have conducted the Internal Audit of _____(Unit/Office) for the period _____to_____. The significant points observed during the Audit are indicated below for kind information and necessary action :

Sr. No.	Audit Queries/Observations	Reply as given by the Auditee	Internal Auditor's final Comments/Suggestions with Financial implication	Grading of Risk (High/Medium/Low)

Thanks,

Yours faithfully,
(Signature)
Name & Address of the
Auditors/Firm

Attachment -6**Proposed Audit Plan for Corporate Marketing office and Marketing Area Offices for the year 2020--21 along with reference no. of Scope and Periodicity**

SR.NO.	AREAS TO BE COVERED	NO. OF AUDITS	Minimum Scope of Audit to be covered as mentioned at Attachment – 2
			Annexure 1,3,14, 44, are applicable for each audit report along with Annexure numbers as mentioned below:
A	MARKETING FERTILIZERS HEAD OFFICE		
1	Schedule Review	1	20
2	Payment Vouchers	1	3(15)
3	Bank Reconciliation	1	13
4	Pricing Circulars	1	3(15)(16)
5	Handling, Transportation and other Contracts and uploading of service orders in SAP S and D Contracts for Trombay and Thal	1	3(18) , 21
6	Publicity & Promotions Contracts	1	3(19), 21(A)
7	Overdue outstanding of customers	1	3(3)(4)(21)
8	Trading activity(Domestic & Imports)	1	3 – (1),(13),(16),(17),(18),(19)
9	Subsidy claims & Receivables	1	3(17)
10	Audit of Material sold at Rake Point / godown and old material lying at godown	1	
	SUB TOTAL (A)	10	
B	MARKETING AREA OFFICES		Annexure 1,3,14, 44, are applicable for each audit

			report along with Annexure numbers as mentioned below:
	There are total 29 Marketing Area offices in India. It is expected to conduct Audit of all Area offices over the period of 3 years. However due to high volume of sales, it is required to conduct compulsory Audit of following first 7 areas every year. Audit of remaining areas may be covered suitably in consultation with Head of Internal Audit.		
1	Nizamabad	1	3
2	Kokan	1	3
3	Hubli	1	3
4	Khammam	1	3
5	Vijayawada	1	3
6	Raipur	1	3
7	Pune	1	3
8	Kolhapur	1	3
9	Punjab, Harayana and Himachal Pradesh	1	3
10	Rajasthan	1	3
11	Uttar Pradesh and Uttarakhand	1	3
12	Bihar	1	3
13	Jharkhand	1	3
14	Compliance of SOP's and INDAS accounting	1	
	SUB TOTAL (B)	14	
C	MARKETING Industrial Product Division (IPD)		Annexure 1,4,14, 44, are applicable for each audit report along with Annexure numbers as mentioned below
1	Payment Vouchers	1	4(2)(3)(11)
2	Schedule Review	1	20
3	Debit / Credit Notes	1	4(7) (8)
4	Bank Reconciliation	1	13
5	Pricing of IPD Products	1	4(1)
6	New products and	1	



	Marketing Arrangements		
	SUB TOTAL (C)	6	
	GRAND TOTAL (A+B+C)	30	

Attachment -7

File No.: _____

Dated: _____

For Internal Audit of Corporate Marketing office and Marketing Area Offices:-

DRAFT INTERNAL AUDIT REPORT

1.0 Draft Report Number and Subject:

 iii) Date of submission:

 iv) Due date of submission:

2.0 Name of the Auditee Unit/Office:

3.0 Period covered in the Audit:

4.0 Date of start/completion of Audit:

5.0 Detail/Names of Auditors:

6.0 Audit Scope/Area of transactions covered in the
Audit and extent of verification/sampling technique:

**(Actual area covered may be indicated here, in brief even if there
is no observation. If required, separate sheet may be attached)**

S. No.	Particulars/ Area Audited	Scope and extent covered as per scope defined	Draft Audit Observations
1.			
2.			
3.			
4.			
5.			

7.0 Methodology and process of Audit employed:

8.0 Brief of the Internal Control Systems/Procedures examined for its Adequacy, short comings/weaknesses/appreciable points observed and suggested measures/viable solutions suggested:

9.0 Constraints in conducting the Audit:

Final Audit report, executive summary and significant observations indicating there in the financial implication and risk category (High/Medium/Low) will be given after receipt of replies from the Auditees (**Attachment 8 and 9**):

(Signature)
Name & Address of the Auditors/Firm

Attachment-8

Report No. _____

Dated: _____

For Internal Audit of Corporate Marketing office and Marketing Area Offices:-

Final Audit Report and Executive Summary of the Internal Auditors of ____(Unit/Office) for the Period_____to _____.

S r . N o	Draft Audit Queries/Observatio ns	Reply as given by the Auditee Unit/Office	Internal Auditor's Comments/Suggestions with Financial implication	Final Grading of Risk (High/Mediu m/Low)

Signature
Name & Address of the Auditors/Firm

Attachment-9

File No. _____

Dated: _____

For Internal Audit of Corporate Marketing office and Marketing Area Offices:-

Head of Internal Audit Department,
RCFL

Subject: Significant Observations of Internal Audit in respect of _____(Unit/Office) for the period _____ to _____

Sirs,

We have conducted the Internal Audit of _____(Unit/Office) for the period _____ to _____. The significant points observed during the Audit are indicated below for kind information and necessary action :

Sr. No.	Audit Queries/Observations	Reply as given by the Auditee Unit/Office	Internal Auditor's final Comments/Suggestions with Financial implication	Grading of Risk(High/Medium/Low)

Thanks,

Yours faithfully,
(Signature)
Name & Address of the Auditors/Firm

Annexure - E

Application form for Internal Audit Assignment
(Please strike off whichever is not applicable)

Sr. no.	Particulars		Details	
1.	a)	Name of the firm (in Capital letters)		
	b)	Address of the Head Office		
	c)	Name of the Senior Partner, who shall issue/sign the Internal Audit report.		
	d)	Telephone Number		
	e)	E-mail address		
	f)	PAN of the firm		
	g)	GST No.		
2.		Firm Registration No. (As Issued by Institute of Chartered Accountants of India/ Institute of Cost Accountants of India)		
3.		Date of Incorporation (as per certificate issued by Institute).		
4.		Number of full Time Partners of the firm as on date of tender (Please fill up Annexure-E1)		
5.		Number of qualified Chartered Accountants / Cost Accountant Employed with firm (Please fill up Annexure-E2)		
6.		Number of Semi-qualified and Article Assistants/Audit Staff. (Please fill up Annexure-E3)		
7.	Whether the firm has applied for the Area :			
	i)	Corporate Head Office, Trombay Unit and Thal unit.	Yes	No
	ii)	Corporate Marketing office and Marketing Area Offices.	Yes	No
8.		Whether the firm has experience of statutory/Internal Audit in at least 15 companies (Registered Under Companies Act) as on date of tender- (If yes, please fill up details at Annexure- E4)	Yes	No
9.		As per clause no.3.6 (a) of Notice Inviting Tender, whether the firm has experience in at least 5 <u>manufacturing</u> companies having Annual Turnover of at least Rs.1000 Crore each and out of these 5 manufacturing companies at least 2 should be listed company. (If yes, please fill up details at Annexure- E5)	Yes	No
10.		As per clause no.3.6 (b) of Notice Inviting Tender, whether the firm has experience in at least 5 companies having Annual Turnover of at least Rs.1000 Crore each and out of these 5 companies at least 2 should be listed company. (If yes, please fill up details at Annexure- E6)	Yes	No

11.	Whether the firm has experience of audit in at least one Urea/Complex manufacturing company /organization/ Co-operative having Annual Turnover of at least Rs.1000 Crore each during last 7 years. (If yes, please fill up details at Annexure- E7)	Yes	No
12.	Whether the firm has experience in conducting audit in SAP ERP system (MM, SD & FICO module) in at least two companies having Annual Turnover of at least Rs. 1000 Crore each during last 7 years audited by the firm (If yes, please fill up details at Annexure- E8)	Yes	No
13.	As per clause no.3.9 of Notice Inviting Tender, whether the firm has experience in the area of Direct, Indirect taxation and IND AS.(For considering weightage in selection) (If yes, please fill up details at Annexure- E9)	Yes	No
14.	Whether the firm has Branch offices in India (For considering weightage in selection for Area : "Corporate Marketing office and Marketing Area Offices") (If yes, please fill up details at Annexure- E10)	Yes	No

(Name & Signature of Managing/ senior partner of the firm with seal)

Annexure –E1

Firm's Name_____

Details of Full Time Partners of the Firm as on date of Tender
(Please refer to Sl. No.4 of the application form at Annexure E)

S. No.	Name of the Partner	Membership No.	Whether Associate/ Fellow member	Additional Qualification CISA/DI SA/ etc.	Date of joining the Firm as partner(Full time)

- **Please attach a copy of the Membership certificate in support of above.**

(Name & Signature of Managing/ senior partner of the firm with seal)

Annexure –E2

Firm's Name _____

Details of Qualified Chartered Accountants/Cost Accountants employed with the firm as on the date of Tender.
(Please refer to Sl. No.5 of the application form **at Annexure E**)

S.No.	Name of the Chartered accountant/ Cost Accountant	Membership No.	Whether Associate/ Fellow member	Additional Qualification CISA/DISA/ etc.	Date of joining the firm (Full time)

- **Please attach a copy of the Membership certificate in support of above.**

(Name & Signature of Managing/ senior partner of the firm with seal)

Annexure –E3

Firm's Name _____

a. Details of Semi-qualified Assistants as on date of Tender
(Please refer to Sl. No.6 of the application form at Annexure E)

S.No.	Name	Qualification	Date of joining the firm (Full time)

b. Details of other Audit Staff/ Article assistants as on date of Tender
(Please refer to Sl. No.6 of the application form at Annexure E)

S.No.	Name	Qualification being studied or completed	Date of joining the firm (Full time)

(Name & Signature of Managing/ senior partner of the firm with seal)

Annexure –E4

Firm's Name_____

List of Firm's experience of Statutory /Internal Audit in at least 15 companies (Regd. Under companies Act), as on date of Tender.
(Please refer to Sl. No.8 of the application form at Annexure E)

S.No.	Year of Audit	Name of the Company	Type of Audit Statutory/Internal

Please attach the copies of work order/letter placed by above companies on the firm's name along with copies of relevant documents supporting completion of Audit

(Name & Signature of Managing/ senior partner of the firm with seal)

Annexure –E5

Firm's Name _____

Please indicate name of at least 5 manufacturing companies having annual turnover of at least Rs. 1000 crore each whose statutory/ internal audit has been handled by the firm. Out of these 5 manufacturing companies at least 2 should be listed company.

(Please refer to Sl. No.9 of the application form **at Annexure E**)

S.No.	Name of the manufacturing Company	Whether Listed Company (Yes /No)	Year of	Type of Audit
			Audit	Statutory/Internal

Please attach the copies of work order/letter placed by companies on the firm's name along with copies of relevant documents supporting completion of Audit

(Name & Signature of Managing/ senior partner of the firm with seal)

Annexure –E6

Firm's Name_____

Please indicate name of at least 5 companies having annual turnover of at least Rs. 1000 crore each whose statutory/ internal audit has been handled by the firm. Out of these 5 companies at least 2 should be listed company.

(Please refer to Sl. No.10 of the application form at Annexure E)

S.No.	Name of the Company	Whether Listed Company (Yes /No)	Year of Audit	Type of Audit Statutory/Internal

Please attach the copies of work order/letter placed by companies on the firm's name along with copies of relevant documents supporting completion of Audit

(Name & Signature of Managing/ senior partner of the firm with seal)

Annexure –E7

Firm's Name_____

Please indicate name of Urea/Complex fertilizers manufacturing company/organization/co-operative having annual turnover of at least Rs. 1000 crore each whose statutory/ internal audit has been handled by the firm during last seven financial years.

(Please refer to Sl. No.11 of the application form **at Annexure E**)

S.No.	Name of the Company	Year of Audit	Type of Audit Statutory/Internal

Please attach the copies of work order/letter placed by Urea/complex fertilizers manufacturing company on the firm's name along with copies of relevant documents supporting completion of Audit

(Name & Signature of Managing/ senior partner of the firm with seal)

Annexure –E8

Firm's Name _____

Please indicate name of the Companies having Annual Turnover of at least Rs. 1000 Crore each during last 7 years in which the firm has experience in conducting audit in SAP ERP system (MM, SD & FICO module)

(Please refer to Sl. No.12 of the application form **at Annexure E**)

S.No.	Name of the Company	Turnover of the company	Whether Manufacturing Company (Yes /No)	Year of Audit	Type of Audit Statutory/Internal

Please attach the copies of work order/letter placed by companies on the firm's name along with copies of relevant documents supporting the existence of SAP ERP system during the period of Audit and completion of Audit.

(Name & Signature of Managing/ senior partner of the firm with seal)

Annexure –E9

Firm's Name _____

Please indicate name of the Companies in which the firm has experience in the area of Direct, Indirect taxation and IND AS.

(For considering weightage in selection)

(Please refer to Sl. No.13 of the application form **at Annexure E**)

S.No.	Name of the Company	Turnover of the company	Whether listed Company (Yes /No)	Year of Audit	Type of Audit Statutory/Internal

Please attach the copies of work order/letter placed by companies on the firm's name along with copies of relevant documents supporting the experience during the period of Audit and completion of Audit.

(Name & Signature of Managing/ senior partner of the firm with seal)

Annexure –E10

Firm's Name _____

Please mention name and address of your Branch offices in India

(For considering weightage in selection)

(Please refer to Sl. No.14 of the application form at **Annexure E**)

S.No.	Address of Branch offices in India

Please attach the copy of branch incorporation issued by institute of Chartered Accountant/ Cost Accountant.

(Name & Signature of Managing/ senior partner of the firm with seal)

Undertaking

I _____, the Managing Partner/Sr. Partner of M/s _____, Chartered Accountant/ Cost Accountant firm do hereby verify and declare:-

- i) That the particulars given under Annexure E and related Annexures enclosed are complete and that if any of the statements made or the information so furnished in the application form is later found to be in-correct or false or there has been suppression of material information, the firm would not only stand disqualified from award of job but would be liable for disciplinary action under relevant Acts.
- ii) That the firm or partners has not been debarred or disqualified or cautioned by Institute of Chartered Accountants of India/ Institute of Cost Accountants of India during the last three years. (If debarred/disqualified, give details).
- iii) That the constitution of the firm as on date of tender shown in the application is same as that in the constitution certificate issued by the Institute of Chartered Accountants of India/ Institute of Cost Accountants of India.
- iv) That the information obtained in respect of RCF will be maintained in strict confidence and secrecy.

(Signature of Managing/ senior partner of the firm with seal)

Firm's Name _____

Annexure –G

**LIST OF DOCUMENTS
ATTACHED**

S.No.	Name of Document	Document attached		
		Yes	No	At Page No.
Documents under Cover-1				
1.	Duly signed with seal towards acceptance- Annexure A			
2.	Duly signed & stamped copy of Annexure B- Declaration Sheet			
3.	Duly signed & stamped copy of GST Registration Certificate.			
4.	Duly signed & stamped copy of PAN Card (in the name of the Firm)			
5.	Duly signed & stamped copy of Application form for Internal Audit Assignment as per Annexure E			
6.	Duly signed & stamped copy of Annexure F- Undertaking Sheet			
7.	Duly signed & stamped copy of Annexure – E1 to E3 stating Particulars of partners, qualified Chartered Accountants/ Cost Accountants and Article assistants/ Audit staff, along with Membership Certificate copies of partners, qualified Chartered Accountants/ Cost Accountants.			
8.	A copy of incorporation certificate issued by Institute of Chartered Accountants of India/ Institute of Cost Accountants of India.			
9.	A copy of Firm's constitution certificate of firm issued by the Institute of Chartered Accountants of India/ Institute of Cost Accountants of India to the firm containing inter-alia, the details of partners as on date of tender.			
10.	Duly signed & stamped copy of Annexure E4 , (stating company-wise experience of having audited 15 companies)			
11.	Duly signed & stamped copy of Annexure E5 to E7 along with the copy of work orders placed by Urea Manufacturing Companies/organizations/co-operatives and other manufacturing companies on your firm's name.			

12.	Duly signed & stamped copy of			
	Annexure E8 and E9.			
13.	Documents under Cover 2			
	Financial Bid in the format as prescribed at Annexure C1			
14.	Documents under Cover 3			
	Financial Bid in the format prescribed at Annexure C2			

(Note: All the above documents should be signed, certified, page numbered and properly tagged. RCF owns no responsibility for the loss of any documents which are not properly tagged along with the application or documents sent subsequently in piecemeal.)

(Signature of Managing/ senior partner of the firm with seal)

Annexure I

APPROVED AUDIT PLAN FOR NON TECHNICAL AREA
FOR THE YEAR 2020-21

Area : a) Corporate Head Office Trombay Unit and Thal unit.

SR .N O.	AREAS TO BE COVERED	NO. OF REP ORT S
A	CORPORATE HEAD OFFICE	
1	Funding & short term deposit Arrangements	1
2	Schedule Review	1
3	CSR expenditure	1
4	Insurance policy & Claims	1
5	Review of New Projects, Schemes Renewals, Replacement and Capex for half year ending March 2020	1
6	Subsidy claims and overdue follow up	1
7	Review of Annual Accounts	1
8	Receivable from Tax Authorities including Sales Tax Excise etc.	1
9	Audit of Bank Reconciliation	1
	SUB TOTAL (A)	9
B	TROMBAY UNIT	
1	Vouching of Gas, Water, Electricity Payments	1
2	Vouching of Payroll Section and Time office	1
3	Vouching of Service Account (OTW & GAF)	1
4	Vouching of Purchase payments	1
5	Vouching of Foreign Exchange Payment including Raw materials	1
6	Capitalization and Capital Payments including imports	1
7	Vouching of Bulk Raw Material and Bags Payments.	1
8	Procurement and Reconditioning of Precious Material Gauges	1
9	RCF Hospital Contracts and payments including detailed audit of hospital equipments usage and availability and usage of Pathology Lab Chemicals	1
10	Schedule Review	1
11	POs below Rs. 1.60 Lakh	1
12	POs above 1.60 lakhs to Rs.12 lakhs	1
13	POs above Rs.12 lakhs (other than bulk raw material and bags)	1
14	Bulk Raw Material procurement	1
15	Procurement of Bags and other packing materials	1
16	Orders on Single Tender & on Emergent basis	1
17	Audit of Availment of GST Input Tax Credit	1

18	Contracts by Admn.Dept(other than Horticulture & Conservancy)	1
19	Audit of ARK Guest House, JET Hostel, Youth Council and Sports Club	1
20	Horticulture Contracts including Utilization of Manpower (Factory & Township)	1
21	Conservancy Contracts including Utilization of Manpower (Factory & Township)	1
22	MES / EES Contracts below Rs. 1.60 lakh	1
23	MES / EES Contracts above Rs. 1.60 lakhs to Rs. 12 lakhs	1
24	MES / EES Contracts above Rs. 12 lakhs	1
25	Movement of Material to outsiders for repairing	1
26	Transport & Clearance Contract and Bulk Raw Material movement and spot verification	1
27	Audit of Lease Agreements	1
28	Civil Contracts above Rs. 1.60 lakhs in Township	1
29	Civil Contracts above Rs. 1.60 lakhs in Factory	1
30	Surplus and Scrap Material	1
31	Appointment and Operation of Panel Doctors / Chemists including their payments	1
32	Goods Receipt Note (GRN) in respect of POs	1
33	Township Contracts (other than Civil)	1
34	Spot audit of Factory and Admn. Canteen	1
35	Contracts by R&D	1
36	Audit of HRD Department (Training Centre & Corporate Management Development Centre) including Purchases / Contracts	1
37	SAP Utilization – Trombay and Thal	1
38	Contracts by Bagging Plant	1
39	Contracts by Technical Services(TS)	1
40	CISF working and payments	1
41	Township Security contract and payments	1
42	Bank Reconciliation and Spot audit of cash/cheques/imprest.	1
43	Spot audit of Truck/Tanker movement in Factory/Township	1
	SUB TOTAL (B)	43
F	THAL UNIT	
1	Vouching of Maintenance Contracts (Mech. & Inst.)	1
2	Vouching of Wages payments	1
3	Vouching of Purchase payments (including capital)	1
4	Vouching of Gas, Water, Electricity & Lease income.	1
5	Vouching of Maintenance (Elect & Civil) & Misc. Payments	1
6	CSR Activities.	1
7	Timely Payments to Vendors after receipt of Material / Service	1
8	Purchase Orders below Rs1.60 lakhs	1
9	Purchase Orders above Rs.1.60 lakhs to Rs.12 lakhs	1

10	Purchase Orders above Rs.12 lakhs	1
11	Rejected material & pending inspection items.	1
12	Work Orders below Rs. 1.60 lakh	1
13	Work Orders above Rs.1.60 lakhs to Rs.180 lakhs.	1
14	Work Orders above Rs.180 lakhs (other than Hort.& Conservancy)	1
15	Contracts by Administration Department (other than horticulture & conservancy)	1
16	Horticulture Contracts (Factory & Township)	1
17	Conservancy Contracts (Factory & Township)	1
18	Audit of HR Department including purchases	1
19	Material sent for repairs outside Factory	1
20	Township Security Contract	1
21	Spot audit of Truck/Tanker movement in Factory Township	1
22	Audit of Heavy Water Contracts and Payments	1
23	Audit of Semi-finished and finished goods in Plants	1
24	Surprise Check of Bags with Testing Reports	1
25	Audit of Weighment of Bags	1
26	Electrical, Mechanical and Instrumentation certification.	1
27	Spot audit of firefighting and safety equipment, public address system.	1
28	Audit of Occupancy of Quarters in Township, Kihim & Kurul including security contract	1
29	Medical claims Dependents, Retired Employees RCF/CISF/Railway.	1
30	Spot audit of Canteen & Guest house.	1
31	Monitoring of Security / Performance Bank Guarantees	1
32	RCF Hospital Contracts and payments including detailed audit of hospital equipments usage and availability and usage of Pathology Lab Chemicals	1
33	Inventory Audit	1
34	Contracts by HR (including purchases for employees)	1
35	Emergency, Single Tender orders	1
36	Surplus & Scrap material	1
37	CISF working and payments.	1
38	Bank Reconciliation and Spot audit of cash/cheques/imprest	1
	SUB TOTAL (C)	38
	GRAND TOTAL(A+B+C)	90

Area : b) Corporate Marketing office and Marketing Area Offices.

SR.N O.	AREAS TO BE COVERED	NO. OF REPO RTS
A	MARKETING FERTILIZERS HEAD OFFICE	
1	Schedule Review	1
2	Payment Vouchers	1
3	Bank Reconciliation	1
4	Pricing Circulars	1
5	S&D Contracts for Trombay and Thal	1
6	Lining and Execution of Publicity & Promotions Contracts	1
7	Overdue outstanding of customers	1
8	Trading activity(Domestic & Imports)	1
9	Subsidy claims & Receivables	1
10	Audit of Material sold at rake-points / from godowns and old material lying at godowns	1
	SUB TOTAL (A)	10
B	MARKETING AREA OFFICES	
1	Nizamabad	1
2	Kokan	1
3	Hubli	1
4	Khammam	1
5	Vijayawada	1
6	Raipur	1
7	Pune	1
8	Kolhapur	1
9	Punjab, Harayana and Himachal Pradesh	1
10	Rajasthan	1
11	Uttar Pradesh and Uttarakhand	1
12	Bihar	1
13	Jharkhand	1
14	Compliance of SOP's and INDAS accounting	1
	SUB TOTAL (B)	14
C	MARKETING IPD	
1	Payment Vouchers	1
2	Schedule Review	1
3	Debit / Credit Notes	1
4	Bank Reconciliation	1
5	Pricing of IPD Products	1
6	Review of Customer Ledger	1
	SUB TOTAL (C)	6
	SUB TOTAL (A + B + C)	30

Annexure II

List of Marketing Area office:

	<u>Details of Area offices Zone wise and State wise.</u>		
	-		
Name of Zone	<u>Name of State</u>	Area offices	District Offices
West			
	Maharashtra	Konkan	Raigad, Ratnagiri, Sidhudurga, Thane
		Pune	Pune ,Solapur
		Kolhapur	Kolhapur, Sangli, Satara
		Nasik	Nasik, Jalgaon, Dhule, Nandurbar
		Aurangabad	Aurangabad, Parbhani, Hingoli, Jalana, Nanded
		Ahmednagar	Ahmednagar, Beed, Osmanabad, Latur, Srirampur
		Amaravati	Amaravati, Akola, Washim. Buldhana, Yavatmal
		Nagpur	Nagpur, Wardha, Bhandara, Chandrapur, Gadchiroli, Gondia, Bhandara
	Mandhya Pradesh	Bhopal	Bhopal, Gwalior, Jabalpur, Indore
	Chattisgarh	Raipur	Raipur
	Gujarat	Ahmedabad	Ahmedabad, Rajkot, Valsad
	Rajasthan	Jaipur	Jaipur, Udaipur
	Punjab, Haryana, Himachal Pradesh	Chandigarh	Chandigarh, Amritsar, Ambala, Rohatak, Karnal, Bhatinda
	New Delhi	New Delhi	Liaison Office.
North & East			
	Uttar Pradesh/ Uttarakhand	Lucknow	Lucknow, Gorakhpur, Meerat, Gonda, Faizabad, Kanpur, Muradabad,
			Farrukhabad, Agra, Allahabad, Aligarh, Sitapur, Varanasi
	Bihar & Jharkhand	Patna	Patna
	West Bengal	Kolkatta	Kolkatta
	Odisha	Bhubaneshwar	Bhubaneshwar

South			
	Karnataka	Bengaluru	Bengaluru, Mandya, Mysore, Kolar, Gowdahalli
		Hubli	Hubli, Davangere, Belgavi, Bijapur
		Raichur	Raichur, Hospet, Gulbarga
		Hassan	Hassan, Manglore, Shimoga, Chikmagalur
	Andhra Pradesh	Vishakapatnam	Vishakapatnam
		Kadapa	Kadappa, Nellore, Kurnool
		Vijaywada	Vijaywada, Guntur
	Telengana	Hyderabad	Hyderabad, Rangareddy, Medak, Mehaboobnagar
		Nizamabad	Nizamabad, Karimnagar, Adilabad
		Khammam	Khammam, Warangal, Nalgonda, Suryapet
	Tamilnadu	Chennai	Chennai, Trichy, Salem

Annexure III

The tariff rates of Guest House at Thal are as under :

Rate per Head per day in Rupees for AC Room
Rs. 600

MAKE IN INDIA POLICY

Order for make in India Policy No. P-45021/2/2017-B.E. II is as follows

PUBLIC PROCUREMENT (PREFERENCE TO MAKE IN INDIA), ORDER 2017

Whereas it is the policy of the Government of India to encourage 'Make in India' and promote manufacturing and production of goods and services in India with a view to enhancing income and employment, and

Whereas procurement by the Government is substantial in amount and can contribute towards this policy objective, and

Whereas local content can be increased through partnerships, co-operation with local companies, establishing production units in India or Joint Ventures (JV) with Indian suppliers, increasing the participation of local employees in services and training them,

Now therefore the following Order is issued:

1. This order is issued to Rule 153 (iii) of the General Financial Rules 2017.

2. **Definitions:** For the purpose of this Order:

'Local content' means the amount of value added in India which shall, unless otherwise prescribed by the Nodal Ministry, be the total value of the item procured (excluding net domestic indirect taxes) minus the value of imported content in the item (including all custom duties) as a proportion of the total value, in percent.

'Local supplier' means a supplier or service provider whose product or service offered for procurement meets the minimum local content as prescribed under this Order or by the competent Ministries / Departments in pursuance of this order.

'L1' means the lowest tender or lowest bid or the lowest quotation received in a tender, bidding process or other procurement solicitation as adjudged in the evaluation process as per the tender or other procurement solicitation

'margin of purchase preference' means the maximum extent to which the price quoted by a local supplier may be above the L1 for the purpose of purchase preference.

'Nodal Ministry' means the Ministry or Department identified pursuant to this order in respect of a particular item of goods or services.

'Procuring entity' means a Ministry or department or attached or subordinate office of, or autonomous body controlled by, the Government of India and includes Government companies as defined in the Companies Act.

3. **Requirement of Purchase Preference:** Subject to the provisions of this Order and to any specific instructions issued by the Nodal Ministry or in pursuance of this Order, purchase preference shall be given to local suppliers in all procurements undertaken by procuring entities in the manner specified hereunder:

- a. In procurement of goods in respect of which the Nodal Ministry has communicated that there is sufficient local capacity and local competition, and where the estimated value of procurement is Rs. 50 lakh or less, only local suppliers shall be eligible. If the estimated value of procurement of such goods is more than Rs. 50 lakhs, the provisions of sub-paragraph b or c as the case may be, shall apply.
- b. In the procurement of goods which are not covered by paragraph 3a and which are divisible in nature, the following procedure shall be followed:

- i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is from a local supplier, the contract for full quantity will be awarded to L1.
 - ii. If L1 bid is not from a local supplier, 50% of the order quantity shall be awarded to L1. Thereafter, the lowest bidder among the local suppliers, will be invited to match the L1 price for the remaining 50% quantity subject to the local supplier's quoted price falling within the margin of purchase preference, and contract for the quantity shall be awarded to such local supplier subject to matching the L1 price. In case such lowest eligible local supplier fails to match the L1 price or accepts less than the offered quantity, the next higher local supplier within the margin of purchase preference shall be invited to match the L1 price for remaining quantity and so on, and contract shall be awarded accordingly. In case some quantity is still left uncovered on local suppliers, then such balance quantity may also be ordered on the L1 bidder.
 - c. In procurement of goods not covered by sub-paragraph 3a and which are not divisible, and in procurement of services where the bid is evaluated on price alone, the following procedure shall be followed:
 - i. Among all qualified bids, the lowest bid will be termed as L1. If L1 is from a local supplier, the contract will be awarded to L1.
 - ii. If L1 is not from a local supplier, the lowest bidder among the local suppliers, will be invited to match the L1 price subject to local supplier's quoted price falling within the margin of purchase preference, and the contract shall be awarded to such local supplier subject to matching the L1 price.
 - iii. In case such lowest eligible local supplier fails to match the L1 price, the local supplier with the next higher bid within the margin of purchase preference shall be invited to match the L1 price and so on and contract shall be awarded accordingly. In case none of the local suppliers within the margin of purchase preference matches the L1 price, then the contract may be awarded to the L1 bidder.
4. **Exemption of small purchases:** Notwithstanding anything contained in paragraph 3, procurements where the estimated value to be procured is less than Rs. 5 lakhs shall be exempt from this Order. However, it shall be ensured by procuring entities that procurement is not split for the purpose of avoiding the provisions of this Order.
5. **Minimum local content:** The minimum local content shall ordinarily be 50%. The Nodal Ministry may prescribe a higher or lower percentage in respect of any particular item and may also prescribe the manner of calculation of local content.
6. **Margin of Purchase Preference:** The margin of purchase preference shall be 20%.
7. **Requirement for specification in advance:** The minimum local content, the margin of purchase preference and the procedure for preference to Make in India shall be specified in the notice inviting tenders or other form of procurement solicitation and shall not be varied during a particular procurement transaction.

8. **Government E-marketplace:** In respect of procurement through the Government E-marketplace (GeM) shall, as far as possible, specifically mark the items which meet the minimum local content while registering the item for display, and shall, wherever feasible, make provision for automated comparison with purchase preference and without purchase preference and for obtaining consent of the local supplier in those cases where purchase preference is to be exercised.

9. Verification of local content:

- a. The local supplier at the time of tender, bidding or solicitation shall be required to provide self-certification that the item offered meets the minimum local content and shall give details of the location(s) at which the local value addition is made.
- b. In cases of procurement for a value in excess of Rs. 10 crores, the local supplier shall be required to provide a certificate from the statutory auditor or cost auditor of the company (in the case of companies) or from a practicing cost accountant or practicing chartered accountant (in respect of suppliers other than companies) giving the percentage of local content.
- c. Decisions on complaints relating to Implementation of this Order shall be taken by the competent authority which is empowered to look into procurement-related complaints relating to the procuring entity.
- d. Nodal Ministries may constitute committees with internal and external experts for independent verification of self-declarations and auditor's / accountant's certificates on random basis and in the case of complaints.
- e. Nodal Ministries and procuring entities may prescribe fees for such complaints.
- f. False declarations will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rules for which a bidder or its successors can be debarred for up to two years as per Rule 151 (iii) of the General Financial Rules along with such other actions as may be permissible under law.
- g. A supplier who has been debarred by any procuring entity for violation of this Order shall not be eligible for preference under this Order for procurement by any other procuring entity for the duration of the debarment. The debarment for such other procuring entities shall take effect prospectively from the date on which it comes to the notice of other procurement entities, in the manner prescribed under paragraph 9h below.
- h. The Department of Expenditure shall issue suitable instructions for the effective and smooth operation of this process, so that:
 - The fact and duration of debarment for violation of this Order by any procuring entity are promptly brought to the notice of the Member-Convenor of the Standing Committee and the Department of Expenditure through the concerned Ministry / Department or in some other manner;
 - On a periodical basis such cases are consolidated and a centralized list or decentralized lists of such suppliers with the period of debarment is maintained and displayed on website(s);
 - In respect of procuring entities other than the one which has carried out the debarment, the debarment takes effect prospectively from the date of uploading on the website(s) in the such a manner that ongoing procurements are not disrupted.

10. Specifications in Tenders and other procurement solicitations:

- a. Every procuring entity shall ensure that the eligibility conditions in respect of previous experience fixed in any tender or solicitation do not require proof of supply in other countries or proof of exports
- b. Procuring entities shall endeavour to see that eligibility conditions, including on matters like turnover, production capability and financial strength do not result in unreasonable exclusion of local suppliers who would otherwise be eligible, beyond what is essential for ensuring quality or creditworthiness of the supplier.
- c. Procuring entities shall, within 2 months of the issue of this Order review all existing eligibility norms and conditions with reference to sub-paragraphs 'a' and 'b' above
- d. If a Nodal Ministry is satisfied that Indian suppliers of an item are not allowed to participate and / or compete in procurement by any foreign government, it may, if it deems appropriate, restrict or exclude bidders from that country from eligibility for procurement of that item and / or other items relating to that Nodal Ministry. A copy of every instruction or decision taken in this regard shall be sent to the Chairman of the Standing Committee.
- e. For the purpose of sub-paragraph 10 d above, a supplier or bidder shall be considered to be from a country if (i) the entity is incorporated in that country; or (ii) a majority of its shareholding or effective control of the entity is exercised from that country; or (iii) more than 50% of the value of the item being supplied has been added in that country. Indian suppliers shall mean those entities which meet any of these tests with respect to India.

11. Assessment of supply base by Nodal Ministries: The Nodal Ministry shall keep in view the domestic manufacturing / supply base and assess the available capacity and the extent of local competition while identifying items and prescribing minimum local content of the manner of its calculation, with a view to avoiding cost increase from the operation of this Order.

12. Increase in minimum local content: The Nodal Ministry may annually review the local content requirements with a view to increasing them, subject to availability of sufficient local competition with adequate quality.

13. Manufacture under license / technology collaboration agreements with phased indigenization: While notifying the minimum local content, Nodal Ministries may make special provisions for exempting suppliers from meeting the stipulated local content if the product is being manufactured in India under a license from a foreign manufacturer who hold intellectual property rights and where there is a technology collaboration agreement / transfer of technology agreement for indigenous manufacture of a product developed abroad with clear phasing of increase in local content.

14. Powers to grant exemption and to reduce minimum local content: Ministries / Departments of Government of India and the Boards of Directors of Government companies or autonomous bodies may, by written order,

- a. Reduce the minimum local content below the prescribed level;
- b. Reduce the margin of purchase preference below 20%;

- c. Exempt any particular item or procuring or supplying entities or class or classes of items or procuring or supplying entities from the operation of this Order or any part of the Order.

A copy of every such order shall be marked to the Member-convenor of the Standing Committee constituted under this Order.

15. **Directions to Government companies:** In respect of Government companies and other procuring entities not governed by the General Financial Rules, the administrative Ministry or Department shall issue policy directions requiring compliance with this Order.

16. **Standing Committee:** A standing committee is hereby constituted with the following membership:

Secretary, Department of Industrial Policy and Promotion – Chairman

Secretary, Commerce – Member

Secretary, Ministry of Electronics and Information Technology – Member

Joint Secretary (Public Procurement), Department of Expenditure – Member

Joint Secretary (DIPP) – Member-Convenor

The Secretary of the Department concerned with a particular item shall be a member in respect of issues relating to such item. The Chairman of the Committee may co-opt technical experts as relevant to any issue or class of issues under its consideration.

17. **Functions of the Standing Committee:** The Standing Committee shall meet as often as necessary but not less than once in six months. The Committee
 - a. Shall oversee the implementation of this order and issues arising therefrom, and make recommendation to Nodal Ministries and procuring entities
 - b. Shall annually assess and periodically monitor compliance with this Order
 - c. Shall identify Nodal Ministries and the allocation of items among them for issue of notifications on minimum local content
 - d. May require furnishing of details or returns regarding compliance with this Order and related matters
 - e. May, during the annual review or otherwise, assess issued, if any, where it is felt that the manner of implementation of the order results in any restrictive practices, cartelization or increase in public expenditure and suggest remedial measures
 - f. May examine cases covered by paragraph 13 above relating to manufacture under license / technology transfer agreements with a view to satisfying itself that adequate mechanisms exist for enforcement of such agreements and for attaining the underlying objective of progressive indigenization
 - g. May consider any other issue relating to this Order which may arise.

18. **Removal of difficulties:** Ministries / Departments and the Board of Directors of Government companies may issue such clarifications and instructions as may be necessary for the removal of any difficulties arising in the implementation of this Order.

19. **Ministries having existing policies:** Where any Ministry or Department has its own policy for preference to local content approved by the Cabinet after 1st January 2015, such policies will prevail over the provisions of this Order. All other existing orders on preference to local content shall be reviewed by the Nodal Ministries and revised as needed to conform to this Order, within two months of the issue of this Order.
20. **Transitional provision:** This Order shall not apply to any tender or procurement for which notice inviting tender or other form of procurement solicitation has been issued before the issue of this Order.