

NCL/SGR/IAD/2011-12/289

Dated 02.09.2011

NOTICE INVITING APPLICATIONS FOR EMPANELMENT

Sub: - **Empanelment of Chartered Accountant/Cost Accountant Firms for
Misc. Audit in Northern Coalfields Limited, Singrauli for FY 2011-12**

Applications are invited from **Partnership Firms only** indicating details of the Firms as noted below for empanelment. The Audit firms who have been appointed for last three consecutive years at NCL for Misc. Audit, will not be given appointment for next two years as per Company's Policy. Auditors appointed for Internal Audit of System/Transaction at NCL for the FY2011-12 will also not be considered. Application of Audit firms, who had previously refused to accept the appointment of Misc. Audit of NCL during FY2008-09 to FY2010-11, will not be considered for empanelment.

Details/information to be submitted for selection is given below:-

- 1) Year of Establishment (Photocopies of latest constitution certificate issued by the ICAI/ICWAI).
- 2) Details of Partners.
- 3) Number of Qualified Assistants (Photocopies of Membership certificate of the ICAI or ICWA).
- 4) Audit Experience in Coal India and its subsidiaries (Photocopies of appointment letters containing name of the audit firm / letter No. & Date and signature of appointing authority and the job allotted).
- 5) Audit Experience in other PSUs, Banks, Central, State Govt. (Photocopies of appointment letters containing name of the audit firm/letter No. & Date and signature of appointing authority and the job allotted).
- 6) A certificate confirming that the details/information furnished with the application are true and correct.

The willing **Partnership Firms** may send their Application along with above **documentary evidence** in the envelope super scribed "**Application for Empanelment for Misc. Audit 2011-12**" through postal service or courier service only, so as to reach General Manager(F/IA), Northern Coalfields Limited, P.O.-Singrauli Colliery, Dist.-Singrauli (MP), Pin: 486 889 latest by 10th October'2011 at 4.PM. Any postal/courier delay will not be entertained. Further details are available in NCL, website: <http://www.ncl.nic.in>

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Scope of Work (Physical verification of Stores & Spares).

- i) The Physical verification shall be done at Central/Regional Stores as well as Site/Colliery stores including diesel & Lubricants depot.
- ii) Audited Physical balances statement on 1st Jan'2012, if any, shall be taken as opening balance.
- iii) Checking and verification of Physical balance as on the day of verification, which includes counting/measuring/weighing etc.
- iv) Tracking the receipt and issue of the material between the intervening period with reference to cardex/bin card/stores ledger along with necessary adjustment to arrive at the derived physical balance as on January' 2012.
- v) Item wise discrepancies if any, between book balance as on 01st January'2012 and derived Physical balance as on 01st January'2012 to be submitted to the Depot Officer for verification and acceptance.
- vi) List of Stores and Spares for which no D.T.R./D.R.R. has been prepared as on the date of physical verification is to be submitted separately with reasons thereof.
- vii) Whether action taken by the management against the discrepancies observed in the physical verification report of last year is to be reported by the auditor.
- viii) Statement of Physically verified obsolete/non moving stores and spares beyond three years and five years, if any, to be reported separately along with last date of movement.
- ix) Whether the records maintained in respect of scrap material are satisfactory and complete is to be reported.
- x) To report the status of recovery of store materials issued on loan, if any, to the employees and contractors.
- xi) Statement of insurance claims lodged with insurance company for shortage/damaged materials received in store should be submitted.
- xii) The auditor has to report whether the materials lying in the stores have been properly stored to avoid damage and pilferage.

II) Scope of Work: Physical verification & reconciliation of Assets.

(A) Physical verification of fixed assets shall include:

- i) Assets appearing in Assets register
- ii) Assets received from other projects/Co. not entered in Asset Register, if any.
- iii) Assets under commissioning/erection.
- iv) Assets in Stores.
- v) Assets/ Surveyed-off equipments not yet disposed off,

(B) Reconciliation

- i) To reconcile physically verified all assets with records in Assets Register/Plant Cards maintained by the Accounts Office of the Project.
- ii) To prepare separate lists of (i) Assets entered in the Assets Register and physically available, (ii) Assets physically available but not appearing in the Assets Register and (iii) Assets appearing in the Assets Register but not physically available (iv) Assets in Stores and (v) Assets under erection/commissioning.
- iii) To reconcile P&Ms in Stores, under erection and under inter-area and inter-company transfer with Store records, job cards and accounts maintained by the Area Accounts Office, as the case may be.

Scope of Road Sales Audit:-

- 1) Whether the despatches to the cash sale parties have been made as per authorised delivery orders (D.O)/Allotment orders (A.O) from the authorised officials? If not, what is the lacuna?
- 2)
 - i) Whether despatches to the cash sale parties have been allowed only against receipt of payments in advance for the entire quantity under delivery. Deviation in above, if any, noticed on examination, should be reported giving relevant details with reasons as ascertained in the course of audit scrutiny.
 - ii) Whether correct amount has been deposited and a cash receipt has duly been issued after confirmation of the credit from the Bank for the amount of A.O./D.O. before issue of A.O./D.O.?
 - iii) Whether all receipts have properly been accounted for.
- 3) Whether all the CST forms required from the outstation customers to whom concessional CST were charged in the invoices have been received. Deviation, if any, and reason for the same to be indicated in the Report.
- 4)
 - i) Whether valuation of the A.O./D.O. is correct?
 - ii) Whether A.O./D.O. quantity is within the limit of sanctioned quantity?

iii) Whether grade and colliery as mentioned in A.O./D.O. is within the scope of RRO?

iv) Whether there is validity of A.O. before issue of D.O.?

5) Whether lifting of coal has been made within the validity period of A.O./D.O.?

6) Whether all the despatches have been properly entered into in the Despatch Register immediately and serially?

7) i) Whether the despatches have been properly billed ?

ii) Whether billing has been made within next 24 hours from the receipt of the despatched documents. Deviation, if any, in above is noticed, and reasons for the same to be indicated in the Report.

iii) Whether the bills so raised are timely forwarded to the concerned parties?

Whether proper reconciliation is being made between A.O./D.O. quantity and despatch quantity? Also Bill Register/Bill is being reconciled with the lifted quantity of D.O.

8) Whether refunds are made after observing all formalities?

9) Whether Reconciliation of despatches (party wise & D.O. wise) with bill during 2011-12 has been done?

10) Whether all despatch invoices are reconciled regularly at monthly intervals with reference to the corresponding entries in the despatch register, in order to be certain that all despatches have been invoiced.

11) i) Whether the Sundry Debtor Ledger/Advance Deposit from Customer's Ledger is up-to-date along with all details of bills?

ii) Checking of Sundry Debtor/Advance Deposit from Customer's Ledger balance in Accounts as on 31.03.2012 and details thereof as per Sundry Debtors Schedule and the Register.

12) Checking of A.O./D.O. register maintained in Area.

13) Checking of lifting of coal/dispatch register in Colliery, Weigh Bridge etc.

14) Whether grade and colliery diversions have got proper authorization?

NOTE : The above points are illustrative but not exhaustive.

Audit Team

- i) The team should not exceed 4 persons at a time duly constituted with (i) at least 1 No. Chartered/Cost Accountant, (ii) atleast 2 Nos. semi-qualified (Inter Chartered/Inter Cost passed only). The Partner should visit the Unit at the time of starting the work and also at the time of finalising the report.
- ii) The Audit Firm should indicate well in advance before sending their team regarding the compliance of the composition of audit team, indicating the name, qualification and status of the persons, with documentary evidence, to General Manager(F/IA) and CGM of the Project concerned and after clearance or the advice from General Manager(F/IA) , team should be sent to the Project. AFM of the Area will obtain the statement of the Audit Team(before start of Audit), duly signed by the Partner/Team Leader and send one copy duly countersigned by AFM to General Manager(F/IA) and ensure the compliance as stated above.
- iii) Wherever the constitution of the team is found initially or during the course of audit not as per our stipulation, the audit team will not be entertained at all for conducting the audit; moreover the appointment order issued will be liable to be cancelled and no reimbursement of TA and payment of fee will be made and this fact will also be noted in our records for future reference so that in the subsequent years the application of the audit firm will not be entertained in our company for any audit work.

Remuneration

For audit of physical verification of Stores & Spares and Fixed Assets and its reconciliation

- i) Fees for the physical verification of Stores & Spares will be paid @ Rs.4.50 per live card in inventory / On line computer print out having positive balance. More than one entry for the same material shall be treated as one item for the purpose of report and also for payment.
- ii) No payment will be made for verification of NIL balance of items in inventory/ On line computer print out. However, if physical balance exists against such NIL book balance the same will be considered for payment.
- iii) Fees for physical verification of fixed assets will be lumpsum.

For Road Sales

Auditors will be paid Professional fee @ **05** Paise(Five Paise) per tonne of Coal dispatched.

Service tax

Service tax extra shall be reimbursable on production of documentary evidence regarding payment.

Journey Expenses:-

To and fro 1st Class/AC 2 Tier/AC 3 Tier fare of the audit team from the nearest Railway Station of their office to that of the unit allotted will be reimbursed once on actual journey basis during the audit period. Partner, who is required to visit the project twice, once at the time of starting the audit and second for finalisation of report, shall also be reimbursed to and fro 1st class/AC 2 Tier/AC 3 Tier fare on actual journey basis. Journey from the Registered Office/Branch office of the audit firm to the nearest Rly. Station/Bus station will be reimbursed on actual journey basis.

Free Boarding and lodging :-

Free Boarding and lodging for the audit team will be provided by the concerned Unit/Project.

Transport

Free transport will be provided once to the audit team, from the nearest Railway Station to their place of stay at NCL and vice-versa during the entire audit period. Free transport will also be provided from the place of stay to the place of work.