

To

The Managing Director  
Punjab State Forest Development Corpn.Ltd.  
Forest Complex, Sector-68,  
Ajitgarh, (Mohali)

Subject : Appointment of Internal Auditor/s for the year 2012-13

Reference: PSFDC advertisement dated 6.4.2013 in various newspapers regarding  
Expression of Interest for appointment of Internal Auditor/s for the  
year 2012-13

Dear Sir,

Please find enclosed herewith duly filled Application Form, alongwith requisite  
annexure and enclosures, for the appointment of Internal Auditor/s for the  
year 2012-13.

Thanking You,

Signature of Authorised Signatory  
(Proprietor/Partner)

Name & Address of the Firm

Date:

Place:

Encl: As Above

**Expression of Interest  
For  
Appointment of Internal Auditor /s for 2012-13**

**Index**

S.N.	Particular	Pages	
		From	To
1.	Request letter	1	1
2.	Index	2	2
3.	Check list	3	3
4.	Application Form	4	6
5.	Annexure-I (Terms and Conditions)	7	8
6.	Annexure-II (List of Auditable Units)	9	10
7.	Annexure-III (Objectives of the assignment , Extent of Checking and Scope of Audit)	11	14

**Expression of Interest  
For  
Appointment of Internal Auditor /s for 2012-13**

**Check List**

S.No.	Particulars	Remarks
1	<b>Cost of Application Form</b> State whether Rupees 500/- has been deposited in cash or through demanddraft, in case the application has been downloaded.	Yes/No
2	<b>Security Deposit</b> State whether security deposit @10% of audit fee quoted has been attached alongwith the application form. (Refer S.No.6 of Terms and condition: Annexure I)	Yes/No
3	<b>Application Form</b> i) State whether all pages concerning Application Form including Annexures has been signed by the authorized signatory.	Yes/No
4	ii) Whether all informationhas been provided as asked for in Application Form	Yes/No
5	iii) Whether attested copy of Registration Certificate of the Audit Firm has been attached.	Yes/No
6	iv) Whether assignment Letters in support of Experience of the Audit Firm has been attached.	Yes/No
7	<b>Financial Status</b> Whether Annual Accounts for various years has been attached	Yes/No
8	<b>Financial Bid</b> Whether bids for Auditable units has/have been filled.	Yes/No

**APPLICATION FORM  
FOR  
APPOINTMENT OF INTERNAL AUDITOR/S FOR THE YEAR 2012-13**

Sr. No.	PARTICULARS	To be Filled by Audit Firms	Documents/Information required
<b>A.</b>	<b>General Information about Audit Firm</b>		
1	Registered Name		Registration certificate issued by The Institute of Chartered Accountants of India, New Delhi
2	Year of Establishment		
3	Address		
<b>B.</b>	<b>Composition of Audit Firm</b>		
4	Please specify whether the Firm is a Partnership Firm or Sole Proprietorship Firm	Partnership Firm/Sole Proprietorship Firm ( Strike out which is not applicable)	
5	No. of qualified assistants (Chartered / Cost Accountants) employed with the Audit Firm		Details of qualified assistants i.e. their names and qualifications
6	No. of Semi-qualified Assistants (CA Inter/ICWA Inter)employed with the Firm		Details of qualified assistants i.e. their names and qualifications
<b>C.</b>	<b>Experience of Firm</b>		
7	Exposure of the Firm as Statutory/ Internal Auditor in Central / State Govt. Forest Corporations and Boards		Assignment Letter or any other document issued by the concerned office alongwith any document showing successful completion of the work.

**APPLICATION FORM**  
**FOR**  
**APPOINTMENT OF INTERNAL AUDITOR/S FOR THE YEAR 2012-13**

Sr. No.	PARTICULARS	To be Filled by Audit Firms	Documents/Information Required
8	Exposure of the Firm. as Statutory/Internal Auditor in any PSU other than Central / State Govt. Forest Corporations and Boards		Assignment Letter or any other document issued by the concerned office alongwith any document showing successful completion of the work.
<b>D.</b>	<b>Financial Status of the Firm</b>		
9	Annual receipts for the last three years.		Please submit the available Income and Expenditure Account
	2009-10		
	2010-11		
	2011-12		
	2012-13		
<b>E.</b>	<b>Financial Bid quoted (Rs.)</b>		
10	Internal Audit Fee (inclusive of all taxes and TA/DA and other incidental charges quoted for. Please refer to S.No. 4 of Terms & Conditions )		
	i) Audit Unit -1 (PSFDC Head Office)		
	ii) Audit Unit -2 (Mohali Division and its four Projects)		
	iii) Audit Unit -3 (Amritsar Division and its four Projects)		

**APPLICATION FORM**  
**FOR**  
**APPOINTMENT OF INTERNAL AUDITOR/S FOR THE YEAR 2012-13**

<b>Sr. No.</b>	<b>PARTICULARS</b>	<b>To be Filled by Audit Firm</b>	<b>Documents/Information Required</b>
	iv) Audit Unit -4 (Phillaur Division and its five projects)		
	v) Audit Unit -5 (Bathinda Division and its six Projects)		
Note:(Details of Audit Units given in Annexure-II)			

Note: Extra sheet may be used wherever needed.

Date:

Signature with rubber stamp affixed

Place:

Proprietor/Partner

**ANNEXURE- I**

**APPOINTMENT OF INTERNAL AUDITOR/S FOR THE YEAR 2012-13  
TERMS AND CONDITIONS**

Following terms and conditions will be applicable to the Firm/s appointed as Internal Auditor/s for the year 2012-13:

**A General**

1. The Firm should have at least 5years experience with the minimum annual receipt of Rs. 15.00 lakh for the last 3 financial years.
2. Appointed Firm/s will have to do the audit themselves and nooutsourcing will be allowed.
3. The Firm may quote their rates for all or anyone of the Auditable Units mentioned in **Annexure II**.
4. Audit Fees should be quoted separately for each AuditUnit. The audit work will be allotted on the basis of the lowest rate quoted for each Auditable Unit separately. The quoted audit fee should include all taxes, TA/DA and other incidental charges, if any. No reimbursement of expenses apart from audit fees will be made to the Firm.
5. In case, there is no rate quoted for any of the Auditable Units, MD, PSFDC will allocate the work to any of the successful Firm on *pro-rata* basisand the Firm will have to complete the assigned work.

**B Signing of agreement**

6. The appointed Firm/s will have to sign an agreement with the MD, PSFDC within two working days of the issue of the appointment letter. The agreement will be signed by the firm after furnishing a security deposit @10% of the total fee quoted in the favourof Managing Director, Punjab State Forest Development Corporation, Forest Complex, Sector – 68, Ajitgarh, SAS Nagar (Pb) in the form of Bank Draft payable at Chandigarh.

**C Period of contract, extension period and penalty provision**

7. Internal Audit report is to be submitted within one month from the date of signing the agreement. Generally no extension will be given but if it is necessary due to unavoidable circumstances, it will be extended upto 10 days without imposing any penalty. Any further extension may be given after imposing penalty @ Rs. 500/- per day. MD, PSFDC reserves the right to change penalty rate in view of the particulat situation affecting the completion of the work in time.

**ANNEXURE- I**

**APPOINTMENT OF INTERNAL AUDITOR/S FOR THE YEAR 2012-13**  
**TERMS AND CONDITIONS**

**D Process of work**

8. The Internal Auditor will be required to draw up the Audit Programme in consultation with the MD, PSFDC.
9. The objectives of the assignment, extent of checking and scope of audit is defined in **Annexure III**.
10. It is expected that the Audit will be undertaken in accordance with the Internal Audit Standards issued by the Institute of Chartered Accountants of India to the extent they are applicable to the present assignment.

**E Submission of Report**

11. The appointed Firm should submit the bounded printed report in duplicate for each Auditable Unit separately. In addition, two sets of soft copies, each set consisting of one set in MS Word and another in PDF format, will be required to be submitted. However, tabulated information, if any, in the report should be in the MS Excel.

**F Taxes on the Audit Fees:**

12. TDS will be deducted from all inclusive audit fee.
13. In case any other chargeable / payable taxes are levied by/ to the Central / State Govt. during the period of contract, the same will be required to be implemented additionally by both PSFDC and the concerned Firm as the case may be.
14. Payment of Audit Fee to the Firm will be made only after submission of both Audit Report and invoice.

**G Release of Security:**

15. The security will be released without any interest after the successful completion of the contract.

**H Misc.:**

16. In case of any dispute, the matter shall be referred to the Principal Chief Conservator of Forests (HoFF) for arbitration whose decision shall be final and binding on both the parties.
17. The jurisdiction of court for this contract will be at Ajitgarh, Punjab.
18. MD, PSFDC reserves the right to reject any or all the applications without assigning any reason thereof.

**Annexure II**  
**APPOINTMENT OF INTERNAL AUDITOR/S**  
**LIST OF AUDIT UNITS**

Audit Unit No.	S.No.	Audit Unit	Estimated Turnover and other Income for the year 2012-13 (Rs. in Crores)
<b>Audit Unit -1</b>		<b>Head office (office of MD,PSFDC )</b> Forest Complex, Sector 68, Mohali	<b>12.00</b>
<b>Audit Unit -2</b>	<b>A</b>	<b>DIVISION</b> Mohali Division, Forest Complex , Sector 68, Mohali	<b>15.00</b>
	<b>B</b>	<b>PROJECTS</b>	
	i	Mohali Project	
	ii	Sangrur Project	
	iii	Patiala Project,	
	iv	Ropar Project	
<b>Audit Unit -3</b>	<b>A</b>	<b>DIVISION</b> Amritsar Division including part of closed Ferozpur Division already merged with this Division	<b>4.80</b>
	<b>B</b>	<b>PROJECTS</b>	
	i	Amritsar Project	
	ii	Gurdaspur Project	
	iii	Ferozpur Project,	
	iv	Dhar Project	
<b>Audit Unit -4</b>	<b>A</b>	<b>DIVISION</b> Phillaur Division	<b>17.97</b>
	<b>B.</b>	<b>PROJECTS</b>	
	i	Phillaur Project	
	ii	Ludhiana Project	
	iii	Hoshairpur Project	
	iv	Kapurthala Project	
v	Dasuya Project		

**ANNEXURE II**

**APPOINTMENT OF INTERNAL AUDITOR/S**  
**LIST OF AUDIT UNITS**

Audit Unit No.	S.No.	Audit Unit	Estimated Turnover and other Income for the year 2012-13 (Rs.in Crores)
<b>Audit Unit -5</b>	<b>A</b>	<b>DIVISION</b> Bathinda Division including part of closed Ferozpur Division already merged with this Division	<b>16.88</b>
	<b>B</b>	<b>PROJECTS</b>	
	i	Bathinda Project	
	ii	Mansa Project	
	iii	Faridkot Project	
	iv	Muktsar Project	
	v	Fazilka Project	
	vi	Abohar Project	
		<b>Total</b>	<b>66.65</b>

### **Annexure-III**

#### **APPOINTMENT OF INTERNAL AUDITOR/S for 2012-13**

#### **Objectives of Assignment, Extent of Checking and Scope of Work**

##### **I. Introduction**

Punjab State Forest Development Corporation (PSFDC) was incorporated in the year 1983 as a company under the Companies Act, 1956. The headquarters of the company is situated at Forest Complex, Sector 68, Ajitgarh, Mohali. The main business of the company is related to procurement and marketing timber and timber related products.

##### **II. Objectives of the Assignment**

PSFDC intends to appoint reputed Firms of Chartered Accountant for assignment of the Internal Audit of its accounts for the FY 2012-13. The objectives of the assignment are to:

- 1) assess/review/recommend/comment whether accounting / financial /operational systems are reliable/ effective /efficient and to assess whether they are properly followed.
- 2) verify whether the systems of internal checks are effective and whether it facilitate detection of misappropriations/misapplications/ irregularities/ negligencesetc; and whether it is commensurate with the nature and size of business of the organisation.
- 3) identify areas of significant inefficiencies in current system and to suggest remedial measures thereof.
- 4) verify compliance to statutory and regulatory requirements.
- 5) assist the management in designing purposeful MIS so as to enable the Corporation to take appropriate decision for business development.

##### **III. Extent of Audit**

The extent of audit will be as under:-

- 1) It will be 100% for banking and financial transactions which include collection of sale proceeds and its deposit into banks.
- 2) A reasonable level of audit of rest of items, which are regularly being incorporated in the Annual Report of the PSFDC, will be made.

**Annexure-III**

**APPOINTMENT OF INTERNAL AUDITOR/S for 2012-13**

**Objectives of Assignment, Extent of Checking and Scope of Work**

**IV. Scope of audit**

The scope of audit is as follows:

**A. Financial**

- a) The Audit Firm will verify the following and incorporate the finding in the Audit Report
  - 1) Cash vouchers, Journal vouchers, bank vouchers and ledger.
  - 2) Classification of various account heads and entries. Also the Firm will carry out rectification, if needed. In addition, the Firm will also assist in preparation of trial balances.
  - 3) Bank reconciliation and incorporation of relevant entries in the Books of Accounts. The Audit Firm will also do their correct incorporation in Books of Accounts.
  - 4) The Audit Firm will also report whether the Sales proceeds are being collected and deposited in the bank collection account by field offices regularly and within stipulated period.
  - 5) Flow of funds and report whether these are transferred regularly to Head Office to ensure that heavy amounts are not being withheld by bank unnecessarily.
  - 6) Royalty payments made/due to Forest Department based on possession receipts .
  - 7) All Earnest Money Deposits, Securities and outstanding Balances.
  - 8) All other recoverable items.
  - 9) Credit sale, if any, made during the year and if so, to incorporate the same in the Audit Report.
  - 10) Utilisation of funds released by Head Office to various Divisions to incur expenditure. The Audit Firm will report whether these are being utilized properly after adopting proper procedure and obtaining relevant proper sanction of competent authority.
  - 11) The implementation of Felling Policy currently in operation.
- b) The Audit Firm will
  - 1) prepare statements of assets and liabilities of the Corporation.
  - 2) physically verify and confirm from banks all the Fixed Deposit Receipts and incorporate the finding in Audit Report.

**Annexure-III**

**APPOINTMENT OF INTERNAL AUDITOR/S for 2012-13**  
**Objectives of Assignment, Extent of Checking and Scope of Work**

- c) The Audit Firm will check following registers and documents and submit report accordingly:
- 1) Sundry Debtors Register and prepare age wise classification. The Firm will also report whether suitable provision has been made for doubtful debtors.
  - 2) Bank Guarantee Registers.
  - 3) Advances to employees and report whether these are being recovered/ adjusted during the year as per rules and regulations.
  - 4) Advance to suppliers and contractors and report whether these are being recovered/ adjusted during the year as per rules and regulations.
  - 5) List of Stale Cheques.
  - 6) The deductions made in the salary account and report whether these are being deposited timely with requisite authority e.g. Employees Provident fund, General Provident Fund, Tax deducted at source etc.
  - 7) The fixation of pay on general revision of pay scale/grant of timebound / revised promotional scale and grant of annual increment.

**B. Administrative**

The Audit Firm will

- 1) verify and check all Auditable Registers and Timber Forms after obtaining list of from concerned DDO. List of such auditable registers and forms is to be mentioned in the audit report alongwith auditors findings.
- 2) check the stores consumed and prepare reconciliation statements itemwise.
- 3) sample check implementation of various office orders.
- 4) check 100% service books.

**C. Taxation**

The Audit Firm will

- 1) check VAT/sales tax returns, income tax returns and report whether VAT / sales tax and income tax returns are filed in time.
- 2) whether VAT/sales taxes are being charged correctly and Input Tax Credit is being claimed properly projectwise.

**Annexure-III**

**APPOINTMENT OF INTERNAL AUDITOR/S for 2012-13**

**Objectives of assignment, Extent of checking and Scope of Work**

- 3) Report upto date status of VAT/ Sales Tax Assessment projectwise.
- 4) report all taxation cases where appeal has been filed alongwith the current status.
- 5) report cases where penalty/ies has/have been imposed by the concerned authorities.
- 6) verify compliance to all applicable provisions of Companies Act, 1956, Income Tax Act, 1962, VAT / Sales Tax Act and other relevant applicable Acts.

**D. Legal**

The Audit Firm will also perform following works:

- 1) Sample checking of monitoring and processing of legal cases.
- 2) Agreement Register for various works (Sale/Purchase/execution etc.).
- 3) Register of legal cases and their upto date status.

**E. OTHER WORK**

Auditors shall also attend to any other work specifically assigned by the Management or commented by the statutory auditors as per the Companies (Auditor's Report) Order, 2003.