

MAHANADI COAL FIELDS LIMITED
(A Govt. of India Undertaking)
P.O. Jagruti Vihar, Burla, Dist:Sambalpur
Odisha- 768020

Ref: - No. MCL/HQ/Finance/IA/2013-14/1937

Dt: 04/02/2014

NOTICE INVITING APPLICATIONS FOR APPOINTMENT OF INTERNAL AUDITORS FOR SYSTEM & TRANSACTION AUDIT IN MCL FOR 2014-15 .

Applications are invited for appointment of internal auditors for System & transaction Audit in MCL from partnership audit firms/limited liability firms of Chartered Accountants /Cost Accountants registered with the Institute of Chartered Accountants of India / Institute of cost Accountants of India w.e.f. 2014-15 renewable in 2nd and 3rd year i.e. 2015-16 and 2016-17.

The Audit firms shall apply with details as noted below in the application failing which the application may not be considered for empanelment.

1. Year of establishment:

(Photocopy of latest Certificate of registration issued by the Institute of Chartered / Cost & Works Accountants of India to be enclosed)

2. Details of Partners :

- (a) Qualifications (ACA/ACMA or FCA/FCMA or DISA/CISA/ISA)
- (b) Date of joining in the firm
- (c) Total no. of years post qualification experience possessed by the partner.

3. Details of the qualified assistants with(a) the name, (b)Membership number and (c)date of joining in the firm.

4. Details of the semi-qualified assistants with(a) the name and (b)date of joining in the firm.

5. Details of experience of the firm

- (a) In CIL and its subsidiaries for statutory / Internal audit
 - (b) In other PSU/Govt./ Scheduled Bank for statutory/ Internal Audit.
- (Photocopy of proof of experience to be enclosed)

6. Address of the Head Office and Branch Office of the firm with the date of inception (as per certificate of the Institute).

7. Permanent Account Number (PAN)

8. Service Tax Registration Number.

9. Bank Account Number with details of Name of the Bank, Branch Address & Bank code etc.

10. Telephone Number/ Mobile Number , Fax Number , e-mail address of Head Office and Branch office.

Interested Audit firms may send their application forms along with the documents mentioned above quoting the NIT No.& date so as to reach this office within dt **28.02.2014** upto 5.00P.M. addressed to General Manager (Finance) Internal Audit ,MCL HQ; P.O: Jagruti Vihar, Burla, Dist : Sambalpur, Odisha, Pin- 768020. Notice of Inviting Applications has been hoisted in the web site of the Company also at www.mcl.gov.in .

2. Norms for selection of Internal Auditors for System & Transaction Audit in Areas of MCL

The norms fixed for selection of auditors for conducting System & Transaction Audit for 2014-15 in MCL is as per CIL guidelines which is detailed below.

A) AUDIT TEAM

- 1) The **Partnership Audit Firms/Limited Liability Firms** of Chartered Accountants /Cost Accountants registered with the Institute of Chartered Accountants of India / Institute of Cost Accountants of India, appointed to conduct Internal Audit should depute audit team in the HQ/ Area/Units.
- 2) The Audit Team should consist of one qualified CA/CMA with three years post qualification experience and three Inter CA(IPCC) / Inter CMA semi qualified assistants.
- 3) Normally the composition of audit team should not be changed. However, under certain circumstances beyond control of the Audit Firm, if the same needs to be changed in any manner, it may be done with the approval of GM (IA)/HOD(IA) of the concerned Company (subject to verification of credentials of the new incumbent). The audit team members should carry Photo ID issued by the Audit Firm.
- 4) The Audit Team should visit the HQ/Area/Units every month and conduct Audit by staying there at least 23 working days in a month. The attendance of the team members will be maintained by the HQ/Area/Unit.
- 5) Partner of the firm should be available once for at least two days, each month, to guide the audit team and for discussion with the management.
- 6) The Audit team will conduct the audit as per Manual, rules and regulations, guidelines, instructions, delegation of power etc. and in consultation with concerned officials at Hq/Area/Unit.
- 7) The CGM/GM of the Area/Unit/HQ will coordinate the Audit Team through Area Finance Manager/ Associate Finance for smooth functioning of the audit.
- 8) The number of Audit Teams may vary according to the number of mines in a particular Area, Manpower, Production and Dispatches, as may be decided by the management.

B) SCOPE OF WORK

- 1) The audit team will conduct audit concurrently month to month basis, through out the year, as per the scope of work as at Annexure I.
- 2) The auditor should comment in respect of the following points:
 - (i) Systems & Transactions.
 - (ii) 'Report of Exception' on the 25 points, approved by CIL Board, as modified from time to time, where the system is failing.
 - (iii) Action Taken Report (ATR) on previous Audit Reports.
 - (iv) Critical comment and recommendations for improvement.
 - (v) Any other matter, which may be required/prescribed under Companies Act, 2013,/ Notification issued by the Ministry of Corporate Affairs with respect to Internal Audit

C) AUDIT REPORT

- 1) The Audit teams, after completing the audit for the month, should discuss their observations/findings with the CGM/GM of the Area /Unit/HQ, AFM/Associate Finance and other concerned officials before finalization of the monthly Audit Report. **The findings of the current month together with earlier months' points under compliance by the management should be discussed with the said officials.** The monthly Audit Report shall be submitted to the CGM/GM of Area/Unit/HQ and AFM/Associate Finance.

- 2) The Quarterly Report in respect of unresolved observations along with management replies/comments shall be submitted to GM(IA)/HOD(IA) of Subsidiary Co. and GM(IA)/HOD(IA) CIL along with CGM/GM of the Area/Unit/Hq. and AFM/Associate Finance. The last Quarter's Report shall include a concise executive summary.
- 3) Time is the essence for submission of report by auditor. Audit team should be equipped with LAPTOPs and submit the report both in hardcopy and soft copy. The monthly Audit Report is required to be submitted by the Auditors within 14th of the following month and the Quarterly Report should be submitted within 14th of the first month of the subsequent quarter.
- 6) **Flash Report** should be submitted by the Internal Auditor immediately on detection of major irregularity in the course of audit, to CGM/GM of the Area/Unit/Hq. and GM (IA)/HOD(IA) of Subsidiary/CIL.
- 7) The Internal Auditor should also give their observation about the effectiveness of internal control system existing in the Company.
- 8) Internal Audit Report should be signed by the partner of the Firm.

D) AUDIT FEE

- 1) Audit fee for the team payable to Audit firm will be Rs.1,02,375/- per team, on monthly, basis, for 23 days actual deployment.
- 2) TA will be paid for 2nd AC to the partner and 3rd AC to the qualified/semi-qualified assistant on submission of ticket numbers, for to and fro journey undertaken once every month. For this purpose, journey will be considered from the firm's office given in the profile to the place of audit. In case of journey by mode other than rail, TA will be limited to above mentioned entitled class subject to production of documentary evidence.
- 3) The Audit Team including Partners will be provided Food, Lodging and local Transportation by the Company free of cost.
- 4) The audit fee will be proportionately reduced if the attendance of the team falls below the minimum attendance. Repeated failure, for consecutive two months, to fulfill minimum attendance criteria may attract termination of contract.
- 5) Service tax as applicable will be paid as per Service Tax Act.

E) PAYMENT OF AUDIT FEES.

The bill for Professional Service rendered by the audit firm will be paid on monthly basis based on the attendance of the audit team. The Audit Firm will raise the bill only after acceptance of the Audit Report by CGM/GM of the Area/unit/HQ.

The bill in duplicate duly certified by CGM/GM of the Area/unit/HQ./ his authorized representative regarding acceptance of report and attendance, shall be submitted to the concerned AFM / Associate Finance for processing and payment. TA bill/claim will also be paid by AFM / Associate Finance.

F) GENERAL TERMS AND CONDITIONS.

- 1) The Audit Firm must not sub-contract the work.
- 2) The audit team will work in strict confidence and will ensure that the information in respect of the operation of the Area/Unit is dealt in strict confidence and secrecy. A Certificate towards maintaining confidentiality to be provided by the Internal Auditor before commencement of Audit.
- 3) If progress/performance of the audit team is not satisfactory, the management reserves the right to terminate the appointment of the Firm with prior notice of one month.

- 4) Dispute/difference, if any, shall be mutually settled with CGM/GM of the Area/unit/HQ. If the dispute could not be settled at CGM/GM level, it will be forwarded to the CMD for decision, which will be final and binding to all concerned.
- 5) The appointment of the Audit Firm will be for three years w.e.f. 2014-15 **renewable in 2nd and 3rd year i.e. 2015-16 and 2016-17** respectively, subject to satisfactory performance of the Firms.
- 6) The audit firm will be debarred from getting, in future, the Internal Audit in CIL and its subsidiaries in the following cases
 - a) If the firm obtains the appointment on the basis of false information/false statement.
 - b) If the firm does not take up audit in terms of appointment letter.
 - c) If the firm does not submit the Audit Report, complete in all respect, in terms of appointment.

(G) SELECTION CRITERIA

Selection criteria fixed and circulated by CIL for appointment of Internal Auditor for CIL and its subsidiaries is enclosed (Anex-IIB) and is given below.

Sl No	CRITERIA	BASIS OF MARKS	MAXIMUM MARKS
1	Years of Establishment of the firm/Limited Liability Partnership since the date of registration.	1.5 mark / year (fraction of the year to be ignored)	15
2	Number of partners in the firm / Limited Liability Partnership who is with the firm for a minimum period of one year as on the date of application.	3 marks for each partner who is ACA/ACMA. 4 marks for each partner who is FCA/FCMA 5 marks for each partner who is FCA/FCMA with DISA/ CISA/ ISA	30
3	Number of qualified assistants who is an ACA/ACMA & is working with the firm for a minimum period of 1 year on the date of application.	1.5 marks for every qualified assistant	10
4	Number of semi qualified assistants (Inter Cost/ Inter Chartered - IPCC - both group) & is working with the firm for a minimum period of 1 year on the date of application.	0.75 marks per semiqualified assistant	5
5	i(a)Experience of firm in CIL and its subsidiaries for statutory / Internal audit	2 marks per year of audit.	5
	i(b)Experience of firm in conducting Internal audit in CIL/ subsidiaries from FY 2011-12 to 2013-14.	2 marks per year of audit.	5
	ii) Experience of the firm in conducting internal audit in other PSU/Govt./ Scheduled Bank for statutory/ Internal Audit.	2 marks/year of audit	10
6	Audit firms having Registered Office / Branch Office within the state for a minimum period of 1 year on the date of application , in which company headquarter is situated or having its mining operation.		20
		TOTAL:	100

The marks assigned to experience of audit firm in conducting internal audit in CIL and its subsidiary during 2011-12 to 2013-14 will not be given if the audit firm was disqualified during the year 2011-12 to 2013-14 as per CIL guidelines.

(H) Number of Auditors for 2014-15

10 (TEN) nos. of audit firms will be deployed in 2014-15 in different Areas/units of MCL.

Sl No	Area	Nodal Area for payment of bill	No of Audit Team required
1	Jagannath & NSCH	Jagannath	01
2	Lingaraj & Kaniha	Lingaraj	01
3	Talcher		01
4	Bharatpur & CWS(T)	Bharatpur	01
5	Hingula		01
6	lb-Valley & CWS(IBV)	lb-Valley	01
7	Orient		01
8	Lakhanpur		01
9	B&G Area		01
10	MCL HQ, MCL BBSR, Kolkata Sales Office	MCL HQ	01
	TOTAL		10

(I).SERVICE TAX

Service Tax as applicable will be paid as per the relevant Finance Act.

(J) PAYING AUTHORITY/ PAYMENT-

AFM of the Area/Nodal Area and GM (F)/AFM of HQ shall be the paying authority for payment to the audit firm.

Pre-receipted bills duly signed and sealed by the authorized partner of the audit firm shall be submitted to the concerned AFMs of the Area/Nodal Area along with all relevant details as per e-mandate form . The Nodal Area AFM should ensure certification by the AFMs of respective Areas for attendance , successful completion of audit & submission of report before payment is made.

The ranking of auditors will be done after evaluation of the audit firms on the basis of criteria fixed by CIL .The appointment of Auditors for 2014-15 will be done on the basis of ranking and after approval of Audit Committee and Board of MCL .

General Manager(F)IA
MCL, Sambalpur