

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/ 1846

Dt: 12.12.2013

NOTICE INVITING APPLICATIONS FOR EMPANELMENT OF PARTNERSHIP CHARTERED/ COST ACCOUNTANT FIRMS FOR INTERNAL AUDIT OF COAL SALE , PHYSICAL VERIFICATION OF FIXED ASSETS AND PERPETUAL INVENTORY AUDIT INCLUDING CHARGE OFF STORES OF MAHANADI COALFIELDS LTD. FOR 2014-15.

Applications are invited from partnership Chartered/ Cost Accountant firms for **Perpetual audit of stores inventory including charge off stores ,Coal sale audit & Physical verification of Fixed assets audit in MCL for the year 2014-15.**

Partnership Chartered/ Cost Accountant firms shall apply with details as noted below along with application, photocopy of Certificate of registration issued by the Institute of Chartered / Cost & Works Accountants of India failing which the application will not be considered for empanelment. Audit firms who have been continuously getting appointments by Mahanadi Coalfields Limited for a period of last two years i.e. 2012-13 & 2013-14 shall not be considered for 2014-15.

1. Year of establishment.
2. Details of Partners.
3. Name of the qualified assistants along with Membership number.
4. (a) Number of semi-qualified assistants
(b) If any Partner belongs to SC/ST. certificate to this extent to be enclosed.
(c) Number of woman/women partners has to be mentioned .
5. Address of the Head Office and Branch Office of the firm (Branch office will be treated as per certificate of the Institute).
6. Permanent Account Number (PAN)
7. Service Tax Registration Number.
8. Bank Account Number with details of Name of the Bank, Branch Address & Bank code etc.
9. Telephone Number/ Mobile Number , Fax Number , e-mail address of Head Office and Branch office.
10. Audit experience in Coal Industry- (Copies of the appointment order with signature of the issuing authority to be enclosed).
11. Similar details of audit experience in other PSUs- (Copies of the appointment order with signature of the issuing authority to be enclosed).

Interested Chartered/ Cost Accountant firms may send their application forms along with the documents mentioned above quoting the NIT No.& date along with the nature of audit to conduct, so as to reach this office within dt **20.01.2014** upto 5.00P.M. addressed to General Manager (Finance) Internal Audit ,MCL HQ; PO: Jagruti Vihar, Burla, Dist : Sambalpur, Odisha, Pin- 768020. Notice of Inviting Applications for Empanelment and Evaluation has been hoisted in the web site of the Company also at www.mcl.gov.in.

Norms for selection of Auditors for audits in Areas of MCL

a) Perpetual audit of stores inventory including charge off stores

The audit firms having registered office in the state of Odisha will be appointed for conducting perpetual audit of stores inventory including charge off stores .

The norms for selection of auditors for conducting perpetual audit of stores inventory including charge off stores for 2014-15 is given below.

Sl no	Particulars	Points Fixed	Maximum Point
1	Location of the firm		20
	(i) Nearby Coalfields i.e. in the district of sambalpur, Angul, Jharsuguda & Sundergarh	20	
	(ii) Other than Coalfields Districts	10	
2	Status		40
	(a) Less than or equal to 3 partners	15	
	(b) More than 3 partners	20	
	(c) Partners/ (s) of the firm if SC/ST	10	
	(d) Partners/(s) of the firm being woman	10	
3	Experience		20
	(i) Experience in Coal Industries	20	
	(ii) In other industries	15	
4	Age of the firm		20
	(i) Less than three years	Not to be considered for appointment	
	(ii) three years and above but less than five years	15	
	(iii) five years and above	20	
	Total Marks		100

(B) Coal Sale Audit & Physical Verification of Fixed Assets:

The norms fixed for selection of auditors for Coal Sale Audit & Physical Verification of Fixed Assets for 2014-15 are given below.

Sl no	Particulars	Points Fixed	Maximum Point
1	Location of the firm	20	20
	(i) Within Odisha	20	
	(ii) Out Side Odisha	10	
2	Status		40
	(a) Less than or equal to 3 partners	15	
	(b) More than 3 partners	20	
	(c) Partners/ (s) of the firm if SC/ST	10	
	(d) Partners/(s) of the firm being woman	10	
3	Experience		20
	(i) Experience in Coal Industries	20	
	(ii) In other industries	15	

4	Age of the firm		20
	(i) Less than three years	Not to be considered for appointment	
	(ii) three years and above but less than five years	15	
	(iii) five years and above	20	
	Total Marks		100

1. Firms which have been appointed in CIL or any of the subsidiaries of CIL for System & Transaction Audit or Statutory Audit shall not be considered.
2. One firm will be appointed for any one audit out of 3 audits i.e Perpetual audit of stores inventory including charge off stores, Physical Verification of Fixed Assets & Coal Sales audit.
3. The appointment of auditors will be made for a period of one year for the year 2014-15 .MCL will give one year as cooling period for successful completion of audit for two consecutive years.
4. After consideration of above norms, if firms do secure same scores then, preference will be given to the audit firms (a) nearest to the coalfields (b) experience in coal industry (c) age of the firm (year of establishment of the firm as per institute certificate) for appointment. If necessary, personal interview will be made by the committee for selection of the firms.
5. The audit firms are to mention their strength of qualified and semi qualified audit assistants in their offer.
 - (a) For the Perpetual audit of stores inventory including charge off stores audit our minimum requirement of manpower strength for audit is as under:-
 - (i) Semi-Qualified assistant -1 (One)
 - (b) For the Coal Sale Audit & Physical Verification of Fixed Assets audit ,the minimum requirement of manpower strength for audit is as under:-
 - (i) Qualified assistants -1 (One)
 - (ii) Semi qualified -3 (Three)

The firm having adequate manpower as per NIT should only apply.

The selection of Auditors from the empanelled list will be done in order of preference of the following based on descending order of audit fees amount involved.

- a) Perpetual audit of stores inventory including charge off stores
- b) Coal sale Audit
- c) Physical Verification of Fixed Assets

Number of Auditors to be appointed for 2014-15

The requirements of auditors according to nature of audit is given below.

<u>Nature of audit</u>	<u>No of audit team</u>
1 Perpetual audit of stores inventory including charge off stores.	9(NINE)
2 Physical Verification of Assets	10 (TEN)
3 Coal Sales.	10 (TEN)

TERMS AND CONDITIONS OF APPOINTMENT:-

The following are the terms and conditions for appointment of the auditors .

01	COMPOSITION OF THE AUDIT FIRMS	<p>a) Perpetual audit of stores inventory including charge off stores In case of Perpetual audit of Store Inventory including Charge Off Store ,the audit team shall consist of one Semi Qualified assistant .</p> <p>b) Physical Verification of Fixed Assets and Coal Sales audit In case of Coal Sale audit Physical Verification of Fixed Assets ,the audit team shall consist of one Senior Qualified assistant and three semi qualified assistants for each audit .</p> <p>Qualification certificates of the team members must be produced before the commencement of audit, failing which they will not be allowed to commence audit.</p>
02	AUDIT FEES	<p><u>a) Perpetual audit of stores inventory including charge off stores</u> In case of Perpetual audit of Store Inventory including Charge Off Store the audit fees will be Rs.3,00,000.00 per year .</p> <p><u>b) Coal Sales audit and Physical Verification of Fixed Assets audit</u> In case of Coal Sale audit the audit fees will be Rs. 1,78,200.00 per year . In case of Physical Verification of Assets the audit ,the audit fees will be Rs.1, 18,000.00 per year.</p>
03	PERIOD OF COMPLETION OF AUDIT	<p>The audit work should be completed within the time schedule. No extension of time will be granted. Even if granted for genuine purpose no extra remuneration will be paid.</p>
04	ATTENDANCE	<p>Area shall maintain the records of attendance for the actual days of audit for the entire audit team including proprietor/partner.</p> <p><u>a) Perpetual audit of stores inventory including charge off stores</u> In case of Perpetual audit of stores inventory including charge off stores the audit team should work for 26 days in a month.</p> <p>Repeated failure for two consecutive months to fulfill minimum attendance criteria in case of Perpetual audit of stores inventory including charge off stores may attract termination of the contract.</p> <p><u>b) Coal Sales audit and Physical Verification of Fixed Assets audit</u> In case of Coal Sales audit, the audit team should work for minimum 45 days for the whole audit. The firm should plan/ deploy the team for such minimum days during each quarter such that the quarterly audits can be done smoothly & will be able to submit reports in time.</p> <p>In case of Physical Verification of Fixed Assets, the audit team should work for minimum 30 days for the whole audit. The firm should plan/ deploy the team for such minimum days during each quarter such that the quarterly audits can be done smoothly & will be able to submit reports in time.</p>

		The audit fees will be proportionately reduced if the attendance of the audit team falls below the minimum required days.
05	TRAVELLING EXPENSES	Traveling expenses will be paid for 2 nd AC to the Partner and 3 rd AC to the qualified, semi qualified assistant on submission of ticket no. for to and fro journey undertaken once in every month. For this purpose, journey will be considered from the nearest office of the firm given in the profile to the place of audit. In case of journey by mode other than rail, TA will be limited to the above mentioned entitled class subject to production of documentary evidence.
06	ACCOMODATION & LOCAL CONVEYENCE	<u>a) Perpetual audit of stores inventory including charge off stores</u> In the case of Perpetual stores Inventory including Charge off Stores, the audit team will not be provided accommodation and local transportation by the company as all charges are included in their fees. However, expenditure on food will be on chargeable basis as per rate applicable. <u>b) Coal Sales audit and Physical Verification of Fixed Assets audit</u> The audit team will be provided accommodation and local transportation by the company free of cost. However, expenditure on food will be on chargeable basis as per rate applicable.
07	SUPERVISION	<u>a) Perpetual audit of stores inventory including charge off stores</u> The Partner of the firm shall compulsorily supervise the audit personally for not less than two days in a month .Supervision charges have been included in the audit fees. <u>b) Physical Verification of Fixed Assets and Coal Sales audit</u> The Partner of the firm shall compulsorily supervise the audit personally for not less than 04(four) days in case of Coal sales audit .Supervision charges have been included in the audit fees. The Partner of the firm shall compulsorily supervise the audit personally for not less than 03(three) days in case of physical verification of fixed assets . Supervision charges have been included in the audit fees.
08	SERVICE TAX	Service Tax as applicable will be paid as per the relevant Finance Act.
09	SUBMISSION OF REPORT AND PENALTY	<u>a) Perpetual audit of stores inventory including charge off stores</u> In case of Perpetual Inventory Audit including Charge off Store, the report should be submitted monthly, quarterly and yearly. The audit firm should submit monthly, quarterly and annual report within 15 days of completion of relevant month/ quarter / year along with management's reply. For delay in submission of the report due to fault of the audit firm, penalty will be recovered @ 2.5% per week subject to a maximum of 10%. Audit report submitted after 2 months from the due date will not be accepted and paid. <u>b) Physical Verification of Fixed Assets and Coal Sales audit</u> In case of Physical Verification of Fixed Assets and Coal Sales audit, the report should be submitted quarterly and yearly. The audit firm

		<p>should submit quarterly and annual report within 15 days of completion of relevant quarter / year along with management's reply. For delay in submission of the report due to fault of the audit firm, penalty will be recovered @ 2.5% per week subject to a maximum of 10%. Audit report submitted after 2 months from the due date will not be accepted and paid.</p> <p>In addition to above, following should be adhered to in case of all the audits i.e. Perpetual audit of stores inventory including charge off stores, Coal Sales and Physical Verification of Fixed Assets.</p> <p>1) The firm must ensure that all the items of scope of work are covered.</p> <p>2) The report should specifically mention the compliance of audit observations of last year/ last quarter by the Area/ unit. Executive Summary along with management's replies / compliance of audit observations and acceptance of management's reply should be submitted along with the detail Audit Report covering all the projects of the area.</p> <p>3) The reports should also specify that the report is submitted after detailed discussion with the concerned AFMs of the Areas. The Audit Report is to be countersigned by the Project Officer wherever applicable and the respective coordinating officer and will be submitted to CGM/GM of the Area, AFM of the area & to GM(F)(IA), MCL Hqrs.</p>
10	COMMENCEMENT OF AUDIT	<p>Audit shall be commenced in consultation with the concerned Area Finance Manager. In case of failure to commence the audit within ten days after getting consent of the respective AFM, the appointment order will be cancelled without any further intimation and another audit firm will be appointed in its place.</p>
11	PAYING AUTHORITY/ PAYMENT	<p>AFM of the Area and GM (F)/AFM of HQ. Pre-receipted bills in triplicate shall be submitted to the concerned AFMs who are the paying authority of the Area/Unit, along with all relevant details as per e-mandate form duly signed and sealed in triplicate. The paying authority AFM should ensure certification by the AFMs of respective areas for attendance and successful completion of audit & submission of report before payment is made.</p> <p><u>a) Perpetual audit of stores inventory including charge off stores</u> 90% payment will be released on monthly basis after successful completion of audit and receipt of all the reports. The monthly payment will be made within 21 days from the date of receipt of bill.</p> <p><u>b) Physical Verification of Fixed Assets and Coal Sales audit</u> 90% payment will be released on quarterly basis after successful completion of audit and receipt of all the reports. The quarterly payment will be made within 21 days from the date of receipt of bill.</p>

General manager(F)IA
MCL, Sambalpur