

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

Ref: - No. MCL/SBP/GM(F)(IA)/EOI/2017-18/1933

Dt:25 /03/2017

**SUB: EXPRESSION OF INTEREST (EOI) FOR EMPANELMENT OF PARTNERSHIP/LIMITED LIABILITY PARTNERSHIP AUDIT FIRMS FOR CONDUCTING PERPETUAL AUDIT OF STORES INVENTORY INCLUDING CHARGE OFF STORES, COAL SALE AUDIT & PHYSICAL VERIFICATION OF FIXED ASSETS AUDIT IN MCL FOR THE YEAR 2017-18 WITH PROVISION FOR RENEWAL IN 2<sup>ND</sup> AND 3<sup>RD</sup> YEAR I.E. 2018-19 AND 2019-20.**

Applications are invited from partnership audit firms/limited liability partnership firms of Chartered Accountants /Cost Accountants registered with the Institute of Chartered Accountants of India / Institute of cost Accountants of India for empanelment of the Audit Firms to conduct Perpetual audit of stores inventory including charge off stores, Coal sale audit & Physical verification of fixed assets audit in MCL for the year 2017-18 with provision for renewal in 2<sup>nd</sup> & 3<sup>rd</sup> year i.e 2018-19 & 2019-20.

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

1. Year of establishment:

(Photocopy of latest Registration Certificate 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) (**Copy of Certificate to be enclosed**)

(b) Date of joining in the firm .

3. Details of the qualified assistants CA/CMA with the name, and date of joining in the firm as Qualified Asst. (**Copy of Certificate to be enclosed**)

4. Details of the semi-qualified assistants Inter CA (IPCC)/Inter CMA with the name and date of joining in the firm.(**Copy of Certificate to be enclosed**)

5. Details of experience of the firm.

(a) Statutory / Internal audit (S&T/ Perpetual audit of stores inventory including charge off stores / Coal sale audit / Physical verification of fixed assets audit.) in CIL and its subsidiaries

(b) Statutory/ Internal Audit in other PSU/Govt./ Scheduled Bank.

(**Copies of the appointment order with signature of the issuing authority to be enclosed**)

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

7. Permanent Account Number (PAN)

8. Service Tax/GST 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 quoting our reference No.& date along with the documentary evidences in support of all the above so as to reach this office within dt **19.04.2017** 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](http://www.mcl.gov.in) . Applications received after schedule date and time will not be accepted for consideration.

**2. Norms for selection of Internal Auditors for Perpetual audit of stores inventory including charge off stores, Coal sale audit & Physical verification of fixed assets audit in Areas of MCL for the year 2017-18.**

**(A) AUDIT TEAM**

- 1) The **Partnership Audit Firms/Limited Liability Partnership 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 Qualified Asst CA/CMA with three years post qualification experience and semi-qualified asst CA(IPCC)/Inter CMA for each type of audit as detailed below.

Type of Audit	Audit team details	No of working days	Partners visit	Mode of Audit
Perpetual audit of stores inventory including Charge-off stores	One semi-qualified Asst.	26 days/ month	2 days/ month	Monthly
Coal sale Audit	One Qualified Asst & three semi-qualified Asst	45 days/ year	4 days/ year	Quarterly
Physical verification of Fixed Assets Audit	One Qualified Asst & three semi-qualified Asst	30 days/ year	3 days/ year	Quarterly

- 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(F) (IA)/HOD(IA) of MCL (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 as per schedule and conduct Audit by staying there for number of working days mentioned above. The attendance of the team members will be maintained by the HQ/Area/Unit.
- 5) Partner of the firm should be available for nos. of days mentioned above, 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.

**B) SCOPE OF WORK**

- 1) The audit team will conduct audit as per schedule given above through out the year as per the scope of work.

**C) AUDIT REPORT**

- 1) The Audit teams, after completing the audit for the schedule period , 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 Audit Report. The findings of the current report together with points in earlier reports under compliance by the management should be discussed with the said officials. The Audit Report shall be submitted to the CGM/GM of Area/Unit/HQ and AFM/Associate Finance.
- 2) The Report in respect of unresolved observations along with management replies/comments shall be submitted to GM(F)(IA)/HOD(IA) of MCL 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 14<sup>th</sup> of the following month and the Quarterly Report should be submitted within 14<sup>th</sup> of the first month of the subsequent quarter.
- 4) **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(F) (IA)/HOD(IA) of MCL.
- 5) The Internal Auditor should also give their observation about the effectiveness of internal control system existing in the Company.
- 6) The Audit Report should be signed by the partner of the Firm.
- 7) The auditor should comment in respect of the following points:
- (i) Action Taken Report (ATR) on previous Audit Reports.
  - (ii) Critical comment and recommendations for improvement.
  - (iii) Any other matter, which may be required/prescribed under Companies Act, 2013,/ Notification issued by the Ministry of Corporate Affairs with respect to the Audit.

**D) AUDIT FEE**

1. The Audit Fees payable to Audit firms for each type of audit is given below .

Details of audit fee	Payment Basis	Amount/ team (₹ )	Total amount/ team/year (₹ )	No of auditors	Total amount / year (₹)
(a)Audit fee for Perpetual audit of stores inventory	Monthly	27000.00	324000.00	09	29,16,000.00
Audit fee for Coal sale Audit	Quarterly	50156.25	200625.00	11	22,06,875.00
Audit fee for Physical verification of Fixed Assets	Quarterly	33750.00	135000.00	10	13,50,000.00
(A)TOTAL Audit Fee					<b>64,72,875.00</b>
(B)Additional charge in case accommodation is not provided to audit firm in Perpetual audit of stores inventory	Monthly	6500.00	78000.00	09	7,02,000.00
GROSS TOTAL(A+B)					<b>71,74,875.00</b>

The audit fees are based on existing terms of appointment. Any increase in audit fees to be considered by CIL in System & Transaction Audit subsequently will also be taken into account to maintain parity of audit fees. Therefore, it is proposed that proportionate increase in audit fees as considered by CIL may be made applicable for these three audits from the date of approval by competent authority.

2. Traveling Allowances (TA) will be paid for 2<sup>nd</sup> AC to the partner and 3<sup>rd</sup> AC to the qualified/semi-qualified assistant on submission of ticket numbers for to and fro journey undertaken. 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 for all types audits. In case of Perpetual Inventory audit, if the accommodation is not provided to the audit team, then the audit team will be paid towards fooding, Local Transport & accommodation along with audit fees in view of being continuous audit and problem in availability of accommodation in Areas.
4. The audit fee will be proportionately reduced if the attendance of the team falls below the minimum attendance. Repeated failure for consecutive audit period to fulfill minimum attendance criteria may attract termination of contract.

**(E) PAYMENT OF AUDIT FEES.**

1) (i) Audit fee will be payable to Audit firms on the basis of following and actual days of deployment.

Head	Perpetual audit of stores inventory	Coal sale Audit	Physical verification of Fixed Assets Audit
Payment of Audit Fee	Monthly	Quarterly	Quarterly
Accommodation, Local conveyance & fooding	To be provided free of cost. In case accommodation is not provided by the company, the audit team will be paid towards fooding, Local Transport & accommodation along with audit fees.	To be provided free of cost.	To be provided free of cost.
Travelling Expenses for Audit team.	Once in a month	Once in a Quarter	Once in a Quarter
Travelling Expenses for Partner.	Once in a month	Four times in a year	Three times in a year

The bill for Professional Service rendered by the audit firm will be paid 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 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. 2017-18 with provision for renewal in 2<sup>nd</sup> and 3<sup>rd</sup> year i.e. 2018-19 and 2019-20 respectively, subject to satisfactory performance of the Firms.
- 6) The audit firm will be debarred from getting, in future, the Audit jobs in MCL 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-C**). The same shall be followed in these three audits also as 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. (As per latest registration certificate from ICAI/ICWAI)	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. (As per latest registration certificate from ICAI/ICWAI)	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 semi qualified assistant.	5
5	(i) Experience of firm in CIL and its subsidiaries for statutory / Internal audit (S&T/ Perpetual Inventory audit / Coal sale audit / Physical verification of fixed assets audit.)	2 marks per year of audit.	10
	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
		<b>TOTAL:</b>	<b>100</b>

**(H) OTHER TERMS AND CONDITIONS OF APPOINTMENT:**

**(1) SUBMISSION OF REPORT:**

- (i) Perpetual audit of stores inventory- The audit firm should submit monthly, quarterly and annual report within 14 days of completion of relevant month/ quarter / year along with management's reply
- (ii) Coal sale Audit & Physical verification of Fixed Assets Audit: The audit firm should submit quarterly and annual report within 14 days of completion of relevant quarter / year along with management's reply.

**(2) ATTENDANCE:**

Area shall maintain the records of attendance for the actual days of audit for the entire audit team including proprietor/ partner. The audit fees will be proportionately reduced if the attendance of the audit team falls below the minimum required days. The audit fee for qualified Asst and Semi-qualified Asst has been taken as ₹1875.00 and ₹ 750.00 per day. Repeated failure for two consecutive audit periods to fulfill minimum attendance criteria and timely submission of audit report may attract termination of the contract. The audit team shall attend following number of days during audit.

- (i) Perpetual audit of stores inventory- 26 days/month
- (ii) Coal sale Audit - 45 days/year
- (iii) Physical verification of Fixed Assets Audit- 30 days/year

**(3) SUPERVISION:**

- (i) Perpetual audit of stores inventory- 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 @ 7500.00 per month.
  - (ii) Coal sale Audit- The Partner of the firm shall compulsorily supervise the audit personally not less than four days in a year. Supervision charges have been included in the audit fees @ 15000.00 Per year.
  - (iii) Physical verification of Fixed Assets Audit: The Partner of the firm shall compulsorily supervise the audit personally for not less than three days in a year. Supervision charges have been included in the audit fees @ 11250.00 per year.
- (4) Qualification certificates of the team members must be produced before the commencement of audit, failing which they will not be allowed to commence audit.
  - (5) 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. Area shall maintain the records of attendance for the actual days of audit for the entire audit team including proprietor/partner.
  - (6) 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.
  - (7) One firm will be appointed for any one audit out of 3 audits i.e Perpetual audit of stores inventory including charge off stores, Coal Sales audit and Physical Verification of Fixed Assets audit.

- (8) Method of ranking in the merit list in case two or more firms obtain the same marks resulting in a tie :

Audit firm having the oldest date of establishment may be placed in number one position and this order may follow. In case even after doing the exercise given above, two or more audit firms get same position, then the above list may be rearranged on the basis of number of partners. The firm having highest number of Partners may be placed in number one position and so on. If still even after the exercise mentioned above, two or more audit firms get same position, then the above list may be rearranged on the basis of number of Qualified Assistants. The firm having highest number of Qualified Assistants may be placed in number one position and so on.

- (9) The selection of Auditors from the empanelled list will be done in order of preference of the following which is 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
- (10) Allocation of area for the audit firms will be made considering the registered/branch office of the auditor nearest to area , if possible.
- (11) The rotation of audit firms will be done in 2018-19 and 2019-20 at the time of renewal of appointment after obtaining approval of Audit Committee and MCL Board considering the performance of the audit firm.
- (12) In case of termination of any audit firm due to irregularities in their appointment or any firm refusing to accept appointment, the selection of next firm will be made from the panel with the approval of CMD, MCL.

The ranking of auditors will be done after evaluation of the audit firms on the basis of criteria approved by MCL based on CIL guidelines .The appointment of Auditors for 2017-18 will be done on the basis of ranking of scores and approval of Audit Committee and Board of MCL. Separate panel will also be maintained to keep provision for increase in the number of auditors if required in future at MCL or any of its subsidiaries and appointment will be given on basis of merit after approval of competent authority.

**(I) Number of Auditors for 2017-18**

The total nos. of 30 (thirty) Audit firms will be deployed in different Areas of MCL during 2017-18 to conduct the Audits for perpetual audit of stores inventory, Coal sale Audit and Physical verification of Fixed Assets Audit.

**(J) PAYING AUTHORITY/ PAYMENT-**

AFM of the Area/Nodal Area and GM (F) 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.

General Manager(F)IA  
MCL, Sambalpur