



## **Annexure-1**

### **SCOPE OF WORK FOR THE INTERNAL AUDIT**

#### **(A) INTERNAL AUDIT**

##### **A1. Budgetary Control:**

- Whether expenditure is incurred as per approved budget from HeadQuarters
- To calculate and report all budgetary variances in excess of 10% along with proper justification of such deviation.

##### **A2. Payments and Expenditures:**

###### **a) Capital Expenditure**

- I. To vouch all purchases made and verify that capital expenditure was incurred after obtaining prior approval as per UPP and as per approved Budget and tender guidelines was followed.
- II. To check that fixed assets register is maintained properly.
- III. To ensure that fixed assets are sold/scrapped against written authority.
- IV. To check that depreciation on fixed assets has been written off at appropriate rate.
- V. To ensure that all fixed assets are insured against fire, strike, Riots and civil commotion, Flood, Earthquake, war, malicious damage, nuclear radiation and equipment break-down.
- VI. To review the Capital Expenditure status Report which includes all capital work undertaken by the Eastern India Regional Council (EIRC).

###### **b) Revenue expenditure:**

- I. To verify all the expenditure are permissible as per CWA Act & Regulations.
- II. To check the approved budget for expenses as well as Delegation of Financial Power and tender guidelines have been observed.
- III. Checking of all payments made to the suppliers and others thoughts/NEFT with reference to relevant pay orders/instruments and approval notes.
- IV. Verify whether bills are passed as per Supply /Work order/Agreement/tender guidelines on test check basis.
- V. Checking of Petty Cash Register and reconcile Opening balance Payments/Closing Balance.
- VI. To ensure that capital expenditure is not treated as revenue expenditure.
- VII. To examine whether the payment vouchers have relevant supporting documents and proper authorization.
- VIII. To review unusual items (i.e. debit balance, one supplier with balance in various categories etc.)
- IX. To ensure that statutory and other deductions from the suppliers' bills are correct and the statutory dues are deposited to the appropriate authority within the stipulated time.
- X. To ensure the Expenses are not of personal nature.
- XI. Checking of T.A bills of the Members of the Regional Council of ICMAI-EIRC and employees as per rules and their subsequent payment to the Travel Agents.
- XII. To ensure that controls and procedures in use are efficient, effective and economical.
- XIII. In case of cheque payments, whether cheques are sent by registered post, if not whether proper acknowledgements have been obtained.
- XIV. To check whether faculty honorarium for conducting oral coaching classes, computer training, skill training and other training classes are paid after deducting TDS as per Income Tax Act.



### **A3. Advances and Adjustment thereof:**

- Checking Advance to Employees.
- Adjustment/ Recoveries of Advances during the month are as per stipulation.

### **A4. Cash and Bank (including BRS)**

- I. Checking of monthly Bank Reconciliation Statements of various Bank Accounts and entries for adjustment of charges etc.
- II. Obtaining Balance Confirmation directly from Banks and checking with Book Balances at the yearend in case of all accounts including fixed deposits.
- III. Returned draft/ cheque with the subsequent realizations on a quarterly basis.
- IV. To physically verify cash collected at cash counter and in accounts department at periodical intervals.
- V. To ensure all payments are recorded in the Bank Book and DPR as per the rules of the Institute.
- VI. To check the Balance Sheet against the bank ledger for FOR, verify the calculation of interest and ensure proper accounting of both interest and TDS
- VII. To check all the FOR appearing in the Balance Sheet are free from any lien/charge.
- VIII. Entries of stale cheques and necessary accounting like creation of liabilities etc. has been done timely and in proper manner.

### **A5. Payroll**

- I. To check the correctness of recording attendance, leave, unauthorized leave, etc. and timely reporting for preparation of payroll.
- II. To ensure that festival allowance, if any, is computed accurately and to review whether the incentive schemes, if any, is operating effectively and benefit all employees.
- III. Checking payments to LIC on account of Gratuity & Leave Encashment Fund based on actuarial valuation and correction of payments to outgoing employees out of funds received from LIC.
- IV. To examine the procedure followed in case of termination of employment by resignation, retirement, etc.
- V. To ensure compliance with statutory laws and rules connected with employment.
- VI. To verify terms of appointment of contractual/temporary employees appointed during the period under Audit.
- VII. To check that reimbursement of Leave Travel Allowance is made with reference to actual bill submitted.

### **A6. Statutory Payments and Compliance:**

Checking of compliance of Statutory Payments & Statutory Returns within the target dates

- I. TDS ( U/S 192, 194C, 194J and other applicable sections)
- II. GST
- III. Works Contract Tax
- IV. Payments of municipal rates and taxes
- V. Professional Tax, PF, ESI and any other statutory liabilities
- VI. To verify whether any legal dispute is pending before any forum



## **A7: Purchases**

- Whether UPP and Tender guidelines as applicable for Regional Councils are compiled or not?
- Whether Repeat Orders placed, are based on orders placed earlier with proper tendering; whether other conditions governing the placement of Repeat Orders are followed?
- Whether any attempt has been made to split the orders to keep the value of the contract within the delegated powers of the approving authority?
- Report on delay in placement of supply orders (from the date of approval of indent).
- Whether materials have been supplied within the stipulated time; if not, whether liquidated damages have been imposed?
- Whether the payments made are as per the terms and conditions of the order, especially taxes and duties; whether tax concessions are availed?
- Report on maintenance of records such as Tender Register, TCR files, Supply orders, Bill Passing Register, etc.
- Whether advance payments made to suppliers are outstanding for a long time; list of such advances?
- Whether the tender notices are being hosted on the website of the Institute as per tender guidelines.
- Total no. of supply order placed during the period of audit: No. of contract/order Value
  - Open tender (advertised)
  - Limited tender
  - Negotiated contract
  - Repeat order

## **B: CIVIL CONTRACT WORKS**

- Whether Uniform Purchase Procedure (UPP) and Tender guidelines as applicable for Regional Councils are compiled or not.
- Whether any attempt has been made to split the tenders to keep the value of the contract within the delegated powers of the approving authority?
- Whether the works awarded have been completed within the scheduled time?
- In case of major works, whether there is any failure on the part of the management due to which work could not be completed in time resulting in escalation in the value of work originally awarded.
- Whether for civil works which were completed, final bills have been prepared in time and completion of work is accounted for or not. List of cases where final bill is pending for completed work and list of work -in - progress with age to be furnished. For old capital WIP reasons for keeping as WIP without capitalization / charged off to be furnished.
- Whether any advance has been given to the contractors and is outstanding for a considerably long time; whether such advance payments made have been properly recorded on the face of the bill copy and, in the Bill, Passing Register?
- Whether proper checking of quality of work is carried out by Technical Expert/Retainer.
- Whether payment has been made as per the terms and conditions of the work order and on the basis of satisfactory performance as certified by the concerned authority; whether recoveries towards security deposit, secured advance, income tax, etc. have been made correctly.



Maintenance of records such as Tender Register, TCR files, Work order and Agreement, Measurement Books, Bills, Bill Passing Register, refund, etc.

Total No. of contracts awarded during the period of audit

No. of contracts Value

- 1) Limited tender
- 2) Open Tender

### **C: RECONCILIATION WITH HEAD QUARTERS**

- I. Checking of periodical reconciliation of current account balances with HQ / RC considering salary, reimbursement of expenses, festival allowances and other adjustments with revenue grant payable.
- II. Checking of incorporation of claims and their payment /adjustment with reference to supporting document.

### **D: TO ENSURE COMPLIANCE OF THE FOLLOWING POINTS:**

- I. As per the decision of 266th Meeting of the Council dated 30.12.2010, no Regional Council can take any loan without obtaining prior approval of the Council.
- II. As per the decision of 273rd Meeting of the Council dated 31.3.2012, No Regional Council should be engaged in any Research/Project Work without prior approval of the Council. In case any Regional Council wants to take up any such work/assignment, it should first approach the Central Council for its approval and if approved, the same should be routed through ICWAI-MARF.
- III. Please check thoroughly whether there is any rental income of the Regional Council by analyzing all the miscellaneous income in the last year's accounts. Any such instance should be reported immediately without waiting for the submission of final report.
- IV. Substantial amount lying idle in the savings/current bank account of the Regional Council, if any, and reasons for the same to be identified and suitable suggestion to be given for the same.

### **E: EXECUTIVE SUMMARY OF THE AUDIT REPORT:**

The executive summary of the audit report, along with the salient points including suggestions/ scope of improvement in the operations of the Eastern India Regional Council (EIRC) should be mandatorily submitted along with the report.

**Convenor**  
**Tender Committee, ICMAI-EIRC**



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