

Notice Inviting Application showing expression of interest for Appointment of Internal Auditor for the Financial Year 2017-18

Internal Audit

Internal audit is a systematic examination of financial transactions to ensure accuracy, authenticity, compliance with procedure and guidelines. The emphasis under Internal audit is to determine whether the financial management arrangements (including internal control mechanisms) are effectively working and to identify areas of improvement to enhance efficiency.

An independent firm of Chartered Accountants/Cost Accountants shall be appointed as Internal Auditor to undertake audit and report on vital parameters which would depict the true picture of financial and accounting health of the company.

Objective

The key objectives of the Internal Audit include:-

- To ensure accuracy and timeliness in maintenance of books of accounts.
- To ensure compliance with laid down systems, procedures and policies
- To assess & improve overall internal control systems.

Scope of Audit

The responsibilities of the internal auditor shall include reporting on the adequacy of internal controls, the accuracy and propriety of transactions, the extent to which assets are accounted for and safeguarded, and the level of compliance with financial norms and procedures for the operational guidelines.

The internal audit shall be carried out both at Hide Road and Mayurbhanj Road Works.

The scope of work of the internal auditor will be tentatively as below:

SALES:

1. Marketing effectiveness and RoI review
2. Customer experience review
3. Financial risk analysis
4. Pricing decision modality and strategy

DEBTORS:

1. To compute the holding period of Debtors and to report on old outstanding and the follow up action made for the same.
2. Analysing symptoms of uncertainty in collection by examining schedule of debtors.
3. Examine the cause of imposition of liquidated damages

CREDITORS:

1. To check whether there are visible indications of time barred payables.
2. Timely process of booking of creditor invoices

PURCHASES:

1. Check whether cost of the product shows unusual movement vis-à-vis earlier years
2. Random checking of delivery with reference to terms and conditions of purchase orders and whether liquidated damages, if applicable, have been recovered from defaulting parties
3. Procedure for purchase function including tendering function whether in line with established system

STOCK:

1. To check the consumption of raw materials with reference to the norms/target.
2. To compute the stock holding period
3. Evaluation of cost accounting systems of Switchgear Works mainly valuation of product, variance analysis and scope of cost reduction, if any.

TREASURY FUNCTIONS:

1. Checking BG utilization and Bank Reconciliation Statement

2. Checking interest charged on bank loans

INSURANCE

1. To check whether all the assets are adequately insured or not.
2. To check whether insurance claims are properly followed up or not.

VERIFICATION OF FIXED ASSETS

Conduct physical verification of machineries at the factories with emphasis on identification of unusable assets.

SCRAP ACCOUNTING:

To review the process of scrap accounting for Mayurbhanj and Hide Road works and suggest improvement if any.

FOREIGN CURRENCY TRANSACTION

To check whether foreign currency transaction has been recorded at the exchange rate at the date of transaction as per relevant accounting standard

Frequency

Internal audit will be carried out on “yearly basis”

Profile of the firm

- The firm must have at least three partners with one FCA/FICWA and five fully qualified staff
- One of the partners should have DISA qualification
- One of the partners should have experience of working with PSU company
- The firm should have achieved turnover of at least Rs.20 lakhs per annum in last two financial years
- The firm should have carried internal audit of at least two companies having turnover of above Rupees Fifty Crores

Methodology for conducting Audit / Reporting :

The audit team shall be led by Partner/Partners of the audit firm with experienced assistants as the work may warrant.

The audit personnel should not be changed so that continuity and consistency is maintained.

The audit firm shall conduct appropriate due diligence before employing any personnel who will be entrusted with the work of conducting the Internal audit.

The audit firm is also responsible for any commission and omission of its

employees which may cause and or likely to cause any loss/ damage to the company.

If there is any change in the constitution of the firm during the period of appointment it shall be informed to the Company immediately.

Before commencing the audit, the members of the audit team should discuss the scope of audit with heads of functional departments.

The audit team should adopt the following procedure in the matter of reporting their findings.

As on the appointed day as fixed after mutual discussion with the company officers, the audit firm shall prepare an executive summary.

The executive summary should cover the critical areas mentioned in the scope and the irregularities/ shortcomings observed during the course of the audit. Auditors are however free to report any other deficiencies which they may come across during the course of audit.

Any transactions of serious nature which is unusual/ not normal to the usual course of business or any other un-healthy practice indulged by the company employee, persistent irregularities, transactions of fraudulent nature, other serious irregularities like disbursements without proper sanction/ incomplete documentation/ irregularities as per guidelines, may however be reported immediately to the heads of functional departments by way of separate letter along with executive summary.

The serious irregularities, if any, noticed shall be covered exhaustively in the executive summary.

The final report along with management response may be submitted within 30th April after close of the immediately preceding financial year

Selection of Auditor :-

Interested firms shall submit their applications embodying expressions of interest directly to the company within fourteen days of advertisement in the web site of the company quoting fees for the work. Copies of the applications should be made in sealed envelope and addressed to Sri Sumit Sarkar, Head (Accounts and Finance), Bienco Lawrie Limited, 6, Mayurbhanj Road, Kolkata-700023.

The selected firm will be contacted after appraisal of the applications received by the company

