



Garden Reach Shipbuilders & Engineers Ltd.

(A Government of India Undertaking ; Ministry of Defence)

Ref :NIT/IA/001A/2021/050421

Notice inviting Tender for selection and appointment of CA / CMA Firms as Internal Auditors for the years 2021-22 through 2023-24

NOTICE

Garden Reach Shipbuilders & Engineers Limited (GRSE) invites applications / offers from experienced Chartered Accountant / Cost Accountant Firms having specialisation in Internal Audit & Controls for selection / empanelment and appointment as Internal Auditors for the Financial Years 2021-22 through 2023-24.

The format of application alongwith information on selection criteria, areas of coverage, reporting requirements, terms of reference, etc are enclosed herewith. The tender document will be hosted on the GRSE website www.grse.in under the tab under url : www.grse.in/index.php/EOI-current. The same will also be displayed on the Notice Board of the EIRC of The Institute of Chartered Accountants of India. Any updates to the Tender Document shall be hosted on website. Interested firms are requested to ensure that all updates are considered while submitting the offers.

Interested Firms may send their applications in the prescribed format (to be dropped in lock-box kept at Corporate Finance Dept) alongwith annexures under sealed cover addressed to Addl.General Manager-Internal Audit, Garden Reach Shipbuilders & Engineers Ltd at 43/46, Garden Reach Road, Kolkata- 700024 **latest by 27th April 2021, 15.00 hours (due dt.)**.

DATED : 05 April 2021

Kolkata



Notice inviting Offers by CA / CMA Firms for selection and appointment as Internal Auditors for the years 2021-22 through 2023-24

A. SCOPE OF WORK

1. The Scope of work consists of Internal Audit in respect all the Divisions / Departments / units of the Company spread across Kolkata and Ranchi. The Scope of work also includes testing & validating of procedures relating to Internal Financial Controls across the Company. SOW is enclosed as **Annexure -1**
2. All Internal Audit assignments would be carried out as per Internal Audit Programme for the year, to be circulated separately. The Management reserves the right to add any other area to the Audit Program within the scope of work or increase the number of audit assignments.

B. DETAILS ABOUT THE COMPANY

The Company is a Govt. of India undertaking ('Miniratna' status Schedule-'B' CPSE) under the Ministry of Defence and primarily engaged in the manufacture of warships for Indian Navy, Coast Guard and export as well. The Company is listed on the Stock Exchanges (BSE/NSE). The Company also has an engineering division which manufactures ship-deck equipment and heavy-duty naval pumps (at Taratalla Unit) and portable steel bridges (Bailey Bridge) at 61 Park unit. In addition, the Company has a unit at Ranchi, engaged in the overhauling, assembly & testing of marine propulsion diesel engines alongwith fabrication of Bailey Bridges. The shipbuilding production activities are carried out at Main unit, Fitting-out-jetty (FOJ) unit and Rajabagan Dockyard (RBD) unit. Further details are available on the Company's website www.grse.in

C. ELIGIBILITY CRITERIA

1. The Firms (CA/CMA) should be based in Kolkata or have a major branch office in Kolkata and should have at least Seven (07) Partners.
2. The Firms should be in existence for a minimum period of fifteen years and have experience of carrying out minimum two audits (statutory/internal) during any of the five preceding financial years till 2019-20 (i.e 2015-16 to 2019-20) in respect of any manufacturing industry having a turnover of at least Rs. 100 Crores & being a limited Company. To this effect, firm should submit copies of respective contracts, along with documentary evidence in respect of satisfactory execution of each of those contracts. Existing Internal Audit firms or their affiliates are not eligible to participate in the Tender.
3. Annual turnover of audit firm shall be at least Rupees Seventy Five Lakhs (Rs 75,00,000/=). For the purpose of ascertaining parameter of Turnover of the firm, average turnover for the previous three financial years till 2019-20 (i.e. 2017-18 to 2019-20) shall be considered (copies of audited financial statements / other documentary evidence in support thereof to be enclosed).



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D. **BID SUBMISSION**

Submission of offer in Two Bid System: The offer must be submitted in two parts, Part - I (Techno-Commercial Bid) & Part – II (Price Bid) and shall be enclosed in separate sealed envelopes super scribing the tender no., due date and time. Both the envelopes with the respective bids shall be enclosed in a bigger envelope super scribing the Tender No, Due date & Time and addressed to Addl. General Manager, (Int Audit), GRSE LTD.,43/46 Garden Reach Road Kolkata 700024 and should be Deposited in the tender box kept at Finance department, 3rd floor, of Corp. Bldg (MW) on or before tender 27 Apr 2021 at 15:00 hrs. Any clarifications may be sought over email ghosechoudhury.s@grse.co.in / mobile # 9982626191 or 9007891591.

Techno-Commercial Bid (Part-I): This part should contain the following:

Details of the Firm (as per Application Format provided under sl. 'E') along with self-attested copies of all supporting documents and certificates.

Note:

- i) GRSE has a right to verify / cross verification of authenticity of the documents with respect to original submitted against this tender.
- ii) The bidder is requested to ensure that all the documents asked for are submitted and are clear, legible & duly signed (i.e. self-attested), as it would save considerable time without necessitating the need for furnishing Tender No. of the documents again by them. The bidder is also requested not to submit unnecessary documents not asked for.

Price Bid (Part-II): In this part, bidders are requested to fill the PRICES for each of the listed items strictly in the prescribed format provided in the Tender document.

SCORING : Further to the above eligibility criteria, firms will be evaluated based on the scores achieved as per parameter-score matrix provided below

Parameters/Scoring Criteria			Maximum Score		Individual Firm's Score	
01	Past experience of the CA/CMA Firm (Track Record)			60% (60 Marks)		
A	Years of existence of CA/CMA Firm (Min. 15yrs)	1 point for every year over and above 15 years [Counted from the date of constitution of the firm with one full time FCA/FCMA or date of joining of the firm by the existing partner having the longest association with the firm whichever is later.] (Eg.: if Period for such experience comes 26 Years than score will be 11.)	20%	12		
B	Experience as Internal Auditors of a Private Sector (Listed)/Joint Sector(Listed) / Public Sector (Central / State) companies having turnover exceeding Rs.100 crore and using SAP-ERP	5 points for each such internal audit (using SAP-ERP) per company irrespective of the years. for example if firm executed audit of same corporation for continuous 03 years then only 05 marks will be assigned for the same (falling within five financial years immediately preceding 2020-21) (Eg.: if there are 04 company audited score will be 20.)	50%	30		
C	Experience of Statutory Audit of CPSU (Maharatna / Navaratna / Miniratna) /State PSU	02 points for each such audit per company irrespective of the years. for example if firm executed audit of same corporation for continuous 03 years then only 02 marks will be assigned for the same falling within five financial years immediately preceding 2020-21) (Eg.: if there are 02 companies audited score will be 4 Marks.)	30%	18		



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02	General Profile of qualification , experience and number of Partner/Qualified Members	40% (40 Marks)		
A i)	No. of Partners <u>(at least 7)</u>	01 point each for each partner from 10 th partner onwards.(Eg.: if there are 12 partners, score will be 2)	10%	04
A ii)	No. of Partners in Kolkata office	02 point each for each partner attached to Kolkata office	35%	14
B	No. of Partners with FCA/FCMA	01 points each for each partner.	15%	06
C	Full Time CA/CMA/CS Employees in Kolkata office	01 point for each CA/CMA/CS Employee	25%	10
D	CISA or CIA or DISA Qualified Partners / employees (dual qualification for the same person will be considered as one)	02 point each for each such partner / employee	15%	06
		TOTAL SCORE	100%	100 Marks

1. From amongst the firms who have responded to the tender and satisfied all pre-qualification criteria, the firms will be allotted scores as per scoring parameter specified in above table. Firms having technical score of minimum 75 marks will be asked to attend meeting for technical discussion and thereafter considered for evaluation of price bid.
2. **Bid Evaluation Criteria:**
Lowest Bidder (L1) will be determined on the basis of total quoted value (excluding Taxes) for the entire quantity of tender. The lowest bidder (L1) will be considered for further processing for placement of order. Taxes are excluded for the purpose of ranking of price bids to determine L1 Bidder. Taxes as applicable would be paid at actuals.
3. If the Price quoted by a firm found to be freak low , the price bid shall not be considered

E. BID INFORMATION Part I : Technical Bid

The CA/CMA firm is to provide the following information strictly as per pro-forma given below

'APPLICATION FORMAT'

1. Name of CA/CMA Firm :
2. Status of Firm (LLP etc) :
(Firm Composition certificate to be attached)
3. Registration No. :
4. Date of Establishment / Registration :
5. Name & Address of Principal Office & Branch Office (s) [Pls attach ICAI's certificate]

Office type (HO/Reg.Office/Branch)	Address	Year of Establishment	Contact details : In-charge Name, Tel., Fax, Email.



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6. Particulars of Partners

Sl.	Name	CA /CMA Membership No.	Membership Status (Fellow/Assoc)	Date of joining firm as partner & branch office attached to	DISA/CISA or CIA or other Qualfn.	Other qualifications job/specialisation & experience

7. Particulars of qualified assistants (attached to Kolkata office).

Sl.	Name	CA / CMA Membership No.	Membership Status (Fellow/Assoc)	Date of joining firm	DISA/CISA or Other qualfn.	Other qualifications job/specialisation & experience

8. Details of semi-qualified/non-qualified assistants (attached to Kolkata office).

Sl	Name of the Assistant.	Qualification (CA/CMA Inter.)	Other qualifications job/specialisation & experience

9. Income Tax PAN (attach copy of PAN Card):

10. GST Registration No. (attach copy of Registration Document):

11. PF Registration details (attach copy of Registration Document):

12. ESI registration details (if any , attach copy of Registration Document):

13. Internal Audit experience (immediate five preceding financial years till 2019-20) in a Listed Private Sector/Listed Joint Sector/ Central or State Public Sector companies having turnover exceeding Rs.100 crore and using SAP-ERP specifying nature of the assignment, year of audit and name of the company.

Name of Company & whether operating SAP	Unit / Plant	Period of Audit	Total Experience (Yrs)

(Attach documentary evidence in support of the above data which should be corresponding to information given under D-1/01/B)

14. Statutory Audit experience (immediate five preceding financial years till 2019-20) of CPSU (Maharatna / Navaratna / Miniratna / other) /State PSU.



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Name of Company & whether operating SAP	Co. Turnover	Period of Audit	Total Experience (Yrs)

(Attach documentary evidence in support of the above data which should be corresponding to information given under D-1/01/C)

15. Readiness for Audit under SAP environment and proficiency in extracting audit-data / information from SAP system (prior in-dept knowledge of SAP TCODES IS COMPULSORY).
16. **Non-furnishing / non-submission of any document in substantiation of any information stated above may result in rejection of technical offer. No subsequent further correspondence will be entertained in this regard.**

UNDERTAKING

1. It is confirmed that all the information provided above are true and comply with requirements the tender.
2. We confirm that we have not made any deviation from the specified terms & conditions of tender documents. A copy of complete offer document duly signed and sealed on all pages as a token of acceptance of all terms and conditions is attached.

Signature of Partner with Name
& Seal of Audit Firm

F. Part II : PRICE BID

Format for Price Bid

(to be given on Firm Letterhead in separately sealed cover)

We M/s, Chartered Accountants / Cost Accountants, hereby quote our professional fees at Rs.....(Rupees.....only excluding taxes) per annum for the Internal Audit Assignment to be carried out as per Audit plan given in this tender, in respect of the Corporate Division, Shipbuilding Division (MW,FOJ,RBD), Engineering Division (TU,61Pk, Ranchi). The above fees are all inclusive and no out of pocket expenses will be payable to us.

Signature of Partner with Name
& Seal of Audit Firm



TERMS OF REFERENCE

The terms and conditions for conducting Internal Audit are indicated hereunder:-

1. **Timeframes :**

Internal Audit shall be conducted on a continuous basis and reported on quarterly basis. The activity is required to commence in the second month of respective quarter, audit findings firmed-up and draft report submitted within middle of the month following the quarter-end. For RBD, FOJ and Taratalla Unit the audit will be required to be done on half-yearly basis. Also for Ranchi Unit, the audit will be done on half-yearly basis covering major portion of the financial year.

2. **Reporting :**

On completion of the Audit of the respective Unit/Division in each phase, the following steps should be followed before finalisation of the report and the partner of the firm should meet and discuss the audit observations.

The preliminary audit observations shall first be discussed with the Unit- In- Charge pursuant to which only the audit observations are to be prepared. The salient observations of the respective audit should be discussed with the Unit/Division-In-Charge so that timely corrective action may be taken and based on the outcome a draft composite Audit Report covering all the Audit Units within the scope shall be compiled/ prepared, including additional information, if any, that may be provided /obtained during such discussions and rectifications carried out on the instance of audit. The report should also contain specific suggestions for improvements, if any.

Internal Audit Reports would be divided into the following parts :-

A. Part I : Compliance (follow-up) Report :

This part shall cover the comments of the Auditors on the adequacy of the compliance and action taken for rectification of errors/ discrepancies pointed out by previous auditor pertaining to earlier phase and also Phase I of the current year. It shall also contain the confirmation regarding the implementation of policies, systems, controls etc to avoid recurrence of such irregularities in future. It may be ensured that the compliance report on audit observations pointed out in reports relating to earlier audits is made and corrective actions taken on those points are furnished in the Audit Report.

B. Part II Important Observations/ Findings :

This part shall contain all such significant discrepancies observed during the current audit and observations in which, the auditor feels immediate attention of management specifying the financial implications, if any. In this part the Auditor shall bring the important areas requiring improvement and their recommendation, if any. Also to indicate the improvements made by the company based on the audit observations. Further to report any deviations/observations from policies, systems and procedures of the Company.



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3. Audit Team:

The firm is required to deploy suitable teams for undertaking the audit as per deployment requirement given in the table below

Sl.No	Area of Coverage	Deployment of Manpower	Qualification
01	Main (Corporate) and Shipbuilding (Main , FOJ, RBD)	03	Semi-Qualified (CA Inter)
		01	CA Qualified *
02	Engineering Department (TU , 61 Park & Ranchi)	02	Semi-Qualified (CA Inter)
		01	CA Qualified * *common resource

The deployment shall be on continuous basis from commencement of audit till finalization of audit), after a thorough evaluation of the requirements, terms and conditions contained therein, general guidelines for Internal Audit, ensuring that the size of the audit team is commensurate with the volume of work involved in the auditee Unit/Division. The Finance-I/C of the respective units (i.e. 61 Park, Taratalla, FOJ, RBD & Ranchi) and the Audit-head of the Company will co-ordinate with the Audit team for smooth functioning of the audit. It should be ensured that the audit team is led & supervised by a Chartered Accountant (designated engagement manager / partner) on regular basis. Ranchi Unit will be audited twice in a year (half-yearly basis , deployment would be for 7-9 days each spell with 2 team members & 1 team leader). A person with technical qualification may be included in the team when such need arises for conducting any specific audit area.

4. Extent of coverage of Internal Audit (indicative)

As per SOW attached Annexure-A and Any other matter which may be decided by the Audit Committee/ Management

5. Tenure : The offer for carrying out assignments would initially be given for one year i.e. for the FY 2021-22. Management keeps the right to extend the tenure for further two years i.e., 2022-23 and 2023-24 depending upon the performance of the Firms. Management also keeps the right for pre-mature termination of the appointment.

G. GENERAL TERMS AND CONDITIONS

- (i) Firms are to fill in all relevant particulars / information in appropriate places and submit documentary evidence (attested by a partner) where specifically asked for.
- (ii) Only successful firms will be intimated about their selection in due course.
- (iii) The Company reserves its right to accept or reject any application(s) without assigning any reasons. The decision of the Company for empanelment of the Firms will be final and binding upon the parties participating in the short-listing/ empanelment.
- (iv) The Internal Auditor will ensure that the information obtained in respect of the Unit is maintained in strict confidence and secrecy. A certificate towards maintaining confidentiality is to be provided by the Internal Auditor at the time of acceptance of Audit Assignment.
- (v) The appointment of the Audit Firm will be initially for 2021-22. The Company reserves the right to extend the appointment if performance of the firm is found to be acceptable.



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- (vi) If progress/ performance of audit is not found to be satisfactory, the Company reserves the right to terminate the appointment of the Firm.
- (vii) No extras / out of pocket expenses will be payable on any account whatsoever.
- (viii) The firm will be debarred in future, from getting any assignment in Garden Reach Shipbuilders' Ltd in the following cases :
 - a) The Audit Firm obtains the appointment on the basis of false information/ statement at the time of submission of application/ documents for the tender.
 - b) The Audit Firm is found to have sub-contracted the work.
- (ix) The Company being a defence establishment, firms appointed as Internal Auditors may be required to provide commensurate credentials / photographs /ID proof etc. for obtaining entry-passes in respect of its personnel who would be deployed to conduct the audits; frequent interchange of personnel should be avoided.
- (x) The Firm is required to provide insurance cover to its representatives deputed to GRSE for conducting the audit or else provide an undertaking that the Company shall not be liable for any incident/eventuality (within GRSE premises) causing sufferings to the personnel deputed from the audit firm .



SCOPE OF INTERNAL AUDIT WORK

CORPORATE DIVISION.

Sl.#	Particulars	Coverage	Periodicity
FINANCE : TREASURY			
1.	BANK – Receipts / Payments (Employees, Vendors and Statutory payments etc.)	<ul style="list-style-type: none">• Check all receipt and Payments recorded are accurate and timely in the Books (incl. all online transactions).• All receipts and payments are authorized as per Schedule of Authority.• Bank Charges levied by the Bank as per agreement with the Bank/s. (BG/LC/CC etc.).	Monthly
2	Bank Reconciliation Statements	<ul style="list-style-type: none">• Checking BRS (prepared monthly) & whether reviewed and approved independently.• To ensure the BRS statement does not contain any un-related Debits/Credits.• Scrutiny of JVs passed in all Bank Accounts.• Balance Confirmation from Banks are obtained periodically and matches with Books of accounts.• Scrutiny of NEFT Returns and re-execution of such NEFT	Quarterly
3.	Review of Bank Guarantee and LC register	<ul style="list-style-type: none">• Whether the Bank guarantees are directly received from Bank or Deposited by the Vendor (Separate Confirmation has to be obtained for latter).• Proper intimation has been served for Extension/Encashment.• In case of non-receipt of extension, Invocation / Encashment has been done.• Check LC register entries with corresponding PO T&C & subsequent clearing of import consignment & accounting entries of transaction• Import clearance – review of clearance of imported material – all consignments and reporting for abnormalities (demurrage & detention charges etc.)	Half yearly
4.	Cash Operation	<ul style="list-style-type: none">• Physical verification of Cash (where applicable).• Random Verification of Imprest Account with Imprest holder & Scrutiny of expenses.• Surrender of Imprest card on transfer / Separation from service	Half yearly
5	Investment of surplus fund / investible surplus Accounting for income from investments	<ul style="list-style-type: none">• Check whether the investment made are as per Board authorization / approval.• <u>Check complete investment procedure i.e.</u> Full (initiation to completion) investment procedure incl. Transaction Audit (sample one month every half year.)• Verification of Investment certificates/documents• Calculation and accounting treatment of Interest on FD, Dividend from MF(including Redemption), Unrealized income (NAV based).	Annually



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Sl.#	Particulars	Coverage	Periodicity
	Job Contract Support Service	<ul style="list-style-type: none"> • Maintenance Job- <ul style="list-style-type: none"> ➤ Mechanical Equipment / Electrical Equipment (AMC & other maintenance job) ➤ Civil Maintenance – Execution of civil repair work etc. • Yard Maintenance Service (YMS) / house Keeping, Ship Cleaning , Shop Cleaning , DEO/ Office support service : PO review with WDC and Service entry in SAP & final Bill payment. 	<p>One Qtr</p> <p>One Qtr</p> <p>One area each per Qtr</p>
5	Review of GL a/c	<ul style="list-style-type: none"> • GR/IR clearing a/c, Other major expenses & Liability a/c 	Quarterly (sample basis)
6	Fixed Assets, CWIP, Investment Property & Intangible Assets (incl. under development)	<p>a) Capitalization</p> <ul style="list-style-type: none"> ○ Receipts, installation & commissioning (where ever required) and acceptance, date of put to use certificate and capitalization w.r.t. to the Assets to be checked as per company policy. ○ Updation of Fixed Asset Register w.r.t. additions, deletions / transfer etc. to be checked for correctness. ○ Accounting of cases involving leases, Financial assistance, borrowings, subsidiary from Govt. etc. <p>b) Depreciation/ Amortization: Completeness and correctness in accounting depreciation / amortization based on HAL policy.</p> <p>c) Impairment Impairment to be checked in line with Company policy & accounting standards/ IND AS and valuation effect</p> <p>d) Verification: Check whether Physical verification of Fixed Assets are conducted by the Division periodically in a manner covering entire fixed assets over the stipulated period time. Check for differences identified are reviewed and all corrections are adequately approved & accounted.</p> <p>e) CWIP</p> <ul style="list-style-type: none"> • The items which are under CWIP and not capitalized to be analyzed in details item-wise and bring out reasons for non- completion/ capitalization, the EDC etc. Any abnormal delays to be highlighted. • All CWIP lying for more than one year to be reviewed & reported individually including reason for non-capitalization. <p>f) Check whether capital expenses are being passed off as maintenance (review of maintenance GL etc.)</p> <p>g) Check the Fixed Asset entry / accounting for intangible assets procured during the year (Software , License etc.) as well as those existing to be used.</p>	Annually



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Sl.#	Particulars	Coverage	Periodicity
7	Sale of Scrap & Condemned Capital Assets.	<ul style="list-style-type: none">Review of compliance with SOP for scrap disposal,Full audit of Scrap Collection & disposal thru E-auction transactions, and normal auction disposals	Annually
8	Insurance	<ul style="list-style-type: none">Review of Risks Coverage vis-à-vis asset insuredIdentification of assets as per proper asset class and compare with insurance register.Scrutiny of Insurance Claims lodged & outstandingChecking of Marine Insurance (Transit insurance) for movement of goods to sub-contractorsCST/FMT (voyage) related PA (personal accident) insuranceBuilders Risk Insurance (BRI) for ship construction projects.	Annually
9	Compliance of statutory Law	<ul style="list-style-type: none">Compliance of TDS-as per IT Act., P. Tax/ PF / ESI / LWF deposits/LIC Premium (SSS) Deductions &Compliance related to deduction at appropriate rates, Deposit within in Due dates, submission of Returns etc.	All qtrs
10	Taxation / Indirect Tax – GST/Direct Tax	<ul style="list-style-type: none">Returns , Records as per statutory provisions; Input credit on (procurement or payments) and payment of GSTReview of Assessments and status of Refunds/Demand (as applicable); GST Reverse charge liability & paymentDeposit of Advance Tax w.r.t. Quarterly Profits etc.	Half-yrly
11	Payroll Audit (Employee Benefit Expenses)	<ul style="list-style-type: none">Employee Master - Updation of employee master accurately and on timely basis(Check procedure followed & documentation)Audit of entire payroll process with review of Controls (One Month) and Reports generated. Payment & Recovery of Advances, Monitoring for unrealized recoveries/advances.Long absenteeism and payroll generation, Validity of Payment to separated employees through Payroll.Verify authorizations for OT (sample selection for high OT earners); attendance recording (Normal time & OT hrs) manual mode, validity of OT on O/S duty; reporting exceptionally high OT; OT amount / rates remunerated vs clock-in/out times;Verification of Hurt-on-duty cases wrt accident report vs medical dept. documents.Addition of employees to the Roll to be verified from the Appointment order of New Joining.Processing of Salary - Updation of inputs for processing of salary i.e. attendance, Leave, OT	Annually (any 1 month sample)



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Sl.#	Particulars	Coverage	Periodicity
		Hours, recoveries, Misc. payments etc. within the time lines. <ul style="list-style-type: none"> • Payment of Salary & other Recoveries - Accurate and timely Payment of salary and advances and remittance of recoveries. Analyze outstanding loans and advances to employees and to be reported. • Promotions/Increments/Punishments - Updated with accuracy and completeness to Employee Master. • Performance Related Pay/Incentives- Accuracy and completeness. 	
HR, Establishment & Administration Matters			
1.	Canteen & related	<ul style="list-style-type: none"> • Audit of Contractor Worker's Canteen. PO with service vendor, control aspects over issue of canteen coupons and Co's liability for expenses. • Full Audit of Hot-Meal Canteen at Main, FOJ,RBD, including procurement of Raw materials PO placement , bill payment, Stock-keeping. Consumption pattern of raw materials; sale proceeds of Canteen coupons – control aspects thereof and over stock of coupons. • Verification of electronic meal-card recharge for officers (based on SAP data regarding entitlements vs order placement). 	Annually Annually Annually
2	Travelling Expenses (Direct Ticketing)	<ul style="list-style-type: none"> • Travel desk operations / procedures, with Transaction Audit (requisition to payment) of Ticket booked by Admin. Dept – compliance with SOP. • Travel Advance (FX) disbursement, adjustment & its accounting entries. 	Annually
3	Transport dept.	<ul style="list-style-type: none"> • Owned vehicles and hired vehicles • Process review and audit of engagement of Contractors, adherence to NIT / SOTR terms • Requisition & Deployment of cars, recording usage / utilization of cars vs billing by contractors. • Certification process of bills and payment thereafter (verification of 1 months bills) 	Annually (any 1 mth's bills / related expenses to be audited)
4.	Medical Expenses Officers , Staffs and Operatives (including post-retirement medical benefit) & CISF personnel b)Procurement of medicines & stock verification of medicine	<ul style="list-style-type: none"> • System/Process review and Full transaction audit of all payment to empaneled Hospital (on account of Medical expenses of employees and CISF personnel & dependents vs. beneficiary master list), recovery of claims / disallowed non-medical expenses from salary of employees. • Physical verification of medicine (pharmacy stock) recording of expired medicines and disposal thereof. • Retired Employees medical insurance – coverage & premium payments. 	Annually (any 1 mth's bills / related expenses to be audited) Annually Annually
5	CSR Activities	<ul style="list-style-type: none"> • Review & Transaction Audit of all CSR activities & expenses (after closure of CSR Project) • Review of nomenclature of the expenses with CSR activity 	Annually (Apr 2022)
6	Corporate Communications) 61 Park)	<ul style="list-style-type: none"> • Advertisement & Publicity expenses. PO for event management & website maintenance. 	Half yearly



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Sl.#	Particulars	Coverage	Periodicity
7	Guest House	<ul style="list-style-type: none">• Proper record of guest register, collections / receipts from guest and deposit thereof• Management approval for expenses & proper accounting of bills .• Vendors payment	Annually
8	Other Expenses	<ul style="list-style-type: none">• All write offs to be examined whether done with the approval of competent authority• Vouching & verification of expenditure being booked under Miscellaneous Operating Expenses.• Whether any project related expenses like travel, training, etc. has been identified and accounted for in the books of accounts correctly.	Quarterly on continuous basis
9	GeM Procurements	<ul style="list-style-type: none">• Examine SAP PO w.r.t GeM PO• Check the transaction related to payments to GeM Contractors / Vendors, sample size and list of vouchers should be based on scientific sample assessment to cover minimum 25 % of transaction value.	Quarterly



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SHIPBUILDING DIVISION : Main Works, FOJ Unit & RBD Unit.

Sl. No	Particulars	Coverage	Periodicity
1	A) Capacity utilization of machines of plate preparation shop (MW & RBD).	<ul style="list-style-type: none"> • Labour-hours worked v/s standard output (Reporting Operating efficiency) • Scrap generation and recording • Review of work done in-house vis-à-vis outsourcing of work. • Review process flow and check records of transactions. % of scrap generated w.r.t. inputs. (sample 3 months analysis). 	Annually
	B) Assets Utilization (Major Assets/ Plant & Machinery)	<ul style="list-style-type: none"> • Review of utilization of major assets / plant & machinery under various production shop on regular basis 	Quarterly
2	Audit of Project Consumable Materials (production related)	<ul style="list-style-type: none"> • Review & Audit of issue of consumable items to production (electrodes and welding consumables , welding Gas – DA, Argon, oxygen) • Sub-stock Inventory-holding, and relation thereof with actual consumption in respect above 	Annually
3.	Job Execution by sub-contractors (on-site): against sub contract PO issued	<ul style="list-style-type: none"> • To check job execution for block fabrication , erection , plumbing , electrical job on-board ship w.r.t PO & SOTR, • Checking of records maintained for quantity of job performed for billing measurement , corresponding WDC, Material (issued by GRSE) consumed, Hindrance register and LD imposition etc. • Recommend process improvement measures. 	Quarterly (One area/ activity per quarter)
4.	Job Execution by job-workers (off-site)	<ul style="list-style-type: none"> • Compliance with GST requirements wrt movement of materials • Checking of records for materials movement , material consumed, scrap generated & material lying with job-workers. 	Half-yearly
5	Stores : Main,FOJ Material Receipts & Issue (Coverage -04 Store of Main Unit / 02 Store of FOJ)	<ul style="list-style-type: none"> • Gate Receipt vs DMR Entry-date vs SAP-GR Date identifying abnormal time gaps • ICGRN Pending cases : Review with ageing and exception • Issue of materials against SIR / Loan slip, Check for issue pending SAP-updation • Open SIR : Ageing and reporting thereon 	Quarterly
6.	Stores : Main, FOJ Incoming material rejected (RIC)	<ul style="list-style-type: none"> • Review of the process and allied control for storage/ replacement/ recovery of payment ,if any, against rejected materials. • Verify payments if any made against such rejections. • Verify high value rejected items & nature of such rejection. 	Quarterly
7.	Scrutiny of Purchase Proposals – 1) NCM (Project Purchase) Department 2) Purchase Department 3) Sub-contract PO/	<p><u>Scrutiny and review.</u></p> <ul style="list-style-type: none"> • All (100% sample for the below category)- <ul style="list-style-type: none"> ➤ above Rs 5 cr ➤ Single vendor nomination / RSVS cases ➤ Modified /Amended PO • 20% sample size for PO value above Rs.1 cr upto 5 cr • 5% sample size for PO value above Rs.0.50 cr upto 1 cr • 1% sample size for PO value upto Rs. 0.50 cr 	Quarterly



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Sl. No	Particulars	Coverage	Periodicity
	EPC Procurement (Local purchase) at FOJ / RBD /Main for both Material & Labour-Subcontract	<ul style="list-style-type: none"> • Verify EPC procurements for justification, usage of materials, general conditions of procurement. (random sample basis) 1mth / Qtr for each unit/ location. • Check for splitting of indents/ POs to reduce tender values/job quantity, by analysis of PO. MIS. • Vendor payments for EPC made from FOJ & RBD 	Quarterly
7.	Revenue from Operation Stage Billing for Shipbuilding Projects, AMC Billing for FB Dept , MoD billing for job done	<p><u>Accounting:</u></p> <ul style="list-style-type: none"> • Raising of bills per contract, AMC Billing, realization and accounting entries for bills. (GST compliance). • MOD job under execution, status reporting and billing thereof. • Other aspects of accounting i.e. guarantee repair provision , Liquidated Damages etc.to be checked. • Proper/ suitable adjustment and accounting of Advances received from Customers at the time of setting up of sales. <p><u>Invoicing:</u></p> <ul style="list-style-type: none"> • Invoices are raised with proper documents & supporting and issued to the Customers on timely basis • To check the status of invoicing for the sales set up and deliveries made against various orders. • To highlight invoices not raised after sales set up with reasons and time taken after setting up sales. <p><u>Accounts Receivables:</u></p> <ul style="list-style-type: none"> • Reconciliation and analysis of outstanding Debtors for which sales have set up but invoices could not be raised for want of documentation. • Review the Provisions for doubtful debts whether made on a timely basis with approval of Competent Authority. • Ageing of Trade Receivables & examine follow-up for realisation 	Half Yearly
8.	Booking of Labour to the jobs in relation with attendance – Main unit / FOJ / RBD	<ul style="list-style-type: none"> • Checking of labour hours (NT & OT) booked to job by shops and examine whether same is in conformity with attendance records. Three major shops / cost-centres for each unit. 	One unit in each Qtr (Full YTD coverage).
9	Operations of FIB divn.	<ul style="list-style-type: none"> • System / Process study of AMC of MHA boats being serviced from Main unit; Contracts with service providers and procurement of service materials; • Review of non-operability of boats and impact on AMC bills 	Annually (Full YTD coverage)



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ENGINEERING DIVISION:

a) 61 Park UNIT (BAILLEY BRIDGE) & TARATALA UNIT (DKMC & PUMP)

Sl. No	Particulars	Coverage	Periodicity
1.	Job-work wrt GST	<ul style="list-style-type: none">• Movement of materials to sub-contractors and corresponding status of delivery challans (>365 days out standing cases to be reported, for proper action to ensure return within GST stipulated period)	Half-yearly
2	Despatch of Materials	<ul style="list-style-type: none">• Check for despatch of materials against manual despatch document / GST invoice if any.	Half-yearly
3	Sales Order Review, Sales Accounting & Debtor Management :	<ul style="list-style-type: none">• Review new sales order created in SAP vs customer agreement, open sales orders (old), modification of sales orders. <p><u>Sales Accounting</u></p> <ul style="list-style-type: none">• Revenue recognition & Raising bills as per contract, accounting entries thereof done with Compliance of GST requirements vis-à-vis dispatch of goods• Checking of all bills against Dispatch of Goods through GST Invoice and entry in system• Reviewing & reporting collections from debtors (vis-à-vis bill dates) and ageing of debtors based on Bill date• Invoices are raised with proper documents & supporting and issued to the Customers on timely basis• To check the status of invoicing for the sales set up and deliveries made against various orders.• To highlight invoices not raised after sales set up with reasons and time taken after setting up sales. <p><u>Accounts Receivables:</u></p> <ul style="list-style-type: none">• Analysis of outstanding Debtors for which dispatches made up but invoices could not be raised for want of documentation (e.g. Inspection Note, Customer certified work done report, etc.)• Review the Provisions for doubtful debts whether made on a timely basis with approval of Competent Authority.• Check Ageing of Trade Receivables.• Examine follow-up for realization and report adequacies.	Half-yearly (Full YTD coverage)
4	Scrap Generation	<ul style="list-style-type: none">• Thorough review of the production process for identification of scrap generation point, actual records of input material vs process-output and scrap ratio.• Compliance with Scrap policy wrt recording of scrap generated, accumulation and disposal.	Half-yearly
5	Scrutiny of Purchase/ sub-contracting Proposals	<ul style="list-style-type: none">• Review of procurement/job-work proposals, whether commensurate with stock levels and material requirement against firm / expected orders. <p>Transaction audit and review.</p> <ul style="list-style-type: none">• All (100% sample for the below category)-<ul style="list-style-type: none">➤ above Rs 5 cr➤ Single vendor nomination / RSVS cases➤ Modified /Amended PO	Half-yearly (Full YTD coverage)



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Sl. No	Particulars	Coverage	Periodicity
		<ul style="list-style-type: none">• 20% sample size for PO value above Rs.1 cr upto 5 cr• 10% sample size for PO value above Rs.0.50 cr upto 1 cr• 5% sample size for PO value upto Rs. 0.50 cr	
6.	Incoming material (from job-worker & others) i) Time taken for ICGRN ii) Materials rejected after delivery	<ul style="list-style-type: none">• Abnormal Delay reporting and validity of grounds;• Reason for rejection , action & time taken for rectification	Half-yearly
7	Selling Agent's Commission	Full audit of commission paid / payable to marketing agent with checking of agreement provisions, rates decided wrt individual BB orders received and approvals obtained.	Half-yearly (Full YTD coverage)
8	Project profitability	<ul style="list-style-type: none">• Price quoted for project vs cost incurred (detailed calculation with supporting document /Cost sheet etc., elements of cost including Transportation and agency commission.• Major ongoing project order and new orders received	Half-yearly



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ENGG DIVN.: DEP, Ranchi

Sl.#	Particulars	Coverage	Periodicity
FINANCE : TREASURY (CASH & BANK BALANCES)			
1.	BANK – Receipts / Payments (Employees, Vendors and Statutory payments etc.)	<ul style="list-style-type: none"> • Check all receipt and Payments recorded are accurate and timely in the Books as compare to online payments. • All receipts and payments are authorized as per Schedule of Authority. • Bank Charges levied by the Bank as per Consortium agreement with the Bank. (BG/LC/CC etc.). 	Annual (Full YTD coverage)
2	Bank Reconciliation Statements	<ul style="list-style-type: none"> • BRS is prepared on monthly basis. • BRS is prepared, reviewed and approved independently. • To ensure the BRS statement does not contain any un-related Debits/Credits. • Scrutiny of JVs passed in all Bank Accounts. • Balance Confirmation from Banks are obtained and matches with Books of accounts. • Scrutiny of NEFT Returns and re-execution of those NEFT 	Annual (Full YTD coverage)
3.	Cash Operation	<ul style="list-style-type: none"> • Physical verification of Cash. • Verification of Imprest Account with Imprest holder & Scrutiny of expenses. • Surrender/W/o of Imprest card on transfer / Separation from service 	
Finance & Accounts, HR & Admin			
1.	Payments to vendors/ contractors and checking procurements. (Verification of payment of bills) <ul style="list-style-type: none"> ➤ Suppliers' (Mtl) bills ➤ Sub-contractors'(Project) bills ➤ Service Providers' bills 	<ul style="list-style-type: none"> • Check the transactions related to payments to Contractors / vendors. • The sample size and list of vouchers considered for checking should be based on a scientific sampling tool/ assessment. The auditors should indicate the details of the same in the report. • The number vouchers to be selected of different types/ categories and value of payments. • Verification/Vouching of bills (sample size for payments) <ul style="list-style-type: none"> ➤ Payments above Rs. 10 lakh – 50% sample ➤ Payment between Rs.05 lakh - Rs. 10 lakh payment – 25% sample ➤ Payment between Rs1 lakh - Rs. 05 lakh – 5% sample ➤ Payment below Rs1 lakh -1% sample • To refer the Accounts manual, Works manual, Purchase manual and outsourcing manual and ensure payments are in line with the laid down procedures and applicable circulars from Corporate Office. 	Annual (Full YTD coverage)
2	Vendor Advance	<ul style="list-style-type: none"> • To review the creditors and Advances outstanding An analysis of old outstanding advance with supplier to be made and reported (if more than 02 year) 	Annual (Full YTD coverage)



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Sl.#	Particulars	Coverage	Periodicity
		<ul style="list-style-type: none"> • Review Creditors balances with ageing of open items with last balance confirmation • It is to ensure that confirmation of balances have been obtained in a periodic manner to cover all the vendors during the financial year. • Advance to Domestic Vendors, Foreign Vendors with Scrutiny of Subsidiary Ledger of Creditors • Review of movement of advances – given vs adjustment with bill payments / material supplies. Special emphasis on import of supplies. • Advances outstanding for which items have been rejected are to be transferred to Claims Receivable. 	
3	Security Deposit / Other Deposits & Advances	<ul style="list-style-type: none"> • Checking of all advance account to Miscellaneous Organization / Service Provider where SD is deposited by GRSE • It is to ensure that confirmation of balances have been obtained in a periodic manner to cover all the advances (old balances and during the financial year). • <u>Scrutiny of Advance (Employee related) Account</u> <ul style="list-style-type: none"> a) TA/DA/Medical Advance b) Other Advance 	Annual (Full YTD coverage)
4	<u>Job Contract / Support Service</u> : Scrutiny of service/ works contract/ Job vis-à-vis bill raised/paid	<ul style="list-style-type: none"> • Maintenance Job- AMC & other maintenance, Civil Maintenance , Canteen services • House Keeping, Office support service • Transport Hiring 	Annual (Any 1 month for each contract)
5	Fixed Assets, CWIP, Investment Property & Intangible Assets (<i>incl. under development</i>)	<ul style="list-style-type: none"> a) <u>Capitalization</u> <ul style="list-style-type: none"> ○ Receipts, installation & commissioning (where ever required) and acceptance, date of put to use certificate and capitalization w.r.t. to the Assets to be checked as per company policy. ○ Updation of Fixed Asset Register w.r.t. additions, deletions / transfer etc. to be checked for correctness. b) <u>Disposal:</u> Examine disposals made/proposed during the period under review whether done with proper authorization/ approval with adequate justification and documentation. c) <u>Physical Verification:</u> <ul style="list-style-type: none"> • Check whether Physical verification of Fixed Assets to be conducted by the Division/ Office periodically in a manner covering entire fixed assets over a period of three years. • Differences identified are reviewed and all corrections are adequately approved & accounted. 	Annual (Full YTD coverage)



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Sl.#	Particulars	Coverage	Periodicity
		<ul style="list-style-type: none">Verify assets capitalised during the year and compliance with SOP.	
6	Sale of Scrap & Condemned Capital Assets.	<ul style="list-style-type: none">Review of compliance with SOP for scrap disposal (both capital & non-capital),Full audit of Scrap Collection & disposal thru E-auction transactions, and normal auction disposals.	Annual (Full YTD coverage)
7	Insurance	<ul style="list-style-type: none">Review Marine Insurance Coverage vis-à-vis Stock/ Material movement.	Annual (Full YTD coverage)
8	Compliance of statutory Law	<ul style="list-style-type: none">Compliance of TDS-as per IT Act., P. Tax/ PF / ESI / LWF deposits. Compliance related to deduction at appropriate rates, Deposit within in Due dates, submission of Returns etc.	Annual (Full YTD coverage)
9	Taxation / Indirect Tax – GST	<ul style="list-style-type: none">Returns , Records as per statutory provisions; Input credit on (procurement or payments) and payment of GSTReview of Assessments and status of Refunds/Demand (as applicable); GST Reverse charge liability & payment.	Annual (Full YTD coverage)
10	Payroll Audit (Employee Benefit Expenses)	<ul style="list-style-type: none">Employee Master - Updation of employee master accurately and on timely basis(Check procedure followed & documentation)Long absenteeism and payroll generation, Validity of Payment to separated employees through Payroll.Verify authorizations for OT (sample selection for high OT earners); attendance recording (Normal time & OT hrs) manual mode, validity of OT on O/S duty; reporting exceptionally high OT; OT amount / rates remunerated vs clock-in/out times;Verification of Hurt-on-duty cases wrt accident report vs medical dept. documents.	Annual (Full YTD coverage)
11.	Medical Expenses Officers , Staffs and Operatives (including post-retirement medical benefit) b)Procurement of medicines & stock verification of medicine	<ul style="list-style-type: none">System/Process review and Full transaction audit of all payment to Nursing Home/ Hospital (on account of Medical expenses of non-officers & dependents vs. beneficiary master list), recovery of claims / disallowed non-medical expenses from salary of employees.Physical verification of medicine (pharmacy stock) recording of expired medicines and disposal thereof.	Annual (Full YTD coverage)
12	Other Expenses	<ul style="list-style-type: none">Vouching & verification of expenditure being booked under Miscellaneous Operating Expenses.	Annual (Full YTD coverage)
13.	Inventory	<ul style="list-style-type: none">Physical Verification of Inventory for Bailley Bridge activity (Raw mat., semi-finished & finished goods) and Engine Division activity separately.	Annual.

NB: In addition to all of above, any other area / matter decided by the Audit Committee or Management