



Maharashtra State Power Generation Co. Ltd.

MAHARASHTRA STATE POWER GENERATION CO.LTD.
HDIL Building, A Wing, Forth Floor, Anant Kanekar Marg, Bandra East Mumbai
Tel.Nos.022-26470199 Extension: 301
E-mail ID:-CGMINTARNALAUDIT@mahagenco.in

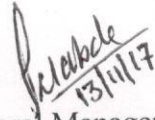
**Advertisement Notice No.01/2018-2021 dated 13.11.2017 for
Empanelment of Internal Auditors for Financial Years 2018-19, 2019-2020
and 2020-2021.**

Mahagenco, a public sector utility owned by Govt. of Maharashtra, is the second largest power generation utility in the country having generation capacity of 13607 MW comprising of a mix of Thermal, Hydro, Gas, and Solar based power station spread across the state.

Mahagenco invites application from reputed Audit Firms (Proprietary Concern and Partnership firms etc) for empanelment as Internal auditor for period of 3 years from 2018-21.

The Audit Firms interested in taking up the assignments can send their application addressed to **Chief General Manager, Internal Audit, HDIL Building, A Wing, Forth Floor, Anant Kanekar Marg, Bandra (E) Mumbai-400051**. So as to reach this office on or before **3rd December, 2017**. Application received after **3rd December, 2017**, will not be considered.

For further details regarding information to be furnished with the applications the area of audit, scope, coverage, periodicity, modus operandi of audit, evaluation of offer, reports and compliances etc. of work, please visit our web site www.mahagenco.in.


Chief General Manager (I/A)

MSPGCL, Mumbai

Maharashtra State Power Generation Company Limited
(A Govt. of Maharashtra Undertaking)

NOTICE INVITING APPLICATION FOR APPOINTMENTS OF AUDIT FIRMS FOR INTERNAL AUDIT FOR THE YEAR 2018-2021.

Sub: Empanelment of Chartered Accountants Firms/Cost Accountants Firms for Internal Audit in MSPGCL for 2018-21.

Applications are invited from Audit Firms (Proprietary Concerns and Partnership Firms etc) for empanelment as Internal Auditor for the year 2018-21 **in sealed cover (Technical Bid)**. In the technical bid, following details are required to be furnished duly signed and certified by one of the partner;

- 1) Year of establishment.
- 2) Details of partners.
- 3) Photo copy of Membership certificate of Institute of Chartered Accountants/ Institute of Cost & Work Accountants of India.
- 4) Membership Certificates in support of ISA/DISA/CISA/CIA qualifications.
- 5) Details of fully qualified Assistant (CA/ICWA) along with membership no.
- 6) Details of Semi qualified Assistants (Intermediate CA/ICWAI)
- 7) Details of past Internal Audit Assignments completed.
- 8) Details of Internal Audit assignments in Central/ State Government PSU specifying details of each assignment along with relevant document.
- 9) Experience of Internal Audit in Power Sector. Relevant experience certificate required.
- 10) Experience of Internal Audit in SAP Environment. Relevant experience certificate required.

The interested Audit Firms may send their application along with documentary evidence in support of their above referred details addressed to: **Chief General Manager, Internal Audit, MSPGCL, HDIL Bldg. 4th floor 'A' Wing, Anant Kanekar Marg, Bandra (E) Mumbai-400051**, so as to reach this office on or before **3rd December, 2017**. Applications received after **3rd December, 2017** will not be considered.

Further details are as indicated below:-

1) No. of Audit Firms to be empanelled - 25

2) Evaluation of applications

Technical Bid will be open and based on the Qualification/Experience parameter mentioned below, the firms will be short Listed:

Criteria For C.A./ICWA Firms			
Sr.No.	Particulars	Points Per Criteria	Maximum Points
1	NO. of years of existence(Minimum 10 years)	1 Point per year	20
2	Qualified ISA/DISA/CISA/CIA/partner of Employee.	At least one	5
3	No. of qualified staff (CA/ICWA)(Post qualification experience of at least 1 year)	1Point per Qualified staff	15
4	Experience of I/A assignment in Central/State Govt. PSU.	5 Point per assignment	25
5	Experience of Internal Audit in ERP	2 Point per assignment	10
6	Experience of I/A assignment in power sector	5 Point per assignment	15
7	CA firms having HO registration in Maharashtra State.	Lump Sum	10
	Total Marks		100

Ten Audit Firms will be considered for Audit assignments on immediate basis. The remaining 15 Firms will be kept in the empanelled list for appointment by rotation.

3) Team shall consist of one Qualified Assistant (CA/ICWA) and three Semi Qualified Assistants (Intermediate CA/ICWA). p

4) Scope of work: - The scope of Internal Audit is mentioned in Annexure A to F and modus operandi in Annexure G. These are only indicative. The Internal Auditor is required to supplement the area based on their independent assessment and due diligence.

Annexure - A **Scope of Internal Audit**

Scope of Internal Audit is broadly divided in to two parts i.e. Part A & B

Part - A

Mainly comprises important areas/processes/sections of the company and it is mandatory for the auditor to focus on all these areas/processes/section mentioned and verify comprehensively;

FOR THERMAL PLANT:

1. Coal:

- Logistics - includes Receipts/Issue, preparation of GRN, causes for payment of Demurrage charges (if any).
- Maintenance of Record vis-à-vis Diverted/missing/unconnected wagons.
- Reconciliation status of lodging and settlement of claims with Railways regarding diverted/missing wagons.
- Lodging of claims (if any) for stone shell/grade slippage as per FSA.
- Reconciliation of Railway Freight paid and actual wagons received.
- Verification of Fuel Adjustments Cost.
- Verification of Coal related contracts i.e. Loading/Unloading of wagons, Reject coal transportation, Railway siding maintenance, Cleaning of CHP stone picking contracts etc.
- Accounting & Documentation thereof.
- Any other significant irregularities observed related to coal transactions.

2. Inventory:

- Excess/ Unnecessary procurement of material.
- Procurement not synchronising with consumption pattern of last Three years.
- Maintenance & updating of Inventory record on real time basis.
- Identification of Slow moving, Nonmoving, obsolete material items.
- Verification of receipt of material which was sent out for job work and total time taken for the same.
- Issue/Disposal, storage and accounting of scrap items.
- Authentication of consumption entry at the time of excess/shortage observed during physical verification of Inventory.
- Stock lying with Third party (verification of confirmation from party)
- Accounting & Documentation of Inventory.

- Any other significant irregularities observed related to Inventory.

3. Procurement:

- Violation of Procurement Policy, DoP, HO circulars/guidelines, Statutory Provisions for procurement of material.
- Process of Material procurement from Planning & Procurement to Payment with adherence to terms & conditions of Purchase Order/LOA and the total time taken by the process from the requirement of material.
- Procurement during the plant breaks down/overhaul.
- Verification of Orders related to Water Treatment Plant.
- Adherence to Budget.
- Consideration of appropriate statutory provisions/ taxes at the time to placing of an order.
- Formation of Vendor Development Cell as per guidelines.
- Verification and comment on blacklisting of vendors in case of non-performance, back out etc.
- Any other significant irregularities observed in Procurement.

4. Consumption of HSD:

- Stringently following the SOP.
- Verification of issue & receipt i.e. requisition slip, issue slip, its authentication, log book of LOCOs and other office vehicles which fuelled from company's pump.
- LOCO & Dozer and other office vehicles repairs & maintenance records & contracts.
- Accounting and documentation thereof.

5. Statutory Compliance:

- Verification of computation, deduction of taxes & duties as per statute such as TDS/TCS, Professional Tax, PF, ESIC etc.
- Adherence to provisions of various Acts pertains to Service Tax, MVAT, WCT, and Goods and Service Tax.
- Verification of passing on the benefits from vendor to the company for the material pertains to pre and post GST era.
- Payment thereof by due dates and submission of periodical returns/statements within timeline prescribed by the statute.
- Verification of PTRC/PTC for correct credit.
- Any other significant violation observed under compliance of statutory provisions.

6. Energy Billing:

- Authenticity of data sent to HO for Generation of Bill.
- Bills raised by TPS to Industrial, commercial and Residential consumers.
- Sale of Coal Reject/Fly Ash/Cenosphere/scrap (including Statutory compliances) etc. e.g. MPCB

7. Other Important areas:

- Regular & timely recording/punching of data in SAP
- Accounting of transaction as per Accounting policies and guidelines issued by the Company and as per Accounting Standards as applicable to the transactions.
- Capitalization of Fixed Assets and maintenance of record thereof.
- Application of Depreciation as per Company's Depreciation policy.
- Verification of records pertain Land under physical possession, with ownership documents.
- Verification of installation of Water flow meter & reconciliation with bill raised by Irrigation department as per agreement.
- Verification of Vendor records (PAN/Bank A/c/TIN, activation status of duplicate vendors etc.) in SAP
- Verification of Log book of hired vehicles recorded as per activities.
- Verification of recovery of Water/Electricity/Rent charges from Contractors.
- Clearance of old vendor & Employee balances and clearance thereof.
- Verify whether Internal Financial Control in the office have been implemented and strictly followed as per suggestions given by IFC consultant.
- Any transaction which causes monetary loss to the Company.

Part - B

Include processes/areas/sections on which Internal Auditor has to offer his comments on the existing practices and highlighting any irregularities observed.

1. Cash & Bank Transaction:

- Receipt & Utilization of funds.
- Adherence to DoP and other related policies & guidelines.
- Bank Reconciliation etc.

2. Employee Transactions:

- Payroll processing (earning, deductions & recoveries) including increments, transfers, leave records, terminal & other benefits with reference to policies and guidelines issued by the company and compliance of various applicable Laws & regulations etc.
- Settlement of Advances, Imprest & Reimbursements.
- Excess payment of allowances to employees.
- Recovery of Advances as per Company's Rules.

3. Other Points:

- Review of Trial Balance and Control Accounts.
- Comment on Internal Financial Controls and suggestions for improvement thereon.
- Bank Guarantees (Timely renewal etc.)
- EMD/SD forfeiture, Delay in refund of SD/EMD if claim received from vendor.
- CSR compliances

Auditors are requested to note that,

- ❖ **Any irregularities observed must be quantified reasonably and highlighted in monetary terms.**
- ❖ **Observations must be presented with all details in the Audit report i.e. Tender number, PO number, date, amount, name of the party, section etc.**
- ❖ **The above mentioned scope is inclusive and should be construed as a part of the internal audit exercise and should not be considered as exhaustive in any manner.**
- ❖ **Visit to respective sections for record verification.**
- ❖ **Forward POM to respective section on immediate basis for their reply/comply/respond/clarification.**
- ❖ **Interpret word Company as Maharashtra State Power Generation Co.**

Annexure - B
Scope of Internal Audit

Scope of Internal Audit is broadly divided in to two parts i.e. Part A & B

Part - A

Mainly comprises important areas/processes/sections of the company and it is mandatory for the auditor to focus on all these areas/processes/section mentioned and verify comprehensively;

FOR GAS PLANT:

1. Inventory:

- Excess/ Unnecessary procurement of material.
- Procurement not synchronising with consumption pattern of last Three years.
- Maintenance & updating of Inventory record on real time basis.
- Identification of Slow moving, Nonmoving, obsolete material items.
- Verification of receipt of material which was sent out for job work and total time taken for the same.
- Issue/Disposal, storage and accounting of scrap items.
- Authentication of consumption entry at the time of excess/shortage observed during physical verification of Inventory.
- Stock lying with Third party (verification of confirmation from party)
- Accounting & Documentation of Inventory.
- Any other significant irregularities observed related to Inventory.

2. Procurement:

- Violation of Procurement Policy, DoP, HO circulars/guidelines, Statutory Provisions for procurement of material.
- Verification of contract with Gas suppliers and existing practices.
- Process of Material procurement from Planning & Procurement to Payment with adherence to terms & conditions of Purchase Order/LOA and the total time taken by the process from the requirement of material.
- Procurement during the plant breaks down/overhaul.
- Verification of Orders related to Water Treatment Plant.
- Adherence to Budget.
- Consideration of appropriate statutory provisions/ taxes at the time to placing of an order.
- Formation of Vendor Development Cell as per guidelines.
- Verification and comment on blacklisting of vendors in case of nonperformance, back out etc.
- Any other significant irregularities observed in Procurement.

3. Statutory Compliance:

- Verification of computation, deduction of taxes & duties as per statute such as TDS/TCS, Professional Tax, PF, ESIC etc.
- Adherence to provisions of various Acts pertains to Service Tax, MVAT, WCT, and Goods and Service Tax.
- Verification of passing on the benefits from vendor to the company for the material pertains to pre and post GST era.
- Payment thereof by due dates and submission of periodical returns/statements within timeline prescribed by the statute.
- Verification of PTRC/PTC for correct credit.
- Any other significant violation observed under compliance of statutory provisions.

4. Energy Billing:

- Authenticity of data sent to HO for Generation of Bill.
- Bills raised by the unit to Industrial, commercial and Residential consumers.

5. Other Important areas:

- Regular & timely recording/punching of data in SAP
- Accounting of transaction as per Accounting policies and guidelines issued by the Company and as per Accounting Standards as applicable to the transactions.
- Capitalization of Fixed Assets and maintenance of record thereof.
- Application of Depreciation as per Company's Depreciation policy.
- Verification of records pertain Land under physical possession, with ownership documents.
- Verification of installation of Water flow meter & reconciliation with bill raised by Irrigation department as per agreement.
- Verification of Vendor records (PAN/Bank A/c/TIN, activation status of duplicate vendors etc.) in SAP
- Verification of Log book of hired vehicles recorded as per activities.
- Verification of recovery of Water/Electricity/Rent charges from Contractors.
- Verify whether Internal Financial Control in the office have been implemented and strictly followed as per suggestions given by IFC consultant.
- Clearance of old vendor & Employee balances and clearance thereof.
- Sale of scrap or any other activities from which revenue generated.
- Any transaction which causes monetary loss to the Company.

Part - B

Include processes/areas/sections on which Internal Auditor has to offer his comments on the existing practices and highlighting any irregularities observed.

1. Cash & Bank Transaction:

- Receipt & Utilization of funds.
- Adherence to DoP and other related policies & guidelines.
- Bank Reconciliation etc.

2. Employee Transactions:

- Payroll processing (earning, deductions & recoveries) including increments, transfers, leave records, terminal & other benefits with reference to policies and guidelines issued by the company and compliance of various applicable Laws & regulations etc.
- Settlement of Advances, Imprest & Reimbursements.
- Recovery of Advances as per Company's Rules.

3. Other Points:

- Review of Trial Balance and Control Accounts.
- Comment on Internal Financial Controls and suggestions for improvement thereon.
- Bank Guarantees (Timely renewal etc.)
- EMD/SD forfeiture, Delay in refund of SD/EMD if claim received from vendor.
- CSR compliances

Auditors are requested to note that,

- ❖ **Any irregularities observed must be quantified reasonably and highlighted in monetary terms.**
- ❖ **Observations must be presented with all details in the Audit report i.e. Tender number, PO number, date, amount, name of the party, section etc.**
- ❖ **The above-mentioned scope is inclusive and should be construed as a part of the internal audit exercise and should not be considered as exhaustive in any manner.**
- ❖ **Visit to respective sections for record verification.**
- ❖ **Forward POM to respective section on immediate basis for their reply/comply/respond/clarification.**
- ❖ **Interpret word Company as Maharashtra State Power Generation Co**

Annexure - C

Scope of Internal Audit

Scope of Internal Audit is broadly divided in to two parts i.e. Part A & B

Part - A

Mainly comprises important areas/processes/sections of the company and it is mandatory for the auditor to focus on all these areas/processes/section mentioned and verify comprehensively;

FOR HYDRO PLANTS:

1. Inventory:

- Excess/ Unnecessary procurement of material.
- Procurement not synchronising with consumption pattern of last Three years.
- Maintenance & updating of Inventory record on real time basis.
- Identification of Slow moving, Nonmoving, obsolete material items.
- Verification of receipt of material which was sent out for job work and total time taken for the same.
- Issue/Disposal, storage and accounting of scrap items.
- Authentication of consumption entry at the time of excess/shortage observed during physical verification of Inventory.
- Stock lying with Third party (verification of confirmation from party)
- Accounting & Documentation of Inventory.
- Any other significant irregularities observed related to Inventory.

2. Procurement:

- Violation of Procurement Policy, DoP, HO circulars/guidelines, Statutory Provisions for procurement of material.
- Process of Material procurement from Planning & Procurement to Payment with adherence to terms & conditions of Purchase Order/LOA and the total time taken by the process from the requirement of material.
- Procurement during the plant breaks down/overhaul.
- Adherence to Budget.
- Consideration of appropriate statutory provisions/ taxes at the time to placing of an order.
- Formation of Vendor Development Cell as per guidelines.
- Verification and comment on blacklisting of vendors in case of non-performance, back out etc.
- Any other significant irregularities observed in Procurement.

3. Statutory Compliance:

- Verification of computation, deduction of taxes & duties as per statute such as TDS/TCS, Professional Tax, PF, ESIC etc.
- Adherence to provisions of various Acts pertains to Service Tax, MVAT, WCT, and Goods and Service Tax.
- Verification of passing on the benefits from vendor to the company for the material pertains to pre and post GST era.
- Payment thereof by due dates and submission of periodical returns/statements within timeline prescribed by the statute.
- Verification of PTRC/PTC for correct credit.
- Any other significant violation observed under compliance of statutory provisions.

4. Energy Billing:

- Authenticity of data sent to HO for Generation of Bill.
- Bills raised by the unit to Industrial, commercial and Residential consumers.

5. Other Important areas:

- Regular & timely recording/punching of data in SAP
- Accounting of transaction as per Accounting policies and guidelines issued by the Company and as per Accounting Standards as applicable to the transactions.
- Capitalization of Fixed Assets and maintenance of record thereof.
- Application of Depreciation as per Company's Depreciation policy.
- Verification of records pertain Land under physical possession, with ownership documents.
- Verification of installation of Water flow meter & reconciliation with bill raised by Irrigation department as per agreement.
- Verification of Vendor records (PAN/Bank A/c/TIN, activation status of duplicate vendors etc.) in SAP
- Verification of Log book of hired vehicles recorded as per activities.
- Verification of recovery of Water/Electricity/Rent charges from Contractors.
- Verify whether Internal Financial Control in the office have been implemented and strictly followed as per suggestions given by IFC consultant.
- Clearance of old vendor & Employee balances and clearance thereof.
- Sale of scrap or any other activities from which revenue generated.
- Any transaction which causes monetary loss to the Company.

Part - B

Include processes/areas/sections on which Internal Auditor has to offer his comments on the existing practices and highlighting any irregularities observed.

1. Cash & Bank Transaction:

- Receipt & Utilization of funds.
- Adherence to DoP and other related policies & guidelines.
- Bank Reconciliation etc.

2. Employee Transactions:

- Payroll processing (earning, deductions & recoveries) including increments, transfers, leave records, terminal & other benefits with reference to policies and guidelines issued by the company and compliance of various applicable Laws & regulations etc.
- Settlement of Advances, Imprest & Reimbursements.
- Excess payment of allowances to employees.
- Recovery of Advances as per Company's Rules.

3. Other Points:

- Review of Trial Balance and Control Accounts.
- Comment on Internal Financial Controls and suggestions for improvement thereon.
- Bank Guarantees (Timely renewal etc.)
- EMD/SD forfeiture, Delay in refund of SD/EMD if claim received from vendor.
- CSR compliances

Auditors are requested to note that,

- ❖ **Any irregularities observed must be quantified reasonably and highlighted in monetary terms.**
- ❖ **Observations must be presented with all details in the Audit report i.e. Tender number, PO number, date, amount, name of the party, section etc.**
- ❖ **The above mentioned scope is inclusive and should be construed as a part of the internal audit exercise and should not be considered as exhaustive in any manner.**
- ❖ **Visit to respective sections for record verification.**
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Annexure - D **Scope of Internal Audit**

Scope of Internal Audit is broadly divided in to two parts i.e. Part A & B

Part - A

Mainly comprises important areas/processes/sections of the company and it is mandatory for the auditor to focus on all these areas/processes/section mentioned and verify comprehensively;

FOR Civil and Project Offices:

1. BTG & BoP:

- Adherence to the BTG/BoP & other contractual clauses while releasing bills.
- PV payment vis-à-vis contractual clauses.
- Contractor ledger & CWIP records.
- Risk & Cost works-listing of such work, recovery from BTG/Bop contractors.
- Capitalisation of Assets.
- Supply of Mandatory spares.
- Contract closing activities.
- Records of Bank Guarantee.
- Foreign currency payments.

2. Procurement other than BTG & BoP.

- Violation of Procurement Policy, DoP, HO circulars/guidelines, Statutory Provisions for procurement of material.
- Process of Material procurement from Planning & Procurement to Payment with adherence to terms & conditions of Purchase Order/LOA and the total time taken by the process from the requirement of material.
- Procurement during the plant breaks down/overhaul.
- Verification of Orders related to Water Treatment Plant.
- Adherence to Budget.
- Consideration of appropriate statutory provisions/ taxes at the time to placing of an order.
- Formation of Vendor Development Cell as per guidelines.
- Verification and comment on blacklisting of vendors in case of non performance, back out etc.
- Any other significant irregularities observed in Procurement.

3. Statutory Compliance:

- Verification of computation, deduction of taxes & duties as per statute such as TDS/TCS, Professional Tax, PF, ESIC etc.
- Adherence to provisions of various Acts pertains to Service Tax, MVAT, WCT, and Goods and Service Tax.
- Verification of passing on the benefits from vendor to the company for the material pertains to pre and post GST era.
- Payment thereof by due dates and submission of periodical returns/statements within timeline prescribed by the statute.
- Verification of PTRC/PTC for correct credit.
- Any other significant violation observed under compliance of statutory provisions.

4. Other Important areas:

- Regular & timely recording/punching of data in SAP
- Accounting of transaction as per Accounting policies and guidelines issued by the Company and as per Accounting Standards as applicable to the transactions.
- Capitalization of Fixed Assets and maintenance of record thereof.
- Application of Depreciation as per Company's Depreciation policy.
- Verification of records pertain Land under physical possession, with ownership documents.
- Verification of installation of Water flow meter & reconciliation with bill raised by Irrigation department as per agreement.
- Verification of Vendor records (PAN/Bank A/c/TIN, activation status of duplicate vendors etc.) in SAP
- Verification of Log book of hired vehicles recorded as per activities.
- Verification of recovery of Water/Electricity/Rent charges from Contractors.
- Clearance of old vendor & Employee balances and clearance thereof.
- Any transaction which causes monetary loss to the Company.
- Records to be submitted to MERC.

Part - B

Include processes/areas/sections on which Internal Auditor has to offer his comments on the existing practices and highlighting any irregularities observed.

1. Cash & Bank Transaction:

- Receipt & Utilization of funds.
- Adherence to DoP and other related policies & guidelines.
- Bank Reconciliation etc.

2. Employee Transactions:

- Payroll processing (earning, deductions & recoveries) including increments, transfers, leave records, terminal & other benefits with reference to policies and guidelines issued by the company and compliance of various applicable Laws & regulations etc.
- Settlement of Advances, Imprest & Reimbursements.
- Excess payment of allowances to employees.
- Recovery of Advances as per Company's Rules.

3. Other Points:

- Review of Trial Balance and Control Accounts.
- Comment on Internal Financial Controls and suggestions for improvement thereon.
- Bank Guarantees (Timely renewal etc.)
- EMD/SD forfeiture, Delay in refund of SD/EMD if claim received from vendor.
- CSR compliances

Auditors are requested to note that,

- ❖ **Any irregularities observed must be quantified reasonably and highlighted in monetary terms.**
- ❖ **Observations must be presented with all details in the Audit report i.e. Tender number, PO number, date, amount, name of the party, section etc.**
- ❖ **The above mentioned scope is inclusive and should be construed as a part of the internal audit exercise and should not be considered as exhaustive in any manner.**
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Annexure E
Scope of Internal Audit FOR SE COAL OFFICE

Scope of Internal Audit is broadly divided in to two parts i.e. Part A & B

Part - A

Mainly comprises important areas/processes/sections of the company and it is mandatory for the auditor to focus on all these areas/processes/section mentioned and verify comprehensively;

1. Coal:

- Verification of Coal related contracts i.e. Licensing Agent contracts, Oil testing contracts, Third Party sampling contracts etc.
- Verification of policies formed and its execution at Coal office, Nagpur.
- Verification of contracts related to imported coal and its payments.
- Any other significant irregularities observed related to coal.

2. Statutory Compliance:

- Verification of computation, deduction of taxes & duties as per statute such as TDS/TCS, Professional Tax, PF, ESIC etc.
- Adherence to provisions of various Acts pertains to Service Tax, MVAT, WCT, and Goods and Service Tax.
- Verification of passing on the benefits from vendor to the company for the material pertains to pre and post GST era.
- Payment thereof by due dates and submission of periodical returns/statements within timeline prescribed by the statute.
- Verification of PTRC/PTC for correct credit.
- Any other significant violation observed under compliance of statutory provisions.

3. Other Important areas:

- Regular & timely recording/punching of data in SAP
- Accounting of transaction as per Accounting policies and guidelines issued by the Company and as per Accounting Standards as applicable to the transactions.
- Capitalization of Fixed Assets and maintenance of record thereof.
- Application of Depreciation as per Company's Depreciation policy.
- Verification of records pertain Land under physical possession, with ownership documents.
- Verification of Vendor records (PAN/Bank A/c/TIN, activation status of duplicate vendors etc.) in SAP
- Verification of Log book of hired vehicles recorded as per activities.

- Verification of recovery of Water/Electricity/Rent charges from Contractors.
- Clearance of old vendor & Employee balances and clearance thereof.
- Any transaction which causes monetary loss to the Company.

Part - B

Include processes/areas/sections on which Internal Auditor has to offer his comments on the existing practices and highlighting any irregularities observed.

1. Cash & Bank Transaction:

- Receipt & Utilization of funds.
- Adherence to DoP and other related policies & guidelines.
- Bank Reconciliation etc.

2. Employee Transactions:

- Payroll processing (earning, deductions & recoveries) including increments, transfers, leave records, terminal & other benefits with reference to policies and guidelines issued by the company and compliance of various applicable Laws & regulations etc.
- Settlement of Advances, Imprest & Reimbursements.
- Excess payment of allowances to employees.
- Recovery of Advances as per Company

3. Other Points:

- Review of Trial Balance and Control Accounts.
- Comment on Internal Financial Controls and suggestions for improvement thereon.
- Bank Guarantees (Timely renewal etc.)
- EMD/SD forfeiture, Delay in refund of SD/EMD if claim received from vendor.
- CSR compliances

Auditors are requested to note that,

- ❖ **Any irregularities observed must be quantified reasonably and highlighted in monetary terms.**

- ❖ **Observations must be presented with all details in the Audit report i.e. Tender number, PO number, date, amount, name of the party, section etc.**
- ❖ **The above mentioned scope is inclusive and should be construed as a part of the internal audit exercise and should not be considered as exhaustive in any manner.**
- ❖ **Visit to respective sections for record verification.**
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Annexure - F **Scope of Internal Audit**

Scope of Internal Audit is broadly divided in to two parts i.e. Part A & B

Part - A

Mainly comprise important areas/processes/sections of the company and it is mandatory for the auditor to cover all the areas/processes/sections mentioned hereunder comprehensively;

FOR HEAD OFFICE:

Procurement:

- Violation of Procurement Policy, DoP, company's circulars/guidelines, Statutory Provisions for procurement of material.
- Process of Material procurement from Planning & Procurement to Payment with adherence to terms & conditions of Purchase Order/LOA and the total time taken by the process from the requirement of material.
- Adherence to Budget.
- Consideration of appropriate statutory provisions/ taxes at the time to placing of an order.
- Formation of Vendor Development Cell as per guidelines.
- Verification and comment on blacklisting of vendors in case of non performance, back out etc.
- Any other significant irregularities observed in Procurement.

Project Management:

- Review of Project monitoring mechanism, analysis of time & Cost escalation.
- Proper maintenance of CWIP register and its timely update.
- Adherence to Budget- variance & reasons thereof.

Statutory Compliance:

- Verification of computation, deduction of taxes & duties as per statute such as TDS/TCS, Professional Tax, PF, ESIC etc.
- Adherence to provisions of various Acts pertains to Service Tax, MVAT, WCT, and Goods and Service Tax.
- Verification of passing on the benefits from vendor to Mahagenco for the material pertains to pre and post GST era.
- Payment thereof by due dates and submission of periodical returns/statements within timeline prescribed by the statute.
- Verification of PTRC/PTC for correct credit.

- Any other significant violation observed under compliance of statutory provisions.

Revenue:

- Scrutiny of the Tariff filing and Regulatory orders and correctness of treatment in the Revenue Billing.
- Correctness and timely settlement/follow up of bills raised to MSEDCL.
- Verification of sale of Power and other charges including surcharge on delay payment etc.
- Verification of correctness of bills received from field units.
- Observations regarding Power Purchase Agreement.
- Auctioning of Scrap material on timely basis.

SAP related:

- Creation incomplete/partially executed Purchase Orders in SAP.
- Regular & timely recording of transaction in SAP.
- Proper and up to date maintenance of Employee records.

Other Important areas:

- Capitalization of Fixed Assets and maintenance of record thereof.
- Application of Depreciation as per company's Depreciation policy.
- Verification of records pertain Land & building under physical possession, with ownership documents.
- Account review and balance reconciliation with MSEDCL, Holding Co.
- Review of Trial Balance and Control Accounts and its breakup with Subsidiary books.
- Accounting of transaction as per Accounting policies and guidelines issued by the Company and as per Accounting Standards as applicable to the transactions.
- Violation of Environment safety policies.
- Verification of payments released without approval of competent authorities.
- Verification of forex payments.
- Verification of the working of loan section.
- Verification of Overtime allowances and any other allowance paid in excess to employee.
- Verify whether Internal Financial Control in the office have been implemented and strictly followed as per suggestions given by IFC consultant.

- Verification of Confirmation letters issued to all the employees who have completed probation period, as the payment of notice period differs.

Part - B

Include processes/areas/sections on which Internal Auditor has to offer his comments on the existing practices and highlighting any irregularities observed.

Cash & Bank Transaction:

- Planning for requirement of funds.
- Receipt & Utilization of funds.
- Adherence to DoP and other related policies & guidelines.
- Accounting & documentation thereof.
- Bank Reconciliation etc.
- Disbursement of funds to field units – whether as per indent received.

Employee Transactions:

- Payroll processing (earning, deductions & recoveries) including increments, transfers, leave records, terminal & other benefits with reference to policies and guidelines issued by the company and compliance of various applicable Laws & regulations etc.
- Settlement of Advances, Imprest & Reimbursements.
- Excess payment of allowances to employees.
- Recovery of Advances as per Company's Rules.

Other Points:

- Review of Trial Balance and Control Accounts.
- Comment on Internal Financial Controls and suggestions for improvement thereon.
- Bank Guarantees (Timely renewal etc.)
- EMD/SD forfeiture, Delay in refund of SD/EMD if claim received from vendor.
- CSR compliances

Auditors are requested to note that,

- ❖ **Any irregularities observed must be quantified reasonably and highlighted in monetary terms.**

- ❖ **Observations must be presented with all details in the Audit report i.e. Tender number, PO number, date, amount, name of the party, section etc.**
- ❖ **The above mentioned scope is inclusive and should be construed as a part of the internal audit exercise and should not be considered as exhaustive in any manner.**
- ❖ **Visit to respective sections for record verification.**
- ❖ **Forward POM to respective section on immediate basis for reply/comply/respond/clarification.**
- ❖ **Interpret word 'Company' as Maharashtra State Power Generation Company limited.**

Annexure 'G'
Modus Operandi

The method adopted for the inspection of the units shall be clearly stated in the report. The Percentage checks applied for Internal Audit of the various areas of business operations, documents and records shall also be specified in the report. Record of transaction checked on sample basis should be maintained and shall be produced if asked by the In-House Internal Audit Section.

The following methodology may be adopted for conducting the internal audit.

- 1) Through transactional audit.
- 2) Through the propriety audit.
- 3) Through accounting audit.
- 4) Through trial balance audit.
- 5) Through management audit.
- 6) Through system audit.

The auditor has to conduct the internal audit with above mentioned methods and verify the system and procedures which are in vogue and point out the weaknesses prevailing in the system. Further, the practices followed by the organization are also required to be verified and commented from the point of view of generally accepted practices and industry norms.

Reports:-

- 1) The auditors shall conduct the internal audit based on the data and records available at the accounting units. In the course of audit, it is expected that all queries /doubts pertaining to any area shall get satisfied at field unit only. If any irregularity or misdeed or wrongdoing or unconformities are observed during the audit then, Pre Observation Memo (POM) shall be issued for each observation immediately (on the same day) to the respective unit. The compliance of the same should be ensured during the audit period. If the compliance to the audit observation is not possible within audit period in that case, time for complying the observation/para should be obtained and suitably mention in the final inspection report. In general, report should comment on the lacuna observed in the systems and procedures and weak areas where internal control needs to be intensified. The report should contain the entire Pre Observation Memo (POM) issued and observation made during the inspection

irrespective of compliance to the Pre Observation Memo (POM). The report should also mention the method and way of working adopted by the field units. The report should also spell out the overall risk the organization/unit is carrying. The report should also give the attendance of the audit persons.

The two copies of final quarterly report should be submitted to the General Manager (I/A) at 2nd floor, Vidyut Bhavan, Katol Road, MSPGCL, Nagpur for the compliance of the same with a copy to the Chief General Manager (I/A), 4th floor A wing HDIL Bldg, Anant Kanekar Marg Bandra (E) Mumbai 400051 for information. Hard as well as soft copies of quarterly reports also to be submitted to respective units and Chief General Manager (I/A) , General Manager (I/A). General Manager (I/A), Nagpur will be the coordinator at above mentioned address. (Mrs.Savita Zararia Office No. 0712-2591151, Mobile No. 08408889355 e-mail – gmiamahagenco@gmail.com).

- 2) The Audit teams, after completing the audit for the quarter, should discuss their observations/findings with the In-charge of the office i.e. Chief Engineer / Dy. Chief Engineer/Superintending Engineer/Executive Engineer as the case may be of the respective office and other concerned officials before finalization of the quarterly audit report. The findings of the current quarter together with earlier periods, points under compliance by the management should be discussed with the said officials. After verification of replies and after discussion the auditor should also give quarterly satisfaction report. The audit report shall be submitted to the C.G.M (I/A), Head Office Bandra (E), Mumbai and General Manager (I/A), Nagpur and also copy to be sent to respective offices.
- 3) Annual Report in respect of unresolved observation along with replies together with comments on the working of the unit, improvements if any, deterioration etc. to be submitted at the end of the year. This report should be submitted every year for submission to Statutory Auditor.
- 4) Time is the essence for submission of report by auditor. Audit team should be equipped with at least two LAPTOPs and submit the report both in hardcopy and soft copy. The quarterly audit report is required to be submitted by the Auditors as indicated in Annexure G. Quarterly report shall include concise executive summary.

- 5) **Flash Report** should be submitted by the Internal Auditor immediately on detection of major irregularity frauds, embezzlement, theft, leakages, losses etc. to MAHAGENCO in the course of audit, to Chief Engineer/ Dy. Chief Engineer of the office and CGM (I/A) Head Office and General Manager (I/A) Nagpur.
- 6) The Internal Auditor should also give their observation about the effectiveness of internal control system prevailing in the Company.
- 7) Internal Audit Report should be signed by the partner of the Fir