

INVITATION

OF

EXPRESSION OF INTEREST (EOI)

FOR

*OUTSOURCING OF INTERNAL AUDIT*

OF

**CENTRAL ELECTRICITY SUPPLY  
UTILITY OF ODISHA**



# FOR THE FY 2014-15

## **INVITATION OF EXPRESSION OF INTEREST FOR OUTSOURCING OF INTERNAL AUDIT OF CENTRAL ELECTRICITY SUPPLY UTILITY OF ODISHA FOR FY 2014-15.**

The Central Electricity Supply Utility Of Odisha, engaged in Distribution of Electricity in Central Odisha having 36 Auditable locations with the approximate annual turnover of Rs 2900 Crores, invites expression of interest from professional Firms of Chartered Accountants, Cost Accountants, specialized in Internal Audit preferably in power sector and fulfilling the eligibility requirements for conducting Internal Audit for the FY 2014-15.

The 36 auditable locations are divided into 7(Seven) number of clusters as under. A single firm shall be entrusted to one cluster only. If a firm is eligible for multiple numbers of clusters then, option will be given to the firm to choose only one cluster.

Details of the clusters and auditable units under each cluster are as under.

### **Cluster No-1**

- 1) Office of the Superintending Engineer, Electrical Circle-I, Bhubaneswar
- 2) Bhubaneswar City Distribution Division-I, Bhubaneswar
- 3) Bhubaneswar City Distribution Division-II, Bhubaneswar
- 4) Bhubaneswar Electrical Division, Bhubaneswar
- 5) Nimapara Electrical Division, Nimapara
- 6) MRT Division, Bhubaneswar
- 7) MRT Circle, Bhubaneswar
- 8) E&MR, Bhubaneswar
- 9) APDRP, Bhubaneswar
- 10) Capex Monitoring Unit(CMU), Bhubaneswar

### **Cluster No-2**

- 1) Office of the Superintending Engineer, Electrical Circle-II, Bhubaneswar
- 2) Khurda Electrical Division, Khurda
- 3) Balugaon Electrical Division, Balugaon
- 4) Puri Electrical Division, Puri
- 5) Nayagarh Electrical Division, Nayagarh

### **Cluster No-3**

- 1) Office of the Superintending Engineer, Electrical Circle-Cuttack
- 2) City Distribution Division No-I, Cuttack
- 3) City Distribution Division No-II, Cuttack
- 4) City Electrical Division, Cuttack
- 5) Athagarh Electrical Division, Athagarh
- 6) Salipur Electrical Division, Salipur
- 7) MRT Division, Cuttack
- 8) E&MR Division, Cuttack

9) Electrical Stores Division, Cuttack

#### **Cluster No-4**

- 1) Office of the Superintending Engineer, Electrical Circle-Paradeep
- 2) Kendarapara Electrical Division-I, Kendarapara
- 3) Kendarapara Electrical Division-II, Marshaghai
- 4) Paradeep Electrical Division, Paradeep
- 5) Jagatsinghpur Electrical Division, Jagatsinghpur

#### **Cluster No-5**

- 1) Office of the Superintending Engineer, Electrical Circle-Dhenkanal
- 2) Dhenkanal Electrical Division, Dhenkanal
- 3) Talcher Electrical Division, Chainpal
- 4) Angul Electrical Division, Angul

#### **Cluster No-6**

1. Drawing and Disbursing Officer, Head Office of CESU, 2<sup>nd</sup> Floor, IDCO Towers, Bhubaneswar.
2. Resources Branch of CESU, 2<sup>nd</sup> Floor, IDCO Towers, Bhubaneswar

#### **Cluster No-7**

1. Physical verification of Inventory as on 31<sup>st</sup> March 2015 of Electrical Store Division, Cuttack.

The Audit firms are requested to submit the expression of interest cum quotation separately for each cluster as per the prescribed format in **two parts bid viz. (1) Part-1: Technical Proposal & (2) Part-2: Financial proposal** in a sealed cover and the envelopes should be marked as "OUTSOURCED INTERNAL AUDIT EMPANELMENT, PART-1" and "OUTSOURCED INTERNAL AUDIT EMPANELMENT, PART-2" separately. These two sealed envelopes shall then be kept in a third envelope and superscripted as "**Outsourced Internal Audit Empanelment**".

All the three envelopes should be addressed to:-

"The Chief Finance Officer, CESU, 2<sup>nd</sup> Floor, IDCO Towers, Janpath, Bhubaneswar, Pin-751022" and shall also bear the name & address of the sender.

**The Expression of Interest should be submitted within 17th April, 2015 up to 2.00 PM as per the prescribed format available from the website of the company i.e. [www.cescoorissa.com](http://www.cescoorissa.com) / [www.cesuodisha.com](http://www.cesuodisha.com).**

Please Refer- "General Information"- 1, Scope of Internal Audit of Revenue Earning Units (Franchisee) as per Annexure-I, Scope of Internal Audit of Revenue Earning Units (Non Franchisee) as per Annexure-II, Scope of Internal Audit of Circles as per Annexure-III, Scope of Internal Audit of Electrical Stores Division as per Annexure-IV, Scope of Internal Audit of Capex Monitoring Unit(CMU) as per Annexure-V, Scope of Internal Audit of Head Office & Resources as per Annexure-VI, Scope of Internal Audit of MRT Division/MRT Circle/E&MR/APDRP as per Annexure-VII, Scope of Physical verification of Electrical Store Division, Cuttack as per Annexure-VIII. It is to mention here that the scope is not exhaustive but indicative in nature.

You are requested to fill up the Form-I which is the Technical proposal and Form-II as Financial Proposal in A4 size paper covering all the points with due authentication. In addition to the Form-I all the

supporting documents in evidence of the particulars stated in the Form-I has to be submitted with due authentication.

## **GENERAL INFORMATION-1**

- 1) 'Technical Proposal as per Form-I' and 'financial proposal as per Form-II' shall be sealed in two separate envelopes. Both these sealed envelopes shall bear distinct identification with regard to the type of bid i.e. for the 'Technical Proposal' the envelope should be marked as ,OUTSOURCED INTERNAL AUDITOR EMPANELMENT, PART-1' and for the 'Financial proposal' the envelope must be marked as ,OUTSOURCED INTERNAL AUDITOR EMPANELMENT, PART-2'
- 2) These two sealed envelopes shall then be kept in a third envelope and superscripted as "Outsourced Internal Auditor Empanelment". The outer cover should be addressed to the issuing authority of this enquiry and shall also bear the name and address of the sender.
- 3) Part - 2 containing 'Financial proposal as per Form-II' will be kept in a safe custody. It will be opened after completion of Technical Proposal (Part-1) evaluation of all the proposals received. We will not open the 'Financial proposal' of technically disqualified firms. No revision of prices as quoted will be entertained thereafter.
- 4) The fees shall be quoted in financial proposal as per Form-II only. Quotations not submitted as per 'Form-II' will be rejected.
- 5) Important dates:-  
Expression of Interest should be submitted within **17<sup>th</sup> of April, 2015, 2.00 P.M.**  
The Technical proposal shall be opened on **17<sup>th</sup> of April, 2015 at 3.00 P.M.**  
Other Important dates will be intimated later.
- 6) Submission of Technical proposal as per Form-I & Financial Proposal as per Form-II: within 17th April - 2015 up-to 2.00 PM.
- 7) The Technical Proposal (part -I ) shall be opened on 17<sup>th</sup> of April, 2015, 3.00 PM. at Conference hall of 2<sup>nd</sup> Floor of IDCO Towers, Janpath, Bhubaneswar in the presence of CFO CESU. The Technical proposal has to be evaluated as per the scale mentioned in selection criteria as per the Table-I. With reference to the particulars submitted as per Form-I and supporting documents in evidence of particulars in Form-I marks will be awarded as per Table-I. The firms who have secured a minimum 70marks and above shall be qualified in the Technical proposal and their financial proposal shall be opened.
- 8) In case a firm does not qualify under sl. No:-7 above on its own strength, in such case they can form a consortium with any other firm/firms to fulfil the requisite criteria as per Sl. No:-7 & apply for the purpose. However the work allotment, all communications & payment is to be made to the main firm.
- 9) Opening of Part-2 i.e. financial proposal: The date/time/venue of opening of financial proposal shall be intimated to the firms who have qualified in the technical proposal through email in the registered mail ID. They can send one authorized representative at the time of opening of financial Proposal. No expenses in this regard will be paid by the CESU.
- 10) Financial proposal shall be separated in to seven numbers of clusters. For each cluster the L1 shall be found out. If there is a tie in L1 in one of the clusters then the selection shall be decided on the basis of the score in technical bid. If there is a tie in L1 in technical bid also, then the selection shall be on lottery. When a single firm is selected as L1 in multiple numbers of clusters then, option will be given to the firm to choose only one cluster.
- 11) After selection of the firms as per the procedures as above they will be intimated to their registered address to accept the audit as per the scope of the work and the date of commencement and completion of work in writing through registered letters. Within seven days of receiving the offer letter they have to submit the acceptance letter to the Chief Finance officer, CESU, 2<sup>nd</sup> Floor, IDCO Towers, Janpath, Bhubaneswar, failing which their offer letter shall treated as cancelled and no further communication in this regard will be entertained. The next best firm will be given the fresh offer letter.

- 12) After taking up the audit assignments they have to stick to the dead line stated in the offer letter to complete the audit. Failing to complete the audit assignments with in the due date the authority reserves the right to cancel the assignment.
- 13) If progress/performance of the audit team is not satisfactory, the management reserves the right to terminate the appointment of the Firm with 7 days prior notice.
- 14) The Management reserve right to seek any informations/ clarifications related to engagement at any time during the process of audit as per the requirement.
- 15) The Audit Firm must not sub-contract the work.
- 16) They should keep themselves away from illegal practice/dishonest arrangements.
- 17) The Internal Auditor shall have an obligation to work objectively and diligently while performing his/her duties.
- 18) The Internal Auditor shall not accept any gifts or hospitality from any employee, Contractors, suppliers or business associates of CESU.
- 19) The Internal Audit staff should collect and keep information from CESU only for carrying out the assignment and should not take undue advantage of such information for personal profit or use the information in a manner contradictory to the ethics set forth by Institute of Chartered Accountants of India or Institute Of Cost Accountants of India.

## Form-I

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

1. Year of establishment:

(Photocopy of latest Certificate of registration issued by the Institute of Chartered / Cost Accountants of India to be enclosed)

2. Details of Partners :

(a) Qualifications (ACA/ACMA or FCA/FCMA)

(b) Date of joining in the firm

(c) Total no. of years post qualification experience possessed by the partner.

3. Details of the qualified assistants with (a) the name, (b) Membership number and (c) Date of joining in the firm.

4. Details of the semi-qualified assistants with (a) the name, (b) Registration number and (c) Date of joining in the firm.

5. The Annual Turnover of the Firm for last three years.

6. Details of experience of the firm.

(a) Statutory / Internal audit of Power sector.

(b) In other PSU/Govt./ Internal Audit.

(Photocopy of proof of experience to be enclosed)

7. Address of the Head Office and Branch Office of the firm with the date of inception.

(As per the certificate of the Institute).

8. Permanent Account Number (PAN).

9. Service Tax Registration Number.

10. Bank Account Number with details of Name of the Bank, Branch Address & IFSC code etc.

11. Telephone Number/ Mobile Number, Fax Number, e-mail address of Head Office and Branch office.

**TABLE-I (SELECTION CRITERIA)**

<b>Sl No</b>	<b>CRITERIA</b>	<b>BASIS OF MARKS</b>	<b>MAXIMUM MARKS</b>
1.	Years of Establishment of the firm/Limited Liability Partnership since the date of registration.	1 mark / year (fraction of the year to be ignored)	10
2	Number of partners in the firm / Limited Liability Partnership who is with the firm for a minimum period of one year as on the date of application.	3 marks for each partner who is ACA/ACMA. 4 marks for each partner who is FCA/FCMA	15
3	Number of qualified assistants who is an ACA/ACMA & is working with the firm for a minimum period of 1 year on the date of application.	1.5 marks for every qualified assistant	10
4	Number of semi qualified assistants (Inter Cost/ Inter Chartered - IPCC - both group) & is working with the firm for a minimum period of 1 year on the date of application	1 mark per semi qualified assistant	5
5	Average Annual Turnover firm for last 3 Years	1 mark for each 1 lakh or part thereof.	10
6	Experience of firm in conducting Audit in other power sector	5 marks/year of audit	35
7	Audit firms having Registered Office / Branch Office within the state on the date of application, in which company headquarter is situated.		15
		<b>Total</b>	<b>100</b>



## FINANCIAL PROPOSAL

SL NO	NAME OF THE CLUSTER	CONSOLIDATED AUDIT FEES IN RUPEES
1		
2		

**Important information with respect to financial proposal:-**

- 1) A firm can quote any number of clusters.
- 2) The fees to be quoted should be consolidated and includes all taxes and duties.
- 3) No out of pocket fees will be paid/ reimbursed for conducting the audit.
- 4) Financial proposal shall be opened for those firms who have secured at least 70% marks in the technical proposal as per the evaluation criteria stated in the Table-I.

SCOPE  
OF  
INTERNAL AUDIT OF  
DIFFERENT UNITS

**OPERATION AS PER ANNEXURE- I:**

**A) Revenue Cash:**

The following are some of the major areas to be covered given below.

- i. Surprise verification of General and Revenue cash to be carried on the day of 1<sup>st</sup> visit and any discrepancy found to be reported to concerned Executive Engineer / DGM (Fin)-II, CESU Head Office.
- ii. Verification of daily collection as per billing database with receipt side of cash book and funds transferred from division bank account with head office bank receipt statement. If any discrepancy is noticed, then the detail checking of money receipt, DC Sheet, CCV, DCV etc of the particular transaction shall be carried out.
- iii. Checking of Bank Reconciliation Statement with reference to each Bank account including inoperative Bank Accounts and follow up action including passing necessary accounting entries as per finding of BRS.
- iv. Checking of Balance Confirmation Certificate of various banks as on last date.
- v. Verification of cheque receipt and issue register and its subsequent realization of the cheque. If any cheque found stale/dishonored, a reversal entry to be passed. However a separate control register for dishonored cheque to be maintained as per the proforma prescribed in the **New Accounts Manual of CESU [Annexure IV (6)]**. You are requested to ensure required amount of penalty and fees collection from such customer. Also reversal J.V has been passed immediately. You must submit the name & consumer number, whose cheque has been dishonored more than once during the year under audit.
- vi. Deposit of the amount collected into the Bank Account and the time taken for remittance as per Escrow agreement.
- vii. Collection and remittance of E.D during the F.Y and reconciliation statement to be certified.
- viii. Verification of inter-unit reconciliation with Head office in the head of accounts 31,32,33,34,36,37 etc.

**B) Revenue:**

- i. Checking of the assessment sheet and their accounting in monthly account for whole year. You must certify the statement showing opening balance of outstanding arrears, assessment for the month, collection for the month & closing balance at the end of each month.
- ii. Checking of bills of all the consumers having contract demand of 100KVA and above.
- iii. Sample Checking of correctness of computer generated bills with reference to tariff orders of the relevant years and it's posting in computer generated consumer ledger. You are required to ensure whether **Realization surcharge** is claimed or not.

- iv. Checking of all daily collection sheets for the last month of the financial year with duplicate/triplicate copy of the money receipt in support of the amount tendered by the consumers & its posting in computer generated consumer ledgers.
- v. Checking of amount tendered by the collection clerk/Franchisee to the cashier/bank account, whether the amount collected has been deposited in division office/division bank account within 48 hours or not.
- vi. Carry forward of arrears in the consumer ledger at least for three consecutive months of 100 consumes having continuous consumer number. Statement of those consumers will be attached to Audit Report.
- vii. Verification of MR issue registers, whether the counterfoils of the MR books issued to field offices are returned within reasonable time or not. Any discrepancy found shall be form part of the audit report.
- viii. Control over cancelled money receipts.
- ix. Scrutiny of at least 5% cases of bill revision cases and date of passing J.V. shall be carried out.
- x. Verification of MRT squad activities of the Division, their recording in the control registers, checking penalties imposed on consumers & their accounting.
- xi. Checking of temporary connection register with approvals & it's booking in accounts and must comment whether final bill has been raised against the temporary consumer.
- xii. Checking of security deposit register & Service connection charge collection register, their accounting, deposit and remittance to Head office Bank Account in due time.
- xiii. Auditor shall report the cases where abnormal delay has been made for allotment of consumer number and issue of test report and person responsible for such delay.
- xiv. You are required to ensure that the deposit of Statutory dues like IT, WCT, PF & ESI etc. must be made within due date. Any discrepancy found shall be form part of your report. Penalty if any paid by the division to be verified.

### C) Expenditure Items:

- i) **100% checking** of works involving estimated cost of **Rs.1.00 lakhs** and above and shall certify whether final bill has been raised and collected from depositor against the deposit works or not. Non-adherence to system requirement needs to be clarified by the division.
- ii) Sample checking of Capital works costing less than **Rs.1.00 lakhs** by selecting the cases at random and certify whether final bills have been raised or not.
- iii) Detail verification of works completed during the year with date of completion. Considering certification of technical section with **Proforma-VI** and **Schedule-II** with reference to works register of the division. Auditor must insist to verify the works completion certificate and charge report.

- iv) Checking of the valuation of materials at site for all the materials drawn and purchased by JE/SDO and its accounting.
- v) Checking of suppliers/contractors bills and deposit of amount of tax deducted at source towards income tax and sales tax on works contract.
- vi) Checking pay and allowances, administrative and general expenses and other Misc. Expenses and provision thereon as on last date of the financial year.
- vii) Checking of debit/credit cash vouchers, journal vouchers, cash book, trial balance, related registers and general ledger posting. The trial balance must be certified along with the schedules.
- viii) Checking of all types of advance account including imprest and emergency temporary advance account. Schedule of advance may be verified with subsidiary register.
- ix) Checking of subsidiary ledgers and reconciliation of the same with General Ledger.
- x) While checking the expenditure incurred, the emphasis is to be given on the following:
  - 1. The propriety of expenditure**
  - 2. Correctness of the entitlement and authority.**
  - 3. Booking to correct Heads of Accounts.**
- xi) Checking of any unadjusted advance against the employee transferred during the year & proper transfer of the related debit/credit to the transferred unit.
- xii) Verification of EMD register and refunds to contractors and suppliers.
- xiii) Checking of purchase order with reference to estimate, tender, quotation, comparative statement, etc as per accounts manual of CESU.
- xiv) Broad Sheet of CPS, CPF and GPF to be checked and reconciled with account code 44.501.
- xv) Checking of incorporation of Opening Balances.
- xvi) Checking of compliance of Internal Audit Report, Statutory Audit Report for the previous financial year.
- xvii) Checking of prior period expenditure/receipts and prepaid expenditure.
- xviii) Checking of expenditure incurred for deposit works and the extent of adjustment thereon in the accounts (debit CWIP & credit consumer contribution a/c). Indent for materials must be checked with estimation for that work. Checking of project-wise expenditure. Verification of the proper maintenance of work registers for consumption of material as per format of accounts manual.
- xix) Reconciliation of Net Salary Payable and other related liabilities.
- xx) Checking of proper maintenance of logbooks for vehicles and telephones.
- xxi) You are requested to ensure that liabilities/creditors should not have debit balance & assets/expenses should not have credit balance.

- xxii) (a) Checking the distribution franchisee transaction and find out any deviations from the contract/ office order/ agreement with the distribution franchisee in case of divisions where Franchisee under BOT model is operating.
- (b) Checking of bills and amount collected against the bills raised by the franchisee in case of divisions where Franchisee under BOT model is operating.
- (c) Checking of the proper segregation of the collections made by the Distribution Franchisee under BOT model into Revenue and other than revenue.
- (d) Checking of the expenditure incurred in LT lines by the division and its demand recovery from the Distribution Franchisee under BOT model.

You may cover any area not mentioned above where you feel it affects the revenue/interest of CESU.

## SCOPE OF INTERNAL AUDIT OF REVENUE EARNING DIVISIONS (NON FRANCHISE) AS PER ANNEXURE- II:

### **A) Revenue Cash:**

The following are some of the major areas to be covered given below.

- i. Surprise verification of General and Revenue cash to be carried on the day of 1<sup>st</sup> visit and any discrepancy found to be reported to concerned Executive Engineer / DGM (Fin)-II, CESU Head Office.
- ii. Verification of daily collection as per billing database with receipt side of cash book and funds transferred from division bank account with head office bank receipt statement. If any discrepancy is noticed, then the detail checking of money receipt, DC Sheet, CCV, DCV etc of the particular transaction shall be carried out.
- iii. Checking of Bank Reconciliation Statement with reference to each Bank account including inoperative Bank Accounts and follow up action including passing necessary accounting entries as per finding of BRS.
- iv. Checking of Balance Confirmation Certificate of various banks as on last date.
- v. Verification of cheque receipt and issue register and its subsequent realization of the cheque. If any cheque found stale/dishonored, a reversal entry to be passed. However a separate control register for dishonored cheque to be maintained as per the proforma prescribed in the **New Accounts Manual of CESU [Annexure IV (6)]**. You are requested to ensure required amount of penalty and fees collection from such customer. Also reversal J.V has been passed immediately. You must submit the name & consumer number, whose cheque has been dishonored more than once during the year.
- vi. Deposit of the amount collected into the Bank Account and the time taken for remittance as per Escrow agreement.
- vii. Collection and remittance of E.D during the F.Y and reconciliation statement to be certified.
- viii. Verification of inter-unit reconciliation with Head office in the head of accounts 31,32,33,34,36,37 etc.

### **C) Revenue:**

- i. Checking of the assessment sheet and their accounting in monthly account for whole year. You must certify the statement showing opening balance of outstanding arrears, assessment for the month, collection for the month & closing balance at the end of each month.
- ii. Checking of bills of all the consumers having contract demand of 100KVA and above.
- iii. Sample Checking of correctness of computer generated bills with reference to tariff orders of the relevant years and it's posting in computer generated consumer ledger. You are required to ensure whether **Realization surcharge** is claimed or not.

- iv. Checking of all daily collection sheets for the last month of financial year with duplicate/triplicate copy of the money receipt in support of the amount tendered by the consumers & its posting in computer generated consumer ledgers.
- v. Checking of amount tendered by the collection clerk/Franchisee to the cashier/bank account, whether the amount collected has been deposited in division office/division bank account within 48 hours or not.
- vi. Carry forward of arrears in the consumer ledger at least for three consecutive months of 100 consumes having continuous consumer number. Statement of those consumers will be attached to Audit Report.
- vii. Verification of MR issue registers, whether the counterfoils of the MR books issued to field offices are returned within reasonable time or not. Any discrepancy found shall be form part of the audit report.
- viii. Control over cancelled money receipts.
- ix. Scrutiny of at least 5% cases of bill revision cases and date of passing J.V. shall be carried out.
- x. Verification of MRT squad activities of the Division, their recording in the control registers, checking penalties imposed on consumers & their accounting.
- xi. Checking of temporary connection register with approvals & it's booking in accounts and must comment whether final bill has been raised against the temporary consumer.
- xii. Checking of security deposit register & Service connection charge collection register, their accounting, deposit and remittance to Head office Bank Account in due time.
- xiii. Auditor shall report the cases where abnormal delay has been made for allotment of consumer number and issue of test report and person responsible for such delay.
- xiv. You are required to ensure that the deposit of Statutory dues like IT, WCT, PF & ESI etc. must be made within due date. Any discrepancy found shall be form part of your report. Penalty if any paid by the division to be verified.

### C) Expenditure Items:

- xxiii) **100% checking** of works involving estimated cost of **Rs.1.00 lakhs** and above and shall certify whether final bill has been raised and collected from depositor against the deposit works or not. Non-adherence to system requirement needs to be clarified by the division
- xxiv) Sample checking of Capital works costing less than **Rs.1.00 lakhs** by selecting the cases at random and certify whether final bills have been raised or not.
- xxv) Detail verification of works completed during the year with date of completion. Considering certification of technical section with **Proforma-VI** and **Schedule-II** with reference to works register of the division. Auditor must insist to verify the works completion certificate and charge report.
- xxvi) Checking of the valuation of materials at site for all the materials drawn and purchased by JE/SDO and its accounting.



- xxvii) Checking of suppliers/contractors bills and deposit of amount of tax deducted at source towards income tax and sales tax on works contract.
- xxviii) Checking pay and allowances, administrative and general expenses and other Misc. Expenses and provision thereon as on last date.
- xxix) Checking of debit/credit cash vouchers, journal vouchers, cash book, trial balance, related registers and general ledger posting. The trial balance must be certified along with the schedules.
- xxx) Checking of all types of advance account including imprest and emergency temporary advance account. Schedule of advance may be verified with subsidiary register.
- xxxi) Checking of subsidiary ledgers and reconciliation of the same with General Ledger.
- xxxii) While checking the expenditure incurred, the emphasis is to be given on the following:
  - xxxiii) The propriety of expenditure**
  - xxxiv) Correctness of the entitlement and authority.**
  - xxxv) Booking to correct Heads of Accounts.**
- xxxvi) Checking of any unadjusted advance against the employee transferred during the year & proper transfer of the related debit/credit to the transferred unit.
- xxxvii) Verification of EMD register and refunds to contractors and suppliers.
- xxxviii) Checking of purchase order with reference to estimate, tender, quotation, comparative statement, etc as per accounts manual of CESU.
- xxxix) Broad Sheet of CPS, CPF and GPF to be checked and reconciled with account code 44.501.
- xl) Checking of incorporation of Opening Balances.
- xli) Checking of compliance of Internal Audit Report, Statutory Audit Report for the previous financial year .
- xlii) Checking of prior period expenditure/receipts and prepaid expenditure.
- xliii) Checking of expenditure incurred for deposit works and the extent of adjustment thereon in the accounts (debit CWIP & credit consumer contribution a/c). Indent for materials must be checked with estimation for that work. Checking of project-wise expenditure. Verification of the proper maintenance of work registers for consumption of material as per format of accounts manual.
- xliv) Reconciliation of Net Salary Payable and other related liabilities.
- xlv) You are requested to ensure that liabilities/creditors should not have debit balance & assets/expenses should not have credit balance.  
You may cover any area not mentioned above where you feel it affects the revenue/interest of CESU.

### **Scope of Internal Audit of Electrical Circles as per Annexure- III:**

#### **A) Expenditure Items:**

- i) 100% checking of works involving estimated cost of **Rs.1.00 lakhs** and above and shall certify whether final bill has been raised and collected from depositor against the deposit works or not. Non-adherence to system requirement needs to be clarified by the division.
- ii) Sample checking of Capital works costing less than **Rs.1.00 lakhs** by selecting the cases at random and certify whether final bills have been raised or not.
- iii) Detail verification of works completed during the year with date of completion. Considering certification of technical section with **Proforma-VI** and **Schedule-II** with reference to works register of the division. Auditor must insist to verify the works completion certificate and charge report.
- iv) Checking of valuation of material at site for completed works.
- V) Checking of suppliers/contractors bills and deposit of amount deducted at source towards income tax and sales tax on works contract.
- vi) Checking pay and allowances, administrative and general expenses and other Misc. Expenses and provision thereon as on 31.03.14.
- vii) Checking of debit/credit cash vouchers, journal vouchers, cash book, trial balance, related registers and general ledger posting. The trial balance must be certified along with the schedules.
- viii) Checking of **Bank Reconciliation Statement** with reference to each Bank account including inoperative Bank Accounts and follow up action including passing necessary accounting entries as per finding of BRS.
- ix) Checking of Balance Confirmation Certificate of various banks as on 31.03.14.
- x) Surprise physical verification of cash.
- xi) Checking of all types of advance account including imprest and emergency temporary advance account. Schedule of advance may be verified with subsidiary register.
- xii) Checking of subsidiary ledgers and reconciliation of the same with General Ledger.
- xiii) While checking the expenditure incurred, the emphasis is to be given on the following:
  - a) The propriety of expenditure
  - b) Correctness of the entitlement and authority.
  - c) Booking to correct Heads of Accounts.
- xiv) Checking of any unadjusted advance against the employee transferred during the year & proper transfer of the related debit/credit to the transferred unit.

- xv) Checking of purchase order with reference to estimate, tender, quotation, comparative statement, etc. as per accounts manual of CESU.
- xvi) **Broad Sheet of EPF, CPF and GPF** to be checked and reconciled with account code 44.501.
- xvii) Checking of incorporation of **Opening Balances** .
- xviii) Checking of capitalization of employees cost as per Accounts closing guidelines.
- xix) Checking of compliance of Internal Audit Report, Statutory Audit Report for the previous financial year 2012-13.
- xx) Checking of **prior period expenditure/receipts** and prepaid expenditure.
- xxi) Indent for materials must be checked with estimation for that work. Checking of project-wise expenditure. Verification of the proper maintenance of **work registers** for consumption of material.
- xxii) Reconciliation of Net Salary Payable and other related liabilities.
- xxiii) Checking of proper maintenance of logbooks for vehicles and telephones.
- xxiv) You are required to ensure that the deposit of Statutory dues like IT, WCT, PF & ESI etc. must be made within due date. Any discrepancy found shall be form part of your report.
- xxv) The log Book of the vehicle engaged by division must be checked with respect to the actual reports on the respective dates mentioned in the log book.
- xxvi) Payment to different security Agency towards maintenance of 33/11 KV structure & deposit of various deduction with respective authorities within due date. (like PF, ESI, TDS etc)

It is to be physically verified to assure that there is no misuse of the apparatus or machines. Any lacking in the internal control system must be reported as above.

## **Scope of Internal Audit of Electrical Stores Division, Cuttack as per Annexure- IV:**

### **A) Stock Related:-**

- i) Specific comment on the adequacy of the internal control system prevailing for receipt and issue of materials.
- ii) Sample checking of computerized stores priced ledger with reference to SRVs and SIVs.
- iii) Sample checking of valuation of the issue of materials on the basis of weighted average method.
- iv) The stores receipt voucher (SRV) need to be prepared immediately after inspection of material. Whether there is any time lag of more than one week between the date of inspections and date of SRV.
- v) Whether issue of materials are posted immediately in the bin card/stores ledger. Any price variation may be reported.
- vi) The stock position as reported in every fortnight should be matched with the stores ledger/bin card. Any variation may be reported.
- vii) Checking of maintenance of record regarding receipt of burnt transformers, allotment of burnt transformers for repair purposes, return of repaired transformers by repairing units.
- viii) Checking of payment to the suppliers either by cheque/draft/LC with reference to the terms and conditions of the purchase orders, SRV etc. A schedule shall be prepared taking outstanding OB, bills raised during the year payment made to that firm during the year and closing balance. Closing balance must tally with amount taken to final account.
- ix) Issue and acceptance of ATDs & ATCs.
- x) Settlement of price variation bills and counter claims. Reconciliation statement pertaining to the amount booked under the following two account heads.  
  
56.610- Material cost variance reserve  
79.110- Material cost variance
- xi) Proper adherence to the terms of purchase orders including quantity supplied, time schedule, delayed payment surcharge/penal claim, if any.
- xii) Checking of entry tax, payment to transporters, carriage inward, handling charges, other taxes etc.
- xiii) Checking of return of materials to the stores.
- xiv) Checking of valuation of SRVs with reference to bills of the suppliers.
- xv) Stock shortage/excess from stores pending investigation statement to be obtained and checked.
- xvi) Steps taken for management action on such shortage/excess and accounting.

## **B) Expenditure:-**

- i) Checking of suppliers/contractors bills and deposit of amount of tax deducted at source towards income tax and sales tax on works contract.
- ii) Checking pay and allowances, administrative and general expenses and other Misc. Expenses and provision thereon as on last date.
- iii) Checking of debit/credit cash vouchers, journal vouchers, cash book, trial balance, related registers and general ledger posting. The trial balance must be certified along with the schedules.
- iv) Checking of Bank Reconciliation Statement with reference to each Bank account including inoperative Bank Accounts and follow up action including passing necessary accounting entries as per finding of BRS.
- v) Checking of Balance Confirmation Certificate of various banks as on last date.
- vi) **Surprise physical verification of cash and certification of the same on the face of the cash book.**
- vii) Checking of price variation claims (100%).
- viii) Checking of all types of advance account including imprest and emergency temporary advance account. Schedule of advance may be verified with subsidiary register.
- ix) Checking of **subsidiary ledgers** and reconciliation of the same with General Ledger.
- x) While checking the expenditure incurred, the emphasis is to be given on the following:
  - a) The **propriety of expenditure**
  - b) Correctness of the entitlement and authority.
  - c) **Booking to correct Heads of Accounts.**
- xi) Checking of any unadjusted advance against the employee transferred during the year & proper transfer of the related debit/credit to the transferred unit.
- xii) Checking of purchase order with reference to estimate, tender, quotation, comparative statement, etc. as per accounts manual of CESU.
- xiii) **Broad Sheet of EPF, CPF and GPF** to be checked and reconciled with account code 44.501.
- xiv) Checking of incorporation of **Opening Balances**.
- xv) Checking of compliance of Internal Audit Report, Statutory Audit Report for the previous financial year .
- xvi) Checking of **prior period expenditure/receipts** and prepaid expenditure.
- xvii) Reconciliation of Net Salary Payable and other related liabilities.

## **Scope of Internal Audit of CAPEX Monitoring Unit as per Annexure- V:**

### **A) Expenditure Items:**

- i) 100% checking of works involving estimated cost of **Rs.1.00 lakhs** and above and shall certify whether final bill has been raised and collected from depositor against the deposit works or not. Non-adherence to system requirement needs to be clarified by the division.
- ii) Sample checking of Capital works costing less than **Rs.1.00 lakhs** by selecting the cases at random and certify whether final bills have been raised or not.
- iii) Detail verification of works completed during the year with date of completion. Considering certification of technical section with **Proforma-VI** and **Schedule-II** with reference to works register of the division. Auditor must insist to verify the works completion certificate and charge report which is to be maintained as per project report with bill passing register. Accordingly various deduction made whether deposited with respective authorities. (i.e, TDS, WCT, Entry Tax etc)
- iv) Checking of valuation of material at site for completed works.
- V) Checking of various bills which are received from stores division/ divisions towards supply of materials or execution of work.
- VI) Checking of suppliers/contractors bills and deposit of amount deducted at source towards income tax and sales tax on works contract.
- VII) The auditor should verify that the CAPEX monitoring unit after receipts the passed bill from ESD stores Cuttack will verify all the records whether it is as per terms of PO/WO wise. They will maintain one bill passing register stating the details of supplier/contractor as per annexure VI-6 of accounts manual. (Page No-88 of 128).
- VIII) The Auditor should see that the suppliers/contractors liability shall be maintained at CMU only. He should check the subsidiary ledger for supplier & contractor.
- IX) Checking of mobilization advance given to contractors & its adjustment in subsequent bill may be ensured.
- X) The auditor should see that, the project manager of CMU shall send the passed bill to the HQ for pre-audit, who will ultimately send to GRIDCO for further processing & release of payment.
- XI) The auditor should verify that, after release of payment by GRIDCO, they will issue an advice on CESU. CMU should send a copy of advice to HQ on the basis of which loan account will be maintained at HQ. The CMU shall make reconciliation with GRIDCO at regular interval for its confirmation.
- XII) The auditor should see that after completion of works and obtaining work completion certificate the work in progress shall be capitalized along with the updating in the asset register.

- XIII) The auditor should see that CAPEX Loan, capitalization of interest during construction has to be properly accounted as per standard accounting practices.
- XIV) He should ensure that accounting entries have been passed as per Ca-pex guidelines issued from HO from time to time.
- XV) Checking pay and allowances, administrative and general expenses and other Misc. Expenses and provision thereon as on.
- XVI) Checking of debit/credit cash vouchers, journal vouchers, cash book, trial balance, related registers and general ledger posting. The trial balance must be certified along with the schedules.
- XVII) Checking of **Bank Reconciliation Statement** with reference to each Bank account including inoperative Bank Accounts and follow up action including passing necessary accounting entries as per finding of BRS.
- XVIII) Checking of Balance Confirmation Certificate of various banks as on last date.
- XIX) Surprise physical verification of cash.
- XX) Checking of price variation claims (100%).
- XXI) Checking of all types of advance account including imprest and emergency temporary advance account. Schedule of advance may be verified with subsidiary register.
- XXII) Checking of subsidiary ledgers and reconciliation of the same with General Ledger.
- XXIII) While checking the expenditure incurred, the emphasis is to be given on the following:  
d) The propriety of expenditure  
e) Correctness of the entitlement and authority.  
f) Booking to correct Heads of Accounts.
- XXIV) Checking of any unadjusted advance against the employee transferred during the year & proper transfer of the related debit/credit to the transferred unit.
- XXV) **Broad Sheet of EPF, CPF and GPF** to be checked and reconciled with account code 44.501.
- XXVI) Checking of incorporation of **Opening Balances** .
- XXVII) Checking of capitalization of employees cost as per Accounts closing guidelines.

- XXVIII) Checking of compliance of Internal Audit Report, Statutory Audit Report for the previous financial year .
- XXIX) Checking of **prior period expenditure/receipts** and prepaid expenditure.
- XXX) Indent for materials must be checked with estimation for that work. Checking of project-wise expenditure. Verification of the proper maintenance of **work registers** for consumption of material.
- XXXI) Reconciliation of Net Salary Payable and other related liabilities.

It is to be physically verified to assure that there is no misuse of the apparatus or machines. Any lacking in the internal control system must be reported as above.



## **Scope of Internal Audit of Head Office of CESU and Resources Branch as per Annexure- VI:**

- i. Verification of all payments made to suppliers/ Employees/ Contractors.
- ii. Verification of all receipts and its accounting.
- iii. Verification of Bank Reconciliation Statement with reference to each Bank account including inoperative Bank Accounts and follow up action including passing necessary accounting entries as per finding of BRS.
- iv. Verification of Balance Confirmation Certificate of various banks as on 31.03.14.
- v. Verification of cheque receipt and issue register and its subsequent realization of the cheque. If any cheque found stale/dishonored, a reversal entry to be passed. However a separate control registers for dishonored cheque to be maintained. You are requested to ensure required amount of penalty and fees collection from such customer. Also reversal J.V has been passed immediately or not. You must submit the name & consumer number, whose cheque has been dishonored more than once during 2013-14.
- vi. Legal charges paid to the advocates and analysis of their performances.
- vii. Scrutiny of franchisee appointment and analysis of their performance.
- viii. Ensure the payments of statutory liabilities and interest on borrowed funds from different agencies must be made within the due date.
- ix. Scrutiny of power purchase bills, payment made against those bills and the reconciliation with balance conformation from GRIDCO.
- x. Scrutiny of major material procurement order placed having order value more than Rs.25 Lakhs.
- xi. Scrutiny of work order issued having order value of more than Rs.25 Lakhs.
- xii. Scrutiny of cases where consumer bill has been revised downwards for more than 25 Lakhs.
- xiii. Verification of various MIS/Compliance with OERC requirements.
- xiv. Verification of Purchases of general items.
- xv. Verification of Fund allocation to the division.
- xvi. Ensure all the closing entries & provisions have been made by the unit.
- xvii. Any Other area having material effect for having financial impact of Rs.5 Lakhs and above.
- xviii. You are required to ensure that the deposit of Statutory dues like IT, WCT, PF & ESI etc. must be made within due date. Any discrepancy found shall be form part of your report.

## Scope of Internal Audit of MRT Divisions/MRT Circles/E&MR Divisions as per Annexure- VII:

### A)Expenditure Items:

- i) 100% checking of works involving estimated cost of **Rs.1.00 lakhs** and above and shall certify whether final bill has been raised and collected from depositor against the deposit works or not. Non-adherence to system requirement needs to be clarified by the division.
  - ii) Sample checking of Capital works costing less than **Rs.1.00 lakhs** by selecting the cases at random and certify whether final bills have been raised or not.
  - iii) Detail verification of works completed during the year with date of completion. Considering certification of technical section with **Proforma-VI** and **Schedule-II** with reference to works register of the division. Auditor must insist to verify the works completion certificate and charge report.
  - iv) Checking of valuation of material at site for completed works.
- VI) Checking of suppliers/contractors bills and deposit of amount deducted at source towards income tax and sales tax on works contract.
- VII) Checking pay and allowances, administrative and general expenses and other Misc. Expenses and provision thereon as on 31.03.14.
- VIII) Checking of debit/credit cash vouchers, journal vouchers, cash book, trial balance, related registers and general ledger posting. The trial balance must be certified along with the schedules.
- IX) Checking of **Bank Reconciliation Statement** with reference to each Bank account including inoperative Bank Accounts and follow up action including passing necessary accounting entries as per finding of BRS.
- X) Checking of Balance Confirmation Certificate of various banks as on last date.
- XI) Surprise physical verification of cash.
- XII) Checking of price variation claims (100%).
- XIII) Checking of all types of advance account including imprest and emergency temporary advance account. Schedule of advance may be verified with subsidiary register.

- XIV) Checking of subsidiary ledgers and reconciliation of the same with General Ledger.
- XV) While checking the expenditure incurred, the emphasis is to be given on the following:  
g) The propriety of expenditure  
h) Correctness of the entitlement and authority.  
i) Booking to correct Heads of Accounts.
- XVI) Checking of any unadjusted advance against the employee transferred during the year & proper transfer of the related debit/credit to the transferred unit.
- XVII) Checking of purchase order with reference to estimate, tender, quotation, comparative statement, etc. as per accounts manual of CESU.
- XVIII) **Broad Sheet of EPF, CPF and GPF** to be checked and reconciled with account code 44.501.
- XIX) Checking of incorporation of **Opening Balances** .
- XX) Checking of capitalization of employees cost as per Accounts closing guidelines.
- XXI) Checking of compliance of Internal Audit Report, Statutory Audit Report for the previous financial year 2012-13.
- XXII) Checking of **prior period expenditure/receipts** and prepaid expenditure.
- XXIII) Indent for materials must be checked with estimation for that work. Checking of project-wise expenditure. Verification of the proper maintenance of **work registers** for consumption of material.
- XXIV) Reconciliation of Net Salary Payable and other related liabilities.
- XXV) Checking of proper maintenance of logbooks for vehicles and telephones.
- XXVI) You are required to ensure that the deposit of Statutory dues like IT, WCT, PF & ESI etc. must be made within due date. Any discrepancy found shall be form part of your report.
- XXVII) For MRT division the auditor has to verify the meter checking report of the large industries. Again the auditor has to collect a certified copy regarding all the multiplying factor of the meters installed in large and MI consumers above 20kw load.
- XXVIII) The auditor has to verify the data base/register of the MRT division regarding the frequency of the checking of different establishment/industrial consumers.

- XXIX) The auditor has to see the correspondences from the respective revenue earning divisions for checking of the specific establishment of the consumer and the action report prepared on the same correspondences. The time gap between requests from the divisions and action taken by the MRT division must be verified and any unnecessary delays must be reported in a statement.
  
- XXX) The log Book of the vehicle engaged by division must be checked with respect to the actual reports on the respective dates mentioned in the log book.
  
- XXXI) Regarding the E & MR division the meter testing/challenging register must be checked. Any unnecessary delays between submission of meter and disposal of checking report must be reported in a statement. The asset and spares of the E & MR division must be verified with respect to the respective registers.

It is to be physically verified to assure that there is no misuse of the apparatus or machines. Any lacking in the internal control system must be reported as above.

### **Scope of Physical verification of materials at Electrical stores division As per Annexure- VIII:**

- i) Physical Verification of inventory on 100% basis lying in Bhubaneswar sub-store & Choudwar sub-store.
- ii) Preparation of joint Stock verification statement duly signed Auditor and representative of SDO (Store), CESU side & one Electrical Engineer from the auditor's side as per the proforma enclosed here with.
- iii) Derivation of closing balance, as on last date taking physical balance on the date of actual verification , less all receipt during the first day of the F.Y till the date of verification and add all issues during First day of the F.Y till date of physical verification.
- iv) Comparing of physical balance with book balance of all items and preparation of variance analysis report.
- v) Transformers issued to the repairer, received back from the repairer and lying with the repairer with capacity, quantity and date of issue from store to repairer is to be certified by the auditor. The statement will be provided by CESU.
- vi) Checking of quantum of used transformer oil issued to reclamation unit and quantum received back and balance lying with reclamation Unit. A statement indicating all the details is to be provided by CESU & certified by Auditor.
- vii) The auditor will segregate the stock to moving/slow moving/non-moving.

### **Terms & Conditions:**

1. The auditor is required to commence the work within seven days from the date of issue of order. A maximum of 36(Thirty six) working days will be allowed to each team for physical verification of a sub-store. Therefore simultaneously two numbers of teams must be engaged for two numbers of sub-stores. Another fifteen days will be given for preparation of the report. Therefore the audit needs to be completed within two months.
2. Physical verification shall be carried out by a team comprising of a semi-qualified CA/semi-qualified CMA, a Graduate Engineer (Elect) from firm side and representative of CESU.
3. SDO (Store) will maintain an attendance sheet of audit staff. The bill shall be accompanied by duly certified attendance sheet.