



आंतरिक अंकिक्षण विभाग  
Audit  
email- coia\_wcl@ymail.com  
**2512359**

**वेस्टर्न कोलफील्ड्स लिमिटेड**  
**Western Coalfields Limited**  
(मिनीरत्न कंपनी) (A Miniratna Company)  
(कोल इंडिया लि. की अनुषंगी कंपनी)  
(A Subsidiary of Coal India Limited)



Department of Internal

☎/FAX: 0712 -

CIN - U10100MH1975GOI018626

ISO 9001:2008 Certified

www.westerncoal.nic.in

पंजी. का. : कोयला विहार, सिविल लाइन्स, नागपुर (महाराष्ट्र) - 440001 / Regd. Off.: Coal Estate, Civil Lines, Nagpur (MS) - 440001

संदर्भ संख्या/Ref.No. :

दिनांक/Date :

01.07.2017

### **EXPRESSION OF INTEREST (EOI)**

Western Coalfields Limited invites Expression of Interest (EOI) for empanelment of a practising Chartered Accountant or Cost Accountant or a firm of Chartered Accountants / Cost Accountants registered with the Institute of Chartered Accountants of India / Institute of Cost Accountants of India for conducting Internal Audit in respect of WCL (HQ) and its Areas at Nagpur, Umred, Majri, Wani, Wani North & Tadali Central Stores, Pench, Kanhan, Pathekheda, Ballarpur and Chandrapur for the year 2017-18.

Eligible candidates may send their application with details as mentioned in the attached EOI documents in a sealed envelope superscribed **"EOI for empanelment of Internal Auditor for the year 2017-18"** through Registered / Speed Post or courier service so as to reach GM(F)/ Chief of Internal Audit, Western Coalfields Limited, Coal Estate, Civil Lines, Nagpur 440001 on or before 18.07.2017 by 3.30 PM. No offer will be entertained, if it is received after due date and time.

All supporting documents regarding Application Format, such as Firm Profile, Constitution Certificate, Certificate of Practice, Membership Certificate, Mark Sheets/ Certificate of IPCC /Inter Examination, Appointment letters and Statement of Accounts (in respect of SI. 13 of Application Format), etc. duly signed with seal must be enclosed. In absence of documentary evidence, no marks will be accorded to a particular criterion, without assigning any reason.

A declaration to the effect that all the terms and condition of EOI has been accepted unconditionally must be submitted along with the application.

The complete offers including Application Format, indicating current status as on date of submission of EOI, should preferably be typed in the letter head of the firm. No hand written offer will be accepted.

Overwriting / corrections/erasing and use of white ink should be avoided. However, if any correction is inevitable, the same should be authenticated with signature and seal.

Western Coalfields Limited reserves the right to reject or accept or withdraw the EOI in full or part, as the case may, be without assigning any reasons thereof. No conditional offer will be accepted.

The detail EOI document may be downloaded from websites: [www.coalindia.in/](http://www.coalindia.in/)  
[www.tenders.gov.in/](http://www.tenders.gov.in/) / [www.eprocure.gov.in.](http://www.eprocure.gov.in/)

**FORMAT FOR SUBMISSION OF APPLICATION:**

SI No.	Particulars	Details
1.	Name of the Firm with Registration no.	
	Registration No. and date of Registration of the firm	
2.	Registered Office Address & date of establishment	
3.	Branch Office Address & date of establishment	
4.	Contact No. of the Partner	
5.	Fax Number	
6.	Email address & Website	
7.	Name, Membership No. and date of Joining of existing partner with the Firm having the longest association. Ref : Selection criteria: SI No. 1	
8.	Name and Membership No. of the full time partners and full time qualified persons having more than 5 years' experience in practice in the firm whether ACA/ ACMA, FCA/FCMA as on 01.01.2016. Ref : Selection criteria: SI No. 2(A)(i)	
9.	Name and Membership No. of the full time partners and full time qualified persons having more than 5 years' experience in practice in the firm as on 01.01.2016 having DISA/CISA. Ref : Selection criteria: SI No. 2(A)(ii)	
10.	Name, Membership No. and joining date of the full time Partners/ full time qualified persons with more than 5 years' experience in practice with the same firm as on 01.01.2016. Ref : Selection criteria: SI No. 2(B)	
11.	Name, Membership No. and joining date of full time qualified assistants who is an ACA/ACMA having experience of 5 years or less and is working with the firm as on 01.01.2016. Ref : Selection criteria: SI No. 3	
12.	Name and date of joining of semi-qualified assistants (Inter Cost/ Inter Chartered - IPCC - both group) & is working full time with the firm as on 01.01.2016. Ref : Selection criteria: SI No. 4	
13.	Year wise experience of the firm in conducting Statutory /Internal Audit in last 10 years: (a) Name of PSU/Govt. Companies (b) Other large companies having turnover at least Rs.100 crores Ref : Selection criteria: SI No. 5	

Date:

Place:

Signature with seal

Name of the Partner

Membership No.

Name of the Firm

Firm Registration No.

**SCOPE OF WORK**

The list is only illustrative and Internal Auditor is not bound in it. The Auditor is expected to be innovative and deeply review internal controls; compliance of delegation of powers, spending is judicious, look into wastages, pilferages, and theft and fraud prone areas deeply. Sudden check, physical verification, integrity check and suspicious transactions all need to be tracked by the Internal Auditor. The entire operations from all angles is in your scope and those who are innovative and bring to the management notice significant and material issues and solutions will be adequately taken care in the assessment.

**1. COAL PRODUCTION AND OB REMOVAL:**

**1.1 PRODUCTION:**

To Check and Verify the reported production as per the reporting formats as approved by the Board and amended from time to time along with Form-Hand to report variations, if any:

**1.1.1 Under Ground**

**Coal Production:**

- a) Checking of Shift-wise coal production as per Form 1-A,
- b) Checking of Form 2-A, daily report of coal production with the Form 1-A,
- c) Checking of monthly report of coal production as per Form 4-A, difference if any to report.
- d) Checking of daily and monthly coal production from outsourced, if any.
- e) Checking of coal loaded in tubs and payment to piece rated workers (in case of manual loading.
- f) Whether conversion factor of coal is reviewed in every third year, if applicable?

**1.1.2 Open Cast:**

**1.1.2.a) Coal - Departmental**

- i) Checking of Shift-wise coal production as per Form 1-D,
- ii) Checking of Form 2-D, daily report of coal production with the Form 1-D,
- iii) Checking of monthly report of coal production as per Form 4-A, difference if any to report.

#### **1.1.2.b)Coal – Outsourced**

- i) Checking of Shift-wise coal production as per Form 1-E,
- ii) Checking of Form 2-E, daily report of coal production with the Form 1-E,
- iii) Checking of monthly report of coal production as per Form 4-A, difference if any to report.

#### **1.1.2.c)Overburden - Departmental**

- i) Checking of Shift-wise Over Burden (OB) removal as per Form 1-B,
- ii) Checking of Form 2-B, daily report of OB removal with the Form 1-B,
- iii) Checking of monthly report of OB removal as per Form 4-A, difference if any to report.

#### **1.1.2.d)Over Burden - Outsourced**

- i) Checking of Shift-wise Over Burden (OB) removal as per Form 1-C,
- ii) Checking of Form 2-C, daily report of OB removal with the Form 1-C,
- iii) Checking of monthly report of OB removal as per Form 4-A, difference if any to report.

#### **1.1.3 Washery:**

##### **1.1.3.a) Raw coal received**

- i) Checking of Shift-wise coal received as per Form 1-F,
- ii) Checking of Form 2-F, daily report of coal received at Washery with the Form 1-F,
- iii) Checking of monthly report of coal received as per Form 4-A, difference if any to report.

##### **1.1.3.b)Production:**

- i) Checking of Shift-wise coal processed in washery as per Form 1-G,
- ii) Checking of Form 2-G, daily report of coal processed in washery with the Form 1-G,
- iii) Checking of monthly report of coal processed in washery as per Form 4-A, difference if any to report.

**1.1.4** Capacity utilization of the washery and comment on the reasons for underutilization if any.

**1.1.5** Percentage of yield and comparison of the same with the target and last year's figures and reasons for variance, if any.

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## **2 SALES & MARKETING**

**2.1** Report on actual off-take with the Annual Action Plan (AAP) target.

**2.2** Checking of records that the coal is dispatched after weighing on electronic weighbridges and if not report thereof.

**2.3** Report on deduction due to grade slippage, deduction due to non-computerized

weighment, quantity deduction and any other.

**2.4** Report on overloading/under loading (quantity and amount) and Demurrage paid to Railways.

(a) For demurrage charges incurred, to report on -

(i) Whether indent for wagon placed with Railways are more than the capacity of the siding?

(ii) Whether there is untimely supply of wagons, where manual loading is done?

(iii) any other reason for such demurrage

(iv) Whether any protest lodged with Railways for unreasonable claim.

(b) Whether Demurrage charged is owing to failure of Contractor where wagon loading is done contractually? If so, whether such demurrage has been recovered from contractor's bill?

**2.5** Report on Maintenance of records for road sales – Delivery Order wise, Party wise Ledger, Weighment register, Gate Pass, etc.

**2.6** Report on incidences of theft of coal if any.

**2.7** Report on Performance of weighbridge and % of coal weighed.

**2.8** Report of unweighted wagons, if any with the name of the party and place of coal despatched, basis of raising of sale bill.

**2.9** Report on delay in raising invoices for credit sales on the following:

(a) time taken by various departments

(b) date of loading

(c) date of receipt of RR

(d) date of billing

(e) date of dispatching the bill.

**2.10** Report on pending C forms – age wise and party-wise with reason of delay and steps taken to collect the same.

**2.11** Checking of Monthly reconciliation between billed quantity and dispatched quantity. If any variation report thereof with reasons.

**2.12** Checking of disputed and undisputed dues of Sundry Debtors, age-wise and reason wise and report on disputed dues and to check the payments are received as per the fuel supply agreement.

**2.13** Checking of records of BG and timely action taken for renewal and encashment as the case may be and also that the lapsed BG have been returned to the party and all BG have been verified from the Bank through post or through SFMS (Structured Financial

Messaging System) mode.

- 2.14** Checking of Sale bills (test check) are raised as per the Delivery order and surface transportation charges are billed with reference to lead certificate with applicable rates.
- 2.15** Report on input tax credit availed correctly and fully against VAT and Central Excise duty on revenue as well as capital items.
- 2.16** Report on incentive/bonus bills has been raised timely and correctly as per FSA and realization thereof and also credit note for penalty for non-supply of coal as per norm, if any, has been given.
- 2.17** Report on forfeiture of EMD from e-auction parties with quantity and value during the period/year. In case failure on part of the Company, competent approval is taken for refund of full value of coal, to report quantity and value thereof.
- 2.18** To check that credit notes have been issued to the customers for settled case of grade slippage etc., if not report thereof.
- 2.19** No. of complaints and grievances received from customers and settled during the period/year.
- 2.20** Checking of Delivery Orders for coal are in accordance with Fuel Supply Agreement or any other agreement/order and full amount is received from the customers.
- 2.21** Check the records for supply of coal through washery mode is as per FSA or any other arrangement and approval of competent authority is taken.
- 2.22** Checking of Quarterly reconciliation of balances in Subsidiary ledger with the General Ledger, if any variance report thereof.
- 2.23** Checking of advance amount received from the customer with the bills raised and in case excess amount, refunded timely, if not report thereof.
- 2.24** Checking of EMD amount received on e-auction of coal and adjusted against delivery orders issued and in case party has not deposited balance value of coal, whether the EMD forfeited and accounted for.
- 2.25** Checking of reconciliation of Billing & realization report.
- 2.26** Report on Weighbridge calibration done by the statutory authority and date thereof.
- 2.27** Checking of under loading charges calculated as per the Railway guidelines and allowed as per the provisions of FSA.
- 2.28** Report on the under loading cost and quantity and reason thereof, its comparison with corresponding period of previous year and previous month.
- 2.29** Railway Siding:
  - a) Checking of Shift-wise coal received at Railway Siding and despatch,

- b) Checking of daily report of coal received at Railway Siding and despatch,
- c) Checking of monthly report of coal received at Railway Siding and dispatch, difference if any to report.

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### **3. Checking of Quantitative reconciliation:**

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Opening stock, production, off-take (Dispatch + own consumption) and closing stock as per production report and compare the same with Form "H" and variation, if any, should be reported.

Note:

- a) Opening stock should be verified with the closing stock of the same in Form-H of the previous month/period.
- b) Production should be verified from the production report as mentioned herein before.
- c) Dispatch should be verified from Sale Bill Register.
- d) Inter unit transfer should be verified from Stock Transfer statement.

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## **4 PRODUCTIVITY:**

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### **4.1 Analysis of OMS.**

- a) Checking of overall OMS and comparison with previous month & target and report thereon.
- b) Checking of departmental overall OMS vis-a-vis total overall OMS and report thereon.
- c) Checking of OMS for departmental coal production and outsourced coal production and report thereon.
- d) Checking of Loader's OMS (Underground) and comparison with previous month & target and report thereon.

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## **5 INPUTS**

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### **5.1 MANPOWER:**

- a) Checking of actual deployment of manpower with the approved manpower. Report on short/excess manpower and report thereon, if possible discipline wise.
- b) Checking of diversion of piece-rated workers in time-rated jobs, number of such cases and whether approval of competent authority is taken for such diversion, if not report thereon.

- c) Checking of Absenteeism statement with the Attendance Register, if variance report thereon.

**5.2 MACHINES (HEMM, CHP, SDL, LHD, CM, Surface Miners, High Wall Equipment, Power Support Longwal etc.):**

**5.2.1** Checking of Monthly Performance of the HEMM and UG machines with respect to Last Year's Actual and with previous month.

**5.2.2** Checking of HEMM and UG Machines under breakdown for more than three months, more than three months to one year and more than one year, separately for machines and recovery made for break down, if any:

- (i) Under MARC
- (ii) Under Warranty
- (iii) Others

**5.2.3** Report on HEMM and other Machines –

- i. Report on mismatch of Equipment in case of Opencast mines - digging and transporting of coal/ OB with quantitative details.
- ii. Checking of HEMM and UG machines which have completed its life as per norms and whether the same is surveyed off or machine is still in operation, report thereon.
- iii. Checking of replaced machines in place of surveyed-off during the period under audit.
- iv. Checking of Machines surveyed off and grounded during the period under audit.
- v. Checking of productivity of the machines and in case it is less than the norms, report thereon.

**5.2.4** Maintenance of Logbooks of HEMM and other Machines:

- i. Checking of logbooks:
  - a) All columns are filled up,
  - b) Entry of POL is done on regular basis and in case of variation from previous day reasons to be recorded,
  - c) Hour/service meter of the machines are in working order, if not working, report thereon.
  - d) Entry of major sub-assemblies and spares fitted in the machine.
  - e) Maintenance of HEMM as per maintenance schedules is done, if not, report thereof.
- ii. Logbooks are signed by the concerned authorized person and operator.
- iii. Checking the performance of individual machine from logbook viz. working hours,



breakdown hours, available hours, progressive hours on test check basis and report thereof.

- iv. Checking of time lag between the date of issue of main spares and date of its fitting in the machine.

**5.3 Burnt Oil:** Checking of section wise burnt oil received and disposed.

**5.4** Checking of actual Performance of the Equipment under maintenance contract (MARC) Vis-à-vis terms of the contract.

**5.5** Workshop – checking of jobs assigned and completed within time schedule if delayed report thereof and checking of amount charged for jobs and bills raised, test check.

**5.6 REHABILITATION OF EQUIPMENT**

- i. Report on the machines rehabilitated and completed useful life (in terms of years and hours) as per norms, if not report thereof.
- ii. To check that the equipment rehabilitation norms of CIL have been followed, if not report thereof.

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**6 EXPLOSIVES:**

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**6.1** Checking of statutory records required as per rule, if not report thereof.

**6.2** Checking of Actual powder factor separately for Coal and OB party wise and compared with benchmark. To check that deductions for variances are pointed out and recovered from Suppliers bills.

**6.3** Checking of records for supply of Site mixed slurry (SMS) explosives as per statutory requirement and recording of actual supply, party wise Powder factor for Coal and OB (For Powder factor calculation, total OB should exclude loose un-blasted OB and quantity of OB re-handled) is calculated separately and the same is signed by the authorized person, if any discrepancy report thereof.

**6.4** Report on comparison of Powder factor and Detonator factor with norms, previous month and previous year's figures.

**6.5** Report on variance analysis of cost per CuM/Tonne of OB and coal respectively, in comparison with Budget showing details of volume variance and price variance.

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**7 UTILISATION OF MATERIALS FOR SUPPORT IN UNDERGROUND MINES FOR SAFETY:**

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**7.1** Checking of records for receipt, issue & stock of support material.

**7.2** Checking of consumption of all underground support and safety material e.g. timber, steel bolt, roof bolt, cement capsules etc. is vetted by the Safety department.

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## **8 OIL & LUBRICANTS (earlier POL):**

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- 8.1** Checking of records for receipt, issue & stock.
- 8.2** Physical verification of quantity of diesel on test check basis in tankers as well as storage tanks and report thereof.
- 8.3** Consumption of diesel per Cu.m of composite production in Open Cast Projects (excluding production by Dragline) and comparison with CMPDIL norms for specific diesel consumption and previous year's figures, report on variance.
- 8.4** Consumption of diesel per working hour of the machine and comparison with previous month and previous year's figure and report thereof.
- 8.5** Report on consumption of POL – volume and price variance.
- 8.6** Report on short supply of HSD and recovery thereof.
- 8.7** Checking of records of Dip stick measurement of diesel tank before receipt and after decantation from diesel tanker.
- 8.8** To check all credit notes / discount given by IOCL as per the agreement between CIL & IOCL.

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## **9 POWER:**

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- 9.1** Report on consumption of Power per unit of production and comparison with previous month and previous year's.
- 9.2** Report on penalty imposed due to:
  - a) Delay in payment.
  - b) Low Power Factor
  - c) Recorded Maximum Demand
  - d) Any other
- 9.3** Report on variance analysis of power cost per CuM/tonne as compared to budget and previous year.
- 9.4** Report on concessional tariff for domestic consumption is availed of, in case commercial tariff to be reported.
- 9.5** Checking of records that the separate Meters are installed for industrial consumption and domestic consumption, if not report thereof.
- 9.6** Report on Energy Audit and its compliance.
- 9.7** Report on Power Factor and comparison with previous month and previous year.

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## **10 FINANCE:**

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**10.1 Utilisation of Fund:**

- a) Checking of budgetary control for indenting, release and utilization of funds under major heads.
- b) Checking of the funds utilization immediately on receipt for the purpose indented for, any deviation to report.
- c) Checking of cash receipts and payments and reasons as why in cash and not through digital mode/bank.
- d) Checking of unsettled amount returned by bank on failure of RTGS/NEFT.
- e) Checking of payment made through account payee cheque or demand draft, whether approval from competent authority is taken.
- f) Checking of bank reconciliation statement and report if any unreconciled amount lying unadjusted for more than one month.
- g) Payments to contractors and suppliers are made in serial/chronological order, any deviation report thereof.
- h) To report on whether CLTD (Corporate Linked Term Deposit) facility with a reasonable threshold limit has been obtained against current account of the unit/Area with the concerned bank?

**10.2** Bank and cash book is signed by the authorized signatory on daily basis, if not report thereof.

**10.3** Checking of balances of subsidiary ledgers with General ledger and any variance report thereof.

**10.4** Checking of bills as per Supply/Work Order/Agreement/Manual on test check basis and if any deviation report thereof.

**10.5 Verification of Investment of Surplus Fund:**

- (a) Whether CIL Deposit Policy, as approved by the Board is being followed?
- (b) Opportunity of Investment of surplus fund in best possible alternatives.
- (c) Timely realization of Investments and credit to proper accounts.
- (d) Reinvestment after maturity of the Term deposits/Mutual funds in time.
- (e) Timely investment of surplus fund and report if any idle fund not invested.
- (f) Checking of Fixed Deposits physically and with the banks statements and interest accrued certificates are collected quarterly and accounted for, if not report thereof.

**10.6** Checking of Bank draft/Bankers Cheque, received towards EMD and Security Deposits from contractors/ suppliers are accounted for and deposited timely in the bank, if not report thereof.

**10.7 Bank Guarantee: Checking for-**

- (a) To check the procedure regarding acceptance, custody and disposal of bank guarantee etc. in accordance to the provision laid down under Finance manuals and time to time guidelines issued by the management.
- (b) Whether Bank Guarantee submitted against security deposit and performance guarantee has sufficient coverage for period of work?
- (c) Whether Bank Guarantee has been properly recorded and realized in case of default?
- (d) Whether genuineness of Bank Guarantee has been confirmed as per prevailing rules by the issuing bank and verified on SFMS platform?

**10.8 Central Excise Duty (CENVAT CREDIT): Checking for-**

- (a) Central Excise Duty (CENVAT CREDIT) remaining unutilized and reason thereof.
- (b) Proper records of Excise Duty are maintained as per rule.
- (c) Reconciliation of Central Excise Duty (CED) billed with (CED) paid/adjusted.

**10.9 Checking of payment vouchers on test check basis.**

**10.10 Gratuity claims amount received from LIC as per One Year Renewable Group Term Assurance (OYRGTA) policy and checking thereof:**

- (a) Whether claim for reimbursement has been lodged with LIC in time following the month of payment of gratuity to employees, if not report thereof?
- (b) Whether reimbursement from LIC has been received timely and paid to the authorized nominee of deceased employee, if not report thereof.

**10.11 Checking of legal bills whether paid as per schedule of legal fee to the empaneled advocates.**

**10.12 Report on Trade Payables outstanding more than 3 months.**

**10.13 To verify that supply order /work order are signed by the authorized officer empowered and verified with the specimen signature of these official.**

**10.14 To check that the cashier is authorized to operate cash has been appropriately covered by Fidelity Guarantee Insurance and adequate Insurance for cash-in-safe & cash-in-transit is taken.**

**10.15 To check that the amount of laptop/tab value (WDV) with perquisite tax has been realized from the executives on superannuation/ resignation/ termination.**

**10.16 To check that the relevant rules and regulations are followed on implementation of GST, as and when the law will come into force.**

**10.17 LOG BOOKS OF VEHICLES**

(a) To check that the log books are maintained properly giving relevant details such as the places travelled, purpose, meter readings, fuel filling etc. signed by the driver and the Authorized person.

(b) To check that the recoveries have been made for use of vehicles for personal use.

**10.18 Air Tickets**

(a) Whether booking in respect of Air tickets is done on the basis of requisition slip duly approved by the competent authority?

(b) Whether the bill of service provider (Traveler Agent) is passed as per terms & Condition of the contracts?

**10.19 Booking of Hotel Accommodation**

(a) Whether booking of accommodation is done in the empaneled Hotel and as per entitlement of the person concerned?

(b) Whether the bill of Hotel is passed as per terms & Conditions of the contracts?

**10.20 Vehicle:**

Whether hiring of vehicle is done as per terms & Conditions of the Contract?

Whether bill of service provider is passed as per terms & Conditions of the contracts?

Whether insurance covered of the company owned vehicle is renewed in time?

**10.21 Leased Properties**

(a) To check that the lease rent is recovered as per the agreement.

(b) To check that the revision of rent is done on due dates and in time as per the terms of the agreement, if not to report.

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**11. PURCHASES:**

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a. Checking of Purchase orders placed are as per Purchase Manual and competent approval is taken and necessary formalities as per manual are complied with, if any deviation to be reported.

b. Report on repeat Orders placed, are based on orders placed earlier with proper tendering and other conditions governing the placement of Repeat Orders are complied with.

c. To check that no attempt has been made to split the tenders, to keep the value of the contract within the delegated powers of the approving authority, if any report thereof.

d. Checking of non-availability certificate and consumption pattern of last 3 years has been obtained from both Regional & Central Stores before raising indent for

- any material.
- e. Report on delay in placement of supply orders from the date of approval of indent beyond prescribed time.
  - f. To check that the material is received within the stipulated time; if not, whether liquidated damages have been imposed, if not report thereof.
  - g. Report on maintenance of records such as Tender Register, TCR files, Supply orders, Bill Passing Register, etc. are in order, in case of any discrepancy report thereof.
  - h. To check that the local purchases are made within the powers delegated to the approving authority. In case of local purchase, whether the materials purchased have been consumed immediately, if not report thereof?
  - i. To check if any advance payment is made to suppliers is as per the NIT/Order and has been adjusted as per the terms of advance payment. Any outstanding for a long time; list of such advances (separately for P&M and Spares) with age and reason for non-adjustment is to be reported.
  - j. Checking of Modules Orders placed for rehabilitation of equipment/HEMM. Also to check that the spares/ materials received are utilized for particular rehabilitation of equipment/HEMM, any discrepancy to report.
  - k. Checking of procurement of centralized items at Area/ Project/ HQ is done with proper justification and with the approval of competent authority.
  - l. Checking of deletion or insertion of terms and conditions in the standard NIT, whether proper justification has been recorded and competent approval has been obtained.
  - m. To check that the e-tenders are floated and reverse mechanism has been followed.

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## **12.STORES**

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- a. To check & verify proper maintenance of records such as Day Book, Stores Receipts, Issue Voucher, Kardex posting, Store Return Voucher, etc. To check that the entries are made on daily basis in computer system. In case OMMS (On line Materials Management System), all entries are made immediately to check and report.
- b. Physical verification of certain items of stores at random and basis of sample size and report the exception, if any.
- c. Checking of claims lodged for receipt of short material and damaged material and

whether settled, pending such cases to be reported.

- d. a) Checking of non-moving and slow-moving store items and to check the details thereof has been circulated to other Areas and Headquarters for gainful use at other places.
- b) Material purchased on local purchase basis, and not consumed within one month is to be reported and also to check that the items purchased frequently through “Local Purchase” are covered in Material Budget.
- e. Checking of records maintained for scrap & disposal thereof.
- f. Checking of relevant records of Charge-off Stores & spares lying for a period exceeding 3 months and to check that the charge off stores is also recorded through OMMS (Online Material Management System). To check the records for transfer back of charge-off stores lying for more than 30 days to Regional Stores.
- g. Checking of reconciliation of materials issued from the Main Stores tally with received in the Charge-off Stores.
- h. Checking of reconciliation between Price Stores Ledger and Financial Ledger is done timely and accounted for quarterly/ yearly.
- i. To check that the obsolete stores & spares have been identified and accounted for.
- j. Checking of errors in Store ledger and report thereon.
- k. Checking of inspection reports on test check basis of material and the same is in conformity with provision in the Supply Order. List of those material lying in stores waiting inspection for a period exceeding one month.
- l. Checking of records of used tyres, battery and other recoverable items against the issue of new item.
- m. Checking of records of warranty spare parts/ spare parts provided with equipment is kept separately and proper record is maintained for the same.
- n. To check that all material received in stores is having material code.
- o. Checking of records of grounded/surveyed off vehicles that the De-registration of the same has been obtained from the RTO.

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### **13.SERVICE CONTRACTS AWARDED BY CONTRACT MANAGEMENT CELL OR BY ANY OTHER DEPARTMENT:**

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This covers coal transport, sand transport, hiring of pay loaders for loading of coal, hiring of HEMM, surface miner, drills, continuous miner, high wall for over burden removal and coal production, Mine Developer & Operator (MDO) contracts, hiring of vehicles, Turnkey basis contracts etc.

#### **13.1 COAL TRANSPORT**

- (a) To check that the CMC manual is complied with in finalizing relevant tenders of coal

transportation awarded by Contract Management Cell or by any other department.

- (b) Checking of route map of coal transportation, which is certified by IED as shortest possible route of transportation.
- (c) Checking of work order executed is as per the terms of contract and deviation of time/quantity has been approved by the competent authority and payment released is as per terms of contract/ work order.
- (d) Checking of monthly target quantity for transport and penalty for short fall, if any is recovered from the contractor as per the work order. In case waiver of penalty, the same should have competent approval.
- (e) Surprise checks are to be carried out during weighment of trucks/ tippers/dumpers and discrepancy, if any, to be reported.
- (f) Checking of monthly reconciliation of coal transported with Dispatches + Closing Stock – Opening Stock and also to check re-handled quantity, if any.
- (g) To check the quantity re-handled and approval of competent authority.
- (h) Checking of records maintained at weighbridge e.g. Gate Pass, Bill, MB, Bill Passing Register etc. on test check basis.
- (i) Checking of bills of transporters and it is as per the terms and conditions of the work order and based on the certificate of the concerned authority regarding satisfactory performance and to check that all recoveries such as Security Deposit, Income Tax etc., have been made correctly.
- (j) Checking of escalation/de-escalation is calculated correctly and the same is adjusted/ paid to the transporter, any delay more than one month to be reported.
- (k) Checking of reconciliation of coal transported from quarry and coal received at dispatch point.
- (l) Checking of records of coal transportation done by both departmental and contractual means from the same mines and to check that separate identification of the quantity transported by both the means has been made.
- (m) To check that the GPS (Global Positioning System) installed in all the Trucks/ HEMMs deployed in the mine is operating effectively and monitored, if not report thereof.

### **13.2 SAND TRANSPORT**

- a) To check that the CMC manual is complied with in finalizing relevant tenders of sand transportation awarded by Contract Management Cell or by any other department.
- b) To check the total quantity transported is within the awarded quantity and prior approval of competent authority has been obtained for any excess quantity and approval of competent authority has been obtained for excess in the value of work on



account of price escalation.

- c) Checking of reconciliation statement (reconciliation of receipt quantity and dispatch quantity)

(Opening stock of sand+ Sand transported from River / Stock to Bunker – Sand stowed) = Closing stock of sand.

- d) Checking of book stock with physical stock of sand and any difference to report.
- e) Checking of records of Sand stowing and also to check that the claim for sand stowing has been made regularly.
- f) Checking of sand stowing ratio and comparison with norms and variance if any to report.
- g) Checking of Shortest route for sand transportation has been identified by a Committee and approved by the competent authority.

### **13.3 Hiring of HEMM for OB Removal**

- (a) To check that the CMC manual is complied with in finalizing relevant tenders of OB Removal awarded by Contract Management Cell or by any other department.
- (b) To check that the estimate is supported with shortest lead certificate, non-availability of departmental capacity.
- (c) To check and report on contracts of time and quantity extension granted and reasons thereof and to report.
- (d) Whether there is any splitting of contract in terms of quantity/time to accommodate the tender value within specific delegation of power?
- (e) Whether Personnel Dept. certified regarding fulfilling requirement of labor laws specifically for correct wages and PF/CMPF?
- (f) No. of contracts extended for time / quantity and whether such extensions is supported with proper justifications.
- (g) Whether payment of escalation/de-escalation has been properly calculated?
- (h) Checking of initial and final measurement document of contractual OB removal.
- (i) Reconciliation with survey report and OBR reported.
- (j) Whether Uniform practice has been followed for acceptance / rejection of offers including the time period for such decision on test check basis?
- (k) OBR removed during the year with bill paid and reconciliation with physical measurement.
- (l) Checking of the closing advance stripping with Surveyor's Report.

- (m) Verification of OBR measurement and accounting. Verification of initial profile and final profile with the billed quantity for payment.
- (n) Whether Hindrance Register is maintained and updated for every Coal, Sandtransport and OB Removal contracts.

#### **13.4 Other Contracts:**

To check that the CMC manual is complied with in finalizing the relevant tenders and to check all other details while making the payment.

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### **14 CIVIL CONTRACT WORKS (CAPITAL & REVENUE)**

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It covers all construction works under capital head, revenue works and turnkey contracts etc.

- 14.1** To check that the Civil Engineering Manual / Contract Management Manual / Schedule of Rates are complied with in finalizing the relevant tenders.
- 14.2** To check that no attempt has been made to split the tenders to keep the value of the contract within the delegated powers of the approving authority.
- 14.3** To check that the works awarded have been completed within the scheduled time, if not to check that the competent approval is taken for time extension.
- 14.4** To check that there is no failure on part of the management, due to which the work could not be completed in time resulting in escalation of value of contract.
- 14.5** To check that for completed works, final bills have been prepared in time and accounted for. To check that the details of running and final bills are recorded in the Measurement Book (MB) and any material issued to the contractors has been recovered. Test check of MB with bills. To report where final bills are pending for completed work for more than 3 months. To report for capital works in progress after the completion of work period as per contract.
- 14.6** To check and report for abnormal variations in quantities as per estimates of awarded work.
- 14.7** To check that the advances, if any paid against contract are adjusted as per the terms of the contract and in case interest bearing, correct interest has been recovered from the contractor.
- 14.8** To check that the payments have been made as per the terms and conditions of the work order and on the basis of satisfactory performance as certified by the concerned authority; whether recoveries towards security deposit, secured advance, income tax, etc. have been made correctly.

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## **15. ESTABLISHMENT**

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### **15.1 MANPOWER**

- (a) To check the reconciliation of manpower on roll and manpower paid as per Pay-sheet.
- (b) Checking of fixation of basic pay on promotion, revision of basic pay in disciplinary action, subsistence allowance and other allowances sanctioned time to time and pay fixation of new recruitments etc.
- (c) To check the details and documents submitted by the new recruitments executives/non-executives.
- (d) To check the complete records for employment given to land oustees and suitable compensation paid as per the statutory requirement eg.CIL R&R Policy/State Level Policy.
- (e) To check that on death and in medical unfit cases whether competent approval is taken before giving the employment.
- (f) To check the records of vacancies to be filled up by promotion of existing employees and report thereof.
- (g) To check the records of transferred employees as transferred and not released and report thereof.
- (h) To check the cases of retirement on medical ground and female VRS and to check that the competent approval is obtained.

### **15.2 FORM B:**

- (a) Whether photographs of the employees have not been affixed and attested?
- (b) Whether Form B has been signed by the employees and countersigned by the authorized person?
- (c) Whether date of birth and all other columns have been filled up?
- (d) Whether there are any discrepancies in the date of birth of the employees with regard to Service Records?
- (e) Whether any case is pending for age or qualification dispute

### **15.3 ATTENDANCE (FORM C AND D)**

- (a) To check that the Bio-Metric attendance system is in operation and pay sheets are prepared after taking attendance directly through system and without manual interference, if any to report. If manual to check that attendance is marked daily and cross totaled are made in the attendance register. The attendance register is signed daily by the authorized person.
- (b) In case of Underground, cross-check the attendance with Cap Lamp Register.

#### **15.4 LEAVE RECORDS (FORM G AND H)**

- (a) To check that the leave records are maintained in the statutory format.
- (b) To check that the balances of leave are correctly carry forward and added for the current year as per eligibility, leave availed are correctly recorded.
- (c) Leave availed is supported by applications and duly sanctioned.
- (d) To check that the leave register is updated and corrected regularly and not once a month.
- (e) To check the instances where leave has been availed but having no leave balance.
- (f) To check the instances where leave has been availed but attendance is also marked and paid accordingly.
- (g) To check that balance leave given in Last Pay Certificate is as per leave record.
- (h) Quarterly Reconciliation should be done between leave balance mentioned in Pay slip and leave balance appeared in Leave records, any variance to report.

#### **15.5 OVERTIME AND REST DAY WORKINGS RECORDS (FORM I)**

- (a) To check that proper record for overtime is maintained, specifying the engagement of hours with reasons.
- (b) To check that the OT sanctioned is within the delegated powers.
- (c) To check that the OT/Rest Day wages paid have been duly sanctioned.
- (d) To check the instances where the employee was on leave / rest day but OT is paid.
- (e) To check the instances where employees have been engaged on over time continuously for more than eight hours.
- (f) To check that compensatory rest has been availed in all cases, if not to report.
- (g) To report for Variance in cost of normal overtime and Sunday / Holiday workings with Budget and previous year in terms of hours/days and financial.
- (h) To Report on Sunday deployment vs Normal deployment.

#### **15.6 L.T.C. RECORDS**

To check that the LTC/LLTC register is maintained properly giving all the relevant information like details of the employee, members of his family, age, address (updated time to time on receipt of applications from the employees for any changes), details of previous LTC availed, date & amount of advance taken and subsequent adjustment thereof etc. and to check the rates of fare are as per applicable rates of mode of travels.

### **15.7 SALARY & WAGES AUDIT:**

- (a) To check that the provisions of NCWA in case of non-executives and in case of executives -Executive Pay Revision are followed in preparation and payment of wages and salary.
- (b) System & transaction audit to be carried out on sample basis in respect of each element of salary & wages paid and to report weaknesses and deficiencies in internal control.
- (c) Checking of all deduction, recoveries and adjustments are made and reconciled e.g. CMPF, Family Pension and 2% Pension, HBA, conveyance loan etc.
- (d) Checking of pay fixation arising out of promotion/up-gradation, annual increment and stagnation increment and on implementation of NCWA and Executive Pay Revision as and when due. Also to check arrears arising out of such fixation/ revision.
- (e) To confirm that discontinuation of billing of departed employees is made in the same month and no payment through system is generated thereafter.
- (f) To check fall back wages, whether the competent approval has been obtained.
- (g) To check that the all terminal benefits have been settled and paid to superannuated/ resigned employees, any pending case to report.
- (h) Whether a Memo of Difference (reason for head wise difference of salary with reference to previous month) by the system department and checked by the finance dept.
- (i) Whether employees have necessary approval for joining after long absenteeism, if not to report.
- (j) Checking of register for recovery of rent and reporting on outstanding amount.
- (k) To check the records relating to occupancy of quarters and rent is recovered as per rule of the company.
- (l) Unauthorized occupancy of company accommodation, if any, should be reported.

### **15.8 ADVANCES TO EMPLOYEES**

- (a) To check that the advances are adjusted and in case of recovery the same is regularly done, no second advance unless first one is adjusted.
- (b) To check the schedules of advances under various heads duly tallied with the balances of General Ledger.
- (c) To check that the Debit Memos for the Transfer TA and other advances for the transferred employees have been issued timely to the place of transfer and recorded in the LPC.
- (d) List of advances (other than House Building and Conveyance advance) outstanding for

more than three months, more than 6 months, more than 1 year, more than 2 years with  
Date of advance & reason for non-adjustment.

- (e) To check that the interest on House Building and Conveyance advances has been calculated correctly and recovered regularly.

### **15.9 OTHER PAYMENTS**

- (a) Checking of other expenditures like TA, Transfer TA, LTC, Medical reimbursement, medical reimbursement to retired employees under CPRMS etc. has been made as per the relevant circulars of the company and if any irregularities to be reported.
- (b) To check the Performance Related pay (PRP) is calculated correctly and paid similarly production incentive if any.

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### **15.10 OUTSIDE REPAIRS**

- (a) To check that major outside repair has been resorted after obtaining “No objection Certificate” from concerned Regional Workshop/Central workshop.
- (b) To check that the relevant manuals are complied with for awarding such works.
- (c) To check that the proper records is maintained for all such works e.g. details of work order, bill passing details, deductions etc.
- (d) To check that the equipment/ machines sent for repair have been received in time and if any delay more than three months to report.

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### **15.11 STATUTORY PAYMENTS & RETURNS**

- (a) Verification of receipts/acknowledgements for the payment of statutory dues like Income tax, Sales tax, Royalty on coal and sand, Stowing, Excise Duty, Road tax, Insurance etc.
- (b) To check that the statutory dues have been deposited in time and reconciliation of collections/receipts as the case may be and payments of statutory levies and if any penalty due to late payment to report.
- (c) To check that all Statutory Returns have been filed in time, in case not complied to report.
- (d) To check that all statutory deduction made from the bills of contractors are deposited to the appropriate authorities within the time schedule like PF, ESI etc.
- (e) To prepare a status of old pending cases at various levels and report on action being taken/necessary including suggestion on how to ensure that litigation is reduced.

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### **15.12 CORPORATE SOCIAL RESPONSIBILITY EXPENSES (CSR):**

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- (a) To check the activity-wise budget and actual expenditure under Corporate Social Responsibilities (CSR).
- (b) To check that works undertaken under CSR are within the allocated budget and also as per CSR policy of Coal India Limited.
- (c) To check and report unspent amount and also to check that the works undertaken by outside agencies, utilization certificates are received in time.
- (d) To verify the CSR spent including physical verification of outcome as well as sample cases to verify the genuineness of expenditure incurred and assets created. Also whether conditions laid are being followed or need revision.
- (e) Report age analysis and reasons for time over run and action required.

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### **15.13 MINE CLOSURE PLAN EXPENDITURE (MCP)**

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- (a) To check the progressive mine closure expenses are identified and charged to a separate head of account.
- (b) To check that the amount is withdrawn from Escrow account at the interval of every five years for the expenditure incurred for mine closure.
- (c) To check that proper record is maintained for mine closure expenses.

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## **16 SYSTEM**

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- (a) To check that A.M.C exists to protect the hardware and software installed.
- (b) To check that all software installed are fully utilized, if not to report.
- (c) To check that the company is having approved IT strategy/plan.
- (d) To check the existing software in the operation are fully utilized e.g. financial accounting, sales accounting, personal information, pay roll, material/inventory management etc.
- (e) To check the areas, where the inbuilt check exists in the computer environment and needs to be reviewed.
- (f) To check the document retention policy to eliminate the problem of extracting information from computer file due to lack of back up of past records, exists or not.
- (g) To check that a system of proper documentation of software program exists.
- (h) To check that corrections made in master data are done by authorized person and complete record centrally in computer department is being kept and having the approval of head of System department.
- (i) To check that the backup of data is being taken regularly and kept as per the policy of the company and carried out by the designated and authorized employees.

- (j) Whether there is a system of identifying and disposal of e-waste?
- (k) To check the verification of creation of master records of employees transferred in /newly joining during the month & elimination of master records of employees, who have left the organization during the month on account of transfer, retirement, resignation, death, dismissal, removal, etc., if not to report.
- (l) To check the anti-virus software is installed and working effectively.
- (m) To check schedule of authority (SOA) and ensure that the delegated has sufficient control for discharging his responsibilities.
- (n) To check and ensure that hardware access control have fully been implemented so that remote user has proper authority to see, create & delete data and confidential/ payment related data, if shared, are encrypted or not, if not to report.
- (o) To check and report the existence of software password control along with periodic modification are in operation.
- (p) To check the existence of disaster recovery and business continuity plan along with periodic testing and review of the procedure.
- (q) To check the existence of software base control to block the access immediately after cessation of service like superannuation/ dismissal/ death/ termination etc.

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## **17 FIXED ASSETS**

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- (a) Checking of Fixed Assets Register having all required details e.g. Quantity, unit, Location, Identification Number, Original Cost, Date of Capitalization, Life of the Assets, Rate of Depreciation, Depreciation for the year, Additions, Deletions, Accumulated Depreciation, WDV etc.
- (b) To check that the Physical verification of fixed assets has been carried by the management during the year and discrepancies, if any observed have been accounted for.
- (c) Verification of title deeds of Lands. Whether title deeds of immovable properties are held in the name of Company?
- (d) To check the reconciliation of balance as per Fixed Assets Register and General Ledger and report for any difference.

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## **18 HOSPITAL / DISPENSARY**

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- (a) To check the receipt of the medicines and issue is recorded properly.
- (b) Physical verification of medicines and other related material on test check basis with a



sample size and to tally with the book stock, any deviation to report.

- (c) To check the record of expiry medicines with reference to date of purchase, if purchase is within three months, to report, also to check the disposal thereof with the approval.
- (d) To check the equipment purchased and not installed within three months.
- (e) To check and to report on the brake down of major equipment and that Annual Maintenance Contract exists or not.

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## **19 Central/Regional Work Shops**

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- (a) To check the records of shop wise, for expenditure incurred during the month/ quarter.
- (b) To check the jobs undertaken and completed within scheduled time if delay for more than two months to report.
- (c) To check that the work undertaken by the workshop after obtaining formal work order.
- (d) To check that the material received and used for repairing of the machine / equipment is accounted for.
- (e) Physical verification of stores and spares on test check basis to reconcile with the book stock, any deviation to report.
- (f) To check that the proper record is maintained for surveyed off equipment at workshop with the disposal.

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## **20 Central Internal Auditor of HQ**

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- (a) To review, monitor and compile the internal audit reports of all the Areas.
- (b) To prepare the overall Exception Reports considering all the Areas.
- (c) To arrange for making necessary presentation to the Audit Committee of observation/findings based on risk assessment in consultation with GM/HOD (Internal Audit) of the company.

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## **21 Core Area in the Scope for Monthly Reporting**

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SI.NO.	SI.NO. as per above Scope	Particular
(a)	1.	Coal Production and OB Removal
(b)	2.	Sales & Marketing

( c)	4.	Productivity,
(d)	5.1	Manpower
(e)	5.2	Machines (HEMM, CHP, SDL, LHD, CM, Surface Miners, High Wall Equipment, Power Support Longwal etc.)
(f)	6.	Explosives
(g)	10.	Finance
(h)	15.3.	Attendance ( Form C and D)
(i)	15.5.	Overtime and Rest Day Workings Records (Form I)
(j)	15.7.	Salary & Wages Audit
(k)	15.11.	Statutory Payments & Returns
(l)	18.	Hospital / Dispensary
(m)	19.	Central / Regional Work Shops

The Monthly Reporting requirement will be on the basis of the core area mentioned in point no. 22 above of the scope, however, the Quarterly Report will be based on the entire Scope.

**Note: Any other matter, considered significant, may be inserted in the scope of audit from time to time by the Auditor Management.**

## **ANNEXURE - B**

### **TERMS OF REFERENCE OF INTERNAL AUDIT FOR CIL AND ITS SUBSIDIARIES.**

The terms and conditions for conducting Internal Audit in CIL and its Subsidiary Companies are recommended hereunder: -

The Institute of Chartered Accountants of India (ICAI) has issued Standards on Internal Audit (SIA). The Internal Auditors shall follow these Standards to the extent applicable in the matter of Planning, Audit Procedures (Sampling, Analytical Procedures etc.), Documentation and Reporting. The Internal Auditor is expected to apply his judgment to decide the applicability of these standards w.r.t. scope of work and reporting requirements.

#### **A. AUDIT TEAM**

1. A practicing Chartered Accountant or Cost Accountant or a firm of Chartered Accountants / Cost Accountants registered with the Institute of Chartered Accountants of India / Institute of Cost Accountants of India, appointed to conduct Internal Audit should depute audit team in the HQ/ Area/Units.
2. The Audit Team should consist of one qualified CA/CMA and three Inter CA(IPCC) / Inter CMA semi qualified assistants
3. Normally the composition of audit team should not be changed. However, under certain circumstances beyond control of the Audit Firm, if the same needs to be changed in any manner, it may be done under intimation to GM/HOD (Internal Audit) of the concerned Company (subject to verification of credentials of the new incumbent to be sent alongwith the intimation with photo proof of qualification, PAN card, Aadhar card and a brief profile). The audit team members should carry Photo ID issued by the Audit Firm duly attested by the CGM/GM of the Area or GM/HOD (Internal Audit) of Subsidiary / CIL(HQ) as applicable.
4. The Internal Audit Team should visit place of Audit i.e. HQ/Area/Units every month and conduct Audit at least 18 working days in a month. The attendance of the team members will be maintained by the HQ/Area/Unit.
5. The Partner of the firm or a senior Chartered Accountant / Cost Accountant with minimum 5 years post qualification experience should visit at least for two days in a month, to guide the Audit Team and hold discussions with the Management.
6. The Audit team will conduct the audit as per Compendium of Standards on Internal Audit issued by The Institute of Chartered Accountants of India and in consultation with Internal Audit Department at HQ / concerned officials at Area/Unit. It is important also to ensure that all aspects are reviewed from proprietary angle and all expenses, cost and revenue need to be examined from this angle. The policy decisions of the company and procedures adopted should be reviewed and commented upon including changes suggested. The internal controls, delegation of powers are to be regularly

monitored for compliance as well as appropriateness. The various management decisions adversely impacting profitability or wastages of resources are to be brought in the report.

7. The audit team shall functionally submit their report to CGM/GM/ In-charge of the Area/Unit and in case of Head Quarter to GM/HOD (Internal Audit). It will be important for the internal Auditors to prepare an executive summary of all material points and send a copy of the same along with the report. A copy of the Executive summary will be sent to the Chairman Audit committee of respective company as well as Audit Committee Chairman of the Audit Committee of Coal India Limited for being considered by the Audit committee.
8. **Confidential Report:** The Internal auditors are also advised to bring all cases of revenue leakage, excessive or unreasonable expenses, misuse of powers, favours or disfavours having financial impact, fraud on the company or by the company, improper awarding of contracts, theft, unlawful or un professional activity or activity beyond the ethical boundaries or any other aspects without any limitation of any kind where interest of the company or any stake holder is getting adversely affected. Such report will be dealt with in a confidential manner and actions will be initiated without any reference to the source. The secrecy in terms of Official Secret Act will be followed by all concerned about such report and will be shared only on need to know basis. A copy of the confidential Report will be sent to the Chairman Audit committee of respective company as well as Audit Committee Chairman of the Audit Committee of Coal India Limited for being considered by the Audit committee.
9. The number of Audit firms may vary according to the number of mines, Manpower, Production and Dispatches of a particular Area/ Project as decided by the management.

## **B. SCOPE OF WORK**

1. The audit team will conduct audit concurrently on month to month basis, through out the year, as per the Scope of work.
2. The auditor should comment in respect of the following points:
  - i. Systems & Transactions.
  - ii. 'Report of Exception' on the 25 points, approved by CIL Board and as modified from time to time. This do not limit the scope of Audit and full detailed audit will be undertaken to ensure efficiency, efficacy, effective internal control, risk management, plug leakage of revenue, check excessive expenditure, matters and actions beyond powers or against the interest of the company.
  - iii. Matters contained herein and as may be advised by the company from time to time.
  - iv. Action Taken Report (ATR) on previous Audit Reports. In case any material issue is not getting addressed the internal Auditors shall interact with the CMD and/or relevant Functional directors and General Manager in charge of the respective matter and to prepare their reports and ATR accordingly. Comment and recommendations for improvement in the systems.

- V. Any other matter, which may be required during the course of audit besides as prescribed in terms of internal Audit standards of ICAI and under Companies Act, 2013. with respect to Internal Audit.

## **C. AUDIT REPORT**

1. **Monthly Report:** The Audit teams shall discuss their observation and findings with the CGM/GM/AFM/Associate Finance at Area/Unit after completion of audit for the month before submission of their report. Current month as well as unresolved observation of the previous month/ period shall also be brought before the management. The audit team shall submit their monthly report to the Head of the Area/ Unit and in case of HQ, the report shall be submitted to GM/HOD (Internal Audit). Reports shall be submitted in two sets. Monthly report is to be submitted within fifteen days of the following month. A soft copy of all reports except confidential report shall always be provided.
2. **Quarterly Report:** The Auditor shall also submit quarterly report in respect of unresolved observations/ findings with the management's replies/comments and the same shall be submitted to the following and to be submitted within twenty-one days of closure of the quarter:
  - i. Head of the Area/ Unit.
  - ii. GM/HOD (Internal Audit) of respective Subsidiary Company.
  - iii. GM/HOD (Internal Audit) of Coal India Ltd.A meeting with the top management of the company and all the internal Auditors will be held to discuss a power point presentation to be made by the concerned Auditors' including flow chart based presentation of the issues every 6 months unless the internal auditors request for an earlier meeting to discuss any important or serious issue. This PPT will form part of the executive summary.
3. **Annual Report:** While submitting the report of last quarter of the financial year an annual compliance closure report consisting the unresolved observations/ findings for the previous three quarters shall also be submitted to the management as per above (Column no.2) and to be submitted within twenty-one days of closure of the financial year.
4. **Flash Report** should be submitted by the Internal Auditor immediately on detection of any major irregularity in the course of audit, to CGM/GM of the Area/Unit/HQ. and GM/HOD (Internal Audit) of Subsidiary/CIL.
5. **Special Report:** In case of persistent Non-compliance with standard Operating Procedures by the management or serious lapses coming in the knowledge of Internal Auditor, the firm should submit a special Report to CMD of the respective subsidiary company and a copy to the Chairman, Coal India Ltd.
6. **Report on Fraud:** Internal auditor is to be entrusted with the task and responsibility of ensuring identification of all material or minor frauds as well as large material errors. The audit programme should be so designed so that a clear focus on these aspects and proprietary aspects is given as per best of the ability of the Audit team. All such aspects are to be included in the confidential report to be submitted to Chairperson of the Audit Committee of the concerned company as well as to Chairman Audit Committee, Coal India Limited in a close cover marked as secret. The management will ensure the secrecy of such report and source identification and will fully protect the reporting

Auditors. This is as a sequel to the current scenario in the matter of reporting on frauds under The Companies Act 2013 to strengthen the governance process.

7. **Reporting on Internal Financial Control (Including Operation Control):** The Internal Auditor should review of adequacy and effective operation of IFC as a part of the present scope of the Internal Audit.

The Internal Auditor should submit a certificate on adequacy and effectiveness of Internal Financial Control (including operation control) alongwith Annual Report.

8. The report will also include details of time spent by each person and partners for examining adequacy of fee in future determination. The attendance is not the key aspect. It is the deliverables quality which will be important for continuation of the assignment as the same can be withdrawn by the respective audit committee in case of inadequate quality after providing a chance of being heard. No official at any level will be permitted to impact the independence of the internal Audit. Any non-cooperation by any specific official or person can also be included in the confidential report and where appropriate in the special report.

Internal Audit Report should be signed by the partner of the Firm mentioning Name of the Partner, Membership No., and Firm Registration No.

#### **D. AUDIT FEE**

1. Monthly Audit fee ₹1,20,000/- (One lakh twenty thousand) per team shall be paid. Applicable Taxes will be paid extra.
2. The audit team consisting of at least one qualified Chartered Accountant / Cost Accountant shall conduct audit for minimum 18 working days in a month and the Partner/senior Chartered Accountant / Cost Accountant of atleast 5 years post qualification experience is required to be present at-least two working days in a month for guiding the team, discussion and finalization of report with the management.
3. Travelling Allowance: Partner will be entitled for rail fare by AC 1<sup>st</sup> class or Air Fare by economy class, Qualified Assistance by AC 2<sup>nd</sup> Class and Semi-qualified assistant by AC 3<sup>rd</sup> class on submission of proof of journey, for to and fro journey undertaken once every month. For this purpose, journey will be considered from the firm's nearest office given in the profile to the place of audit. In case of journey by mode other than rail, TA will be limited to entitled class or actual fare, whichever is lower, subject to production of documentary evidence.
4. The Company will provide a good quality boarding, Lodging and local transport facility to the Audit Team and Partner.

#### **E. PAYMENT OF INTERNAL AUDIT FEE.**

The bills for conducting internal audit and TA bills will be paid on monthly basis based on the attendance of the audit team and submission of its reports.

The paying authority in case of Area / unit will be Area Finance Manager of respective Area/ Project and in case of Head Quarter General Manager (Finance). The bill in duplicate, duly certified by the respective Area/unit and in case of head quarter

GM/HOD (Internal Audit) in respect of receipt of reports and attendance, shall be submitted for processing of the bill and payment.

**F. GENERAL TERMS AND CONDITIONS.**

1. The Audit Firm must not sub-contract the work. Only partners of the firm or employees or qualified associates whose bio data is provided at least 7 days in advance can take up the audit. The firms will have to declare that they are not related in any manner whatsoever with any existing or past Audit firm or past and present employee of Coal India or any of its subsidiaries or Directors or any person who is employed with Government of India. Past association upto last 3 years of personal or financial or any other association of any kind now or in last 3 years is prohibited. The firms trying to approach any person connected with the appointment directly or indirectly will be debarred as the selection will be based on 5 minutes presentation by shortlisted firms before the Audit Committee about their proposed approach to audit and about their special expertise and past achievements and their profile and credentials to be informally checked by Coal India special team.
2. The audit team will work in strict confidence and will ensure that the information in respect of the operation of the Area/Unit is dealt in strict confidence and secrecy. A Certificate towards maintaining confidentiality is to be provided by each member of the Internal Audit team before commencement of Audit.
3. The members of the audit team should be in employment of the firm or professionally engaged for specialized review, in a transparent contract (without financial terms disclosure) to be shared and approved by the respective company based on special expertise or experience of such person.
4. If progress/performance of the audit team is not satisfactory, the management reserves the right to terminate the appointment of the Firm with prior notice of one month.
5. Dispute/difference, if any, shall be mutually settled with CGM/GM of the Area/unit/HQ. If the dispute could not be settled at CGM/GM level, it will be forwarded to the CMD for decision, which will be final and binding to all concerned.
6. The Internal Auditor of the Area must visit the mines in the Area, at least one mine in a month. The company officials will fully facilitate the visit.
7. GM/HoD (Internal Audit) of the company shall convene a meeting, in every quarter, of all Internal Auditors of the company to discuss the Audit Report and its compliance.
8. The appointment of the Audit Firm will be for the year 2017-18 and may be considered for renewal in the subsequent years 2018-19 and 2019-20 based on satisfactory performance of the Firm. In case of renewal of the appointment in subsequent year the present place of audit of Area/ Unit may be changed except in case, where the unit is situated in a place where it is not feasible due to place constraint.

9. The Internal Audit Assignment will be terminated and the audit firm will also not be considered for renewal of appointment for Internal Audit in CIL and its subsidiaries, in the following cases:
- i. If the firm obtains the appointment on the basis of false information/false statement.
  - ii. If the firm does not take up audit in terms of appointment letter within one month.
  - iii. If the firm does not submit the Audit Report, complete in all respect, in terms of appointment within stipulated time.
  - iv. If performance of the firm is not found satisfactory.
  - v. If any fraud / embezzlement is detected subsequently and not reported by Internal Auditor.
  - vi. If a firm is appointed as an Internal Auditor in CIL or any of its subsidiaries, neither the firm nor any other firm or partners related in any manner will not be appointed as Internal Auditor in any other company in the CIL group.

Note1:

The Company also reserve the right to appoint one of the firm working in the internal audit in a subsidiary as the lead firm who will be also performing the job of consolidating all audit reports including executive summary (excluding confidential report and special report) for the company as a whole and will be awarded in addition to the fee as per terms additional fee of 50% of their fee for the same. Similarly, one lead internal Auditor will be appointed for CIL as a whole to consolidate the reports of all the consolidated reports of all the companies and will be paid a remuneration equivalent to 50% of the fee as additional fee for consolidation.

Note 2:

The criteria for short listing will be confidential as these are more of professional judgement based on several parameters as may be decided in consultation with the Audit committee and cannot be questioned by any person.

Note 3:

The term "firm" will also include a proprietary firm and will also have the meaning as assigned to it in the Indian Partnership Act, 1932 and a partnership as defined in the Limited Liability Partnership Act, 2008 with a minimum experience of at least 10 years with having adequate qualified partners and full time qualified employees and Article trainees / semi qualified employees ( a self- certified profile will be provided by all firms clearly indicating their manpower, office infrastructure, software, hardware and other resources. The experience details including any specialized expertise may also please be provided as certified by the main partner of the firm who should be available at the time of presentation and who undertake to ensure supervision of the quality of delivery of the assignment throughout the audit. No existing firm of internal auditors or any one related to them in any manner can be appointed.

Note 4:

CIL reserve the right to check the details and to ask for supporting evidence at any time.



Note 5:

Disqualification of Auditor as per section 141(3) of the Companies Act 2013 will be applicable .

### Annexure –C

<b>Selection criteria for engaging Internal Auditors for CIL and its Subsidiaries</b>			
Sl.	CRITERIA	BASIS OF MARKS	MAXIMUM MARKS
1	Experience of the Firm: Shall be reckoned from the date of joining of an existing partner with the Firm and having the longest association with the firm.	1.5 mark per year (fraction of the year to be ignored)	15
2(A)(i)	Number of full time partners/ full time qualified persons having more than 5 years' experience in practice in the firm/Limited Liability Partnership who is in the firm as on 01.01.2016 and continuing thereafter.	3 marks for each partner/person who is ACA/ACMA. 4 marks for each partner/person who is FCA/FCMA.	25
2(A)(i)	Number of full time partners/ full time qualified person having more than 5 years' experience in practice in the firm/ Limited Liability Partnership having DISA/CISA who is in the firm as on 01.01.2016 and continuing thereafter.	2 marks for each partner/person having DISA/CISA	5
2(B)	Association of the full time Partner/ full time qualified person with more than 5 years' experience in practice with the same firm (who is in the firm as on 01.01.2016 and continuing thereafter).	4 marks for each partner/person above 20 years.  3 marks for each partner /person above 15 years.  2 marks for each partner/person above 10 years.  1 mark for each partner/person below 10 Years but above 5 Years.  (fraction of the year to be ignored)	10
3.	Number of full time qualified assistants who is an ACA/ACMA having experience of 5 years or less and is working with the firm as on 01.01.2016 and continuing thereafter.	1.5 marks for every qualified assistant	10
4	Number of full time semi-qualified assistants (Inter Cost/ Inter Chartered - IPCC - both group) & is working full time with the firm as on 01.01.2016 and continuing thereafter.	0.75 mark per semi-qualified assistant	5

5	Experience of the firm in conducting Statutory/ Internal Audit in PSU/Govt. Companies/ large companies with turnover of at least Rs. 100 crore during the last 10 years.	2 marks per year of audit.	20
6(A)	Audit firms having Registered Office / Branch Office within the state as on 01.01.2016 and continuing thereafter, in which company headquarter is situated or having its mining operation. Or		10
6(B)	For North Eastern Coalfields, Margherita, Assam (A unit of Coal India Limited): Audit firms having Registered Office / Branch Office, as on 01.01.2016 and continuing thereafter, within Assam. Or		
6(C)	For New Delhi Office (A unit of Coal India Limited): Audit firms having Registered Office / Branch Office, as on 01.01.2016 and continuing thereafter, within National Capital Region, Delhi.		
TOTAL MARKS			100

Note:

1. In case of tie in the marks scored, firm having seniority w.r.t. "Experience of the Firm" (As per SI. No. 1 of Selection criteria.), will be preferred.
2. A firm which had been appointed as Internal Auditor in Coal India Ltd (CIL) or any of its Subsidiary companies and served a term of three years (i.e. F.Y. 2014-15 to 2016-17) would not be considered for appointment of Internal Auditor for next term from F.Y. 2017-18 onwards in CIL and its subsidiaries.
3. A firm, which has been removed from internal audit assignment from CIL or its subsidiaries during F.Y. 2011-12 to F.Y. 2016-17, or have been held guilty by the ICAI Disciplinary process in the last 10 years or who is under investigation or has been charge sheeted or punished for any legal default with imprisonment will not be considered for appointment of Internal Auditor for next term from F.Y. 2017-18 onwards in CIL and its subsidiaries.
4. The selection finally will be based on professional judgment of the appointing authority having 50 marks based on various professional parameters as may be considered appropriate by the selection authority including infrastructure of office, approach towards audit, usage of specialized audit tools and methodology, professional approach of the main partner and commitment to excellence based on interaction as may be judged and cannot be questioned in any manner and will be strictly confidential. Any attempt to question the selection will be considered as solicitation of assignment and will be referred to ICAI for Disciplinary process. Short listed candidate shall be asked to give a 5 minutes' presentation to the Audit Committee of the concerned company for its consolation.

