

# **JHARKHAND STATE BEVERAGES CORPORATION LIMITED**

## **EMPANELMENT OF CHARTERED ACCOUNTANTS FIRMS FOR ASSIGNMENT OF INTERNAL AUDIT**

# JHARKHAND STATE BEVERAGES CORPORATION LIMITED

EMPANELMENT OF CHARTERED ACCOUNTANT FIRMS (PARTNERSHIP/ LLP / SOLE PROPRIETORSHIP FIRMS) AS INTERNAL AUDITORS FOR THE YEAR 2017-2018 INTERNAL AUDIT OF RETAIL LIQUORVENDING SHOPS DEPOT OFFICES, HEAD OFFICE OF THE CORPORATION.

Applications are invited from Chartered Accountants (Partnership/ LLP / Sole proprietorship firms) registered with the Institute of Chartered Accountants of India (ICAI) who intends to be empanelled with Jharkhand State Beverages Corporation Limited (hereinafter referred to as JSBCL) for appointment as Internal Auditors for the year 2017-2018.

## 1. MINIMUM ELIGIBLE CRITERIA

- 1.1. The Head Office/Branch office of the Firm must be located at Jharkhand.
- 1.2. The standing of the Firm must be 5 years or more as per ICAI Firm Constitution Certificate.
- 1.3. Only those Individual Chartered Accountant or firm of CAs who have applied in response to our advertisement in the press and on JSBCL website [www.Jsbcl.in](http://www.Jsbcl.in).

## 2. AUDIT FEE

- 2.1. Rs1500 per month per retail vending shops whose turnover is less than Rs. 3000000 per month.
- 2.2. Rs2000 per month per retail vending shops whose turnover is more than Rs. 3000000 per month.
- 2.3. Rs 5000 per month per Depot Office
- 2.4. Rs 15000 Per month for Head Office

### Note:

- The abovementioned fee is exclusive of applicable taxes, if any.
- TA and DA will not be paid for reporting to Area for commencement of the audit and back.
- Boarding, Lodging and Local transportation will not be provided by the corporation.

EVALUATION CRITERIA

Sr. No.	Norms	Basis of Marks	Maximum score	Minimum score required
1	Year of establishment of the firm / sole Proprietorship	2 marks for Each completed year after 5	10	2
2.	Number of partner(s)/qualified assistant(s)	2 marks for each partner having ACA or qualified assistant having CA  4 marks for each partner having FCA	10	2
3.	Number of semi-qualified assistants (CA(Inter) for each semi-every 15 retail shops	1 marks for each semi qualified Assistant	10	4
4.	Experience in statutory/internal auditing Public Sector Enterprises (other than beverage companies)	1 marks for each year	10	2
5.	Number of year of experience in Auditing in Beverage Company.	5 marks for each year	20	5
6.	Whether the firm (including its branch) is located within the District or adjoining Districts for which expression of interest for audit is given by the firm	20 marks for within the district  10 marks for within the adjoining district	20	10
8.	Annual turnover of Individual Chartered Accountant firm	One mark for each lakh rupees	20	5

For selection of firms for empanelment on the basis of above evaluation criteria, Management's discretion is final and the Management reserves the right to reject any prospective applicant without assigning any reason whatsoever.

Note: -

- The CA Firms will furnish details of all these criteria while applying.
- CAFirms will also provide their latest certificate of firm constitution as on 01 st January of the current year issued by ICAI and their last 3 years I.T. (Income Tax) Returns duly acknowledged by I.T. Department. Firms not able to provide these documents will not be considered.
- Year of establishment of the Audit Firm supported by the copies of the latest certificates issued by the concerned Institute duly attested by Partner with the seal of the Firm.
- The detailed particulars of the Partners with specific mention of the Fellowship/Associateship of each Partner with the copies of certificates of the concerned Institute, duly attested by a Partner with the seal of the Firm.
- Number of qualified Assistants mentioning the Name, Qualification and Membership Number of the concerned Institute with the copies of the certificates duly attested by a Partner with the seal of the Firm.
- Number of Semi Qualified Assistants mentioning the Name, Qualification and student Registration number of the concerned Institute with the copies of certificates duly attested by a Partner with the seal of the Firm.
- Year-wise detailed experience of the Audit Firm in Internal/Statutory Audit supported with the attested copies of appointment letters which are already executed. Year-wise detailed experience of the firm in other PSUs/Schedule Bank for Statutory/Internal Audit supported with attested copies of appointment letters, which are already executed.
- The detailed address with Telephone/Mobile, Fax and E-mail address of the Registered Head Office of the Audit Firms along with its Branches in the State of Jharkhand.

The offers from the Audit Firms that are not supported with relevant document, as mentioned above and any form of misrepresentation made in respect of submitted documents will not be considered for appointment as Internal Auditor and no other correspondence in this respect will be entertained.

## SUBMISSION OF OFFER

1. Sealed offers, along with a soft copy in a Compact Disc(CD), are to be addressed and submitted to the Managing Director, JSBCL, at Ranchi on or before 4:00 PM 26.09.2017.
2. Offers should be submitted District wise
3. Only one offer can sent for one district.

## TERMS OF REFERENCE OF INTERNAL AUDIT

The terms and conditions for conducting Internal Audit, in JSBCL are recommended herein under: -

### (A) COMPOSITION OF AUDIT TEAM

- The Audit team should consist of one qualified and four semi-qualified assistants for auditing Head office/ Depot.
- The audit team should consist of two semi-qualified assistants for auditing retail shops subject to a condition that a partner of the firm should be directly audit of retail vending shops allotted.
- The firm should consist minimum four semi-qualified assistants {CA(Inter)} .
- Minimum of four personnel should be employed in audit in a day.
- The number of retail vending shops taken up for audit should not exceed eight in a day.
- The audit of Depot/Head office should be undertaken for the minimum period of five days.
- The Audit Team Members should carry Photo, ID issued by the Audit Firm.
- 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 with the approval of MD of JSBCL(subject to verification of credentials of the new incumbent).
- The Audit Team will conduct the audit as per Manual, rules & regulations, guidelines, instructions, delegation of power, etc. and in consultation with the concerned officials.

### (B) PAYMENT OF AUDIT FEE

- The payment of internal audit fee shall be made by the Corporate Office through online "Electronic Clearance System" and only after receiving a certificate from the concerned audit unit that the internal auditor has carried out the audit in accordance with the terms and conditions and instruction issued from time to time by the Corporate Office.

- Any delay over the scheduled dates in the submission of audit reports shall be liable for deduction of amount @ 0.5% per week from the total due payment to the firm. The decision of the competent authority (M.D.) of JSBCL in this regard shall be final.

### (C) AUDIT REPORT

- The internal auditing firm shall conduct the internal audit of Retail Vending Shops / MD office Depots under JSBCL, and submit the report on monthly basis, to the concerned office on or before the due dates as prescribed.
- Time is the essence for submission of audit report and submit the report both in hard copy and soft copy. The monthly audit report should be submitted within 20<sup>th</sup> of the subsequent month for e.g., *audit report for the month of August, 2017 should be submitted on or before 20<sup>th</sup> September, 2017.*
- The Audit teams after completing the audit for the month should discuss their observations / findings with Managing Directors / Depot Managers / other concerned officials before finalization of the monthly Audit Report.
- The findings of the monthly Audit Report together with earlier month points under compliance by the Management should be discussed with the said officials.
- The Quarterly Audit Report in respect of unresolved observations along with management replies / comments shall be submitted to MD of JSBCL.
- Flash Report should be submitted by the Internal Auditor immediately on detection of major irregularity in the course of audit to MD of JSBCL.
- The Internal Audit Report should be signed by the CA / partner of the firm.
- Audit Reports should be submitted as prescribed formats.

### (D) GENERAL TERMS AND CONDITIONS: -

- The firm should not sub-contract the audit work assigned to any outside firm or other persons even though such persons are qualified chartered accountants .
- If the 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.
- The appointment of the Audit Firm will be for one year at the first instance (the period starting from the date of appointment or as specified later).
- The Audit Firm will be debarred from getting in future the internal audit in JSBCL in the following cases: -
  - (1) If the firm obtains appointment on the basis of false information / false statement.
  - (2) If the firm does not take up audit in terms of appointment letter.

(3) If the firm does not submit audit report, complete in all respect in terms of appointment.

(1) Objectives of Audit:

Objectives proposed to be achieved through Internal Audit broadly are as under: -

1.1) To ensure that the Accounting and Financial Management Systems are reliable and effective in design and to assess the extent to which they are being followed.

1.2) To review the efficiency, adequacy and application of Accounting, Financial and Operating Controls and thereby ensure the accuracy of transaction/books.

1.3) To verify that the system of internal check is effective in operation in order to ensure the prevention of early detection of deficiency, misappropriation and misapplications, if any.

1.4) To identify the areas of significant inefficiencies, if any, in existing systems and to suggest necessary remedial measures.

1.5) To confirm the existing of financial proprietary in all operational activities and verify compliance to Government and statutory requirements.

1.6) The Chartered Accountant firm appointed for internal auditing would be fully independent, objective assurance and consulting activity designed to add value and improve JSBCL operations. It would basically by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

1.7) The internal auditing firm shall evaluate risk exposures relating to the Corporation's governance, operation and information systems, in relation to:

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- i) Effectiveness and efficiency of operations,
  - ii) Reliability and integrity of Financial and operational information,
  - iii) Safeguarding of assets and
  - iv) Compliance with laws, regulations and contracts.

1.8) Based on the results of the risk assessment, the internal auditing firm shall evaluate the adequacy and effectiveness of how risks are identified and managed in the above areas. The internal auditing firm shall also assess other aspects such as ethics and values within the organization, performance management, communication of risk and control information within the organization in order to facilitate a good governance process.

(2) Scope of work:

2.1) Statutory Compliance:

Review and recommendations on the system of deduction and timely deposit of statutory dues i.e. TDS, GST, etc. and timely deposit of relevant returns,

compliance of statutory laws i.e. Income Tax, GST, Service tax, Profession Tax and VAT etc.

#### 2.2) General Account:

Verification of Cash, Bank and Journal Vouchers to ensure that they are approved in accordance with laid down procedures and delegation on selective basis. Periodical review of General Ledger & Subsidiary Ledgers and Annual Financial Results.

#### 2.3) Income Recognition:

Control over billing and system & procedure of accounting to ensure timely and correct recording and compliance with Accounting Standards/Policies.

#### 2.4) Fixed Assets:

Procedures/systems for sanctioning and procurement. Assets registers to be verified. Verification of supporting vouchers etc. on test check basis, but the quantum of Test check carried out to be indicated.

#### 2.5) Loan and Advances:

Review of advances

#### 2.6) Cash/Bank:

Verification and reconciliation at periodical intervals on test check basis of cash in hand and bank reconciliation statements.

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#### 2.7) Debtors and Creditors:

Review of age-wise analysis. Review of old/doubtful debts/advances. Procedures for periodic reconciliation and confirmation of debt by parties etc. to be verified.

#### 2.8) Insurance:

Renewal of insurance policies to be periodically reviewed.

#### 2.9) Overheads:

Review of procedures/systems for expenditure as per sanction. Analysis of expenses pro rata with relation to work done/job completed/turn over. Verification of supporting effects etc. on test check basis, but the quantum of test check carried out to be indicated.

#### 2.10) Pay Roll/:

Verification of pay roll, attendance records, reconciliation of monthly pay roll, review of monthly variance, verification of deduction including income tax etc.



2.11) Fixed Deposit:

Verification of FDR/Register, Interest accrued and due on FDR, TDS on interested.

(3) To ensure Internal Control:

3.1) Check of income/expenditure Assets & liabilities Account.

3.21) 100% checking of all type of transactions/bills etc. with respect to financial and proprietary concept.

(4) Other major functions which will be covered under the scope of work for Internal Audit are summarized below: -

- 1) Vouching.
- 2) Audit of transactions which involves examination of supporting documents, concurrence and approval from the competent authority.
- 3) Checking of trial balance. scrutiny of general ledger and reconciliation of each head of accounts thereof. wherever necessary, and preparing balance sheet of the period under report.
- 4) Checking of expenditures incurred with reference to the laid down procedures, delegation of powers and budgetary provisions.
- 5) Checking of calculations and payments of statutory dues and all tax related matters as applicable to JSBCL from time to time.
- 6) To check financial statements i.e. Balance Sheet and P&L Account (incidentals account in respect of projects under implementation) with reference to accounting standards and verifying whether the records have been properly maintained so as to safeguard the assets of JSBCL.
- 7) To see whether the stocks assets acquired purchased are in quantities required for the smooth operation of the unit department.
- 8) To check whether the physical verification of asserts stocks has been carried out at the close of financial year and variations, if any. have been accounted for and recorded properly.
- 9) To check the bank reconciliation statements.
- 10) To check the cash book to ascertain whether cash in hand has been verified by the competent authority at regular intervals.
- 11) Checking of subsidiary ledgers.

- 12) Checking whether all liabilities against the accepted claims have been provided for in the books of accounts for the full accounting year and verifying compliance with statutory obligations of employer towards employees viz., Gratuity, Leave Encashment, Provident Fund, Bonus, etc. Similar checks to be done in respect of TA/DA and claims for reimbursements.
  - 13) To verify whether the procurements have been made after completion of all formalities laid down by JSBCL and whether approvals of competent authorities have been obtained.
  - 14) To check whether the stationary & stocks have duly been accounted for as per accounting standards and whether records have been properly maintained to ensure safeguards of such stocks of JSBCL.
  - 15) To verify whether the funds have unnecessarily been blocked due to excess procurements.
  - 16) To ensure that TDS has been deducted at applicable rates and to verify whether TDS has been properly deducted and deposited with the Income Tax Authorities within the prescribed periods.
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- 17) To verify whether TDS returns have been submitted in time to the income Tax Authorities.
  - 18) To verify whether Service Tax has been properly charged, wherever applicable, and whether proper returns have been filed with the Authorities.
  - 19) Conducting special assignments and investigations on behalf of the Audit Committee or Managing Director into any matter or activity affecting the probity, interests and efficiency of the JSBCL.
  - 20) Internal Auditor will impart awareness to the officers and staff also. All departments/divisions will, therefore, be in a position to improve their existing system and by complying the recommendation/suggestion of the Internal Auditor.
  - 21) The Internal Auditors should extend their co-operation for timely compiling and submission of required monthly / quarterly / annual accounts schedules duly verified and certified by the internal auditors.
  - 22) The Internal Auditors should ensure that all the transactions are duly posted in the General Ledger under appropriate heads. They should also verify all vouchers and receipts and put their initial with date on the same for having verified the vouchers/receipts.
  - 23) Any other functions/areas of Audit which Management may consider

necessary subsequently.

A declaration in the following format is to be furnished with the bid:

I/We hereby certify that:

- a) All information and attachments submitted in this application are correct and true to the best of our knowledge.
- b) We are aware that any false information provided herein will result in rejection of the application and suspension of registration.
- c) We agree to the terms of payments of audit, professional fees on monthly basis on submission of the Internal Audit Reports
- d) I/ We also agree to deductions as admissible will be made towards the Central, State Govt. Taxes, duties etc.
- e) I/ We understand that the JSBCL Ltd. is empowered to reject any proposal without assigning any reason thereof.
- f) I/ We also understand that all Payments shall be made in Indian Rupees and shall be subject to applicable deductions if any.

Place  
Applicant

Signature of the

With Seal

Date

### UNDERTAKING

I/We the sole proprietor / following partners of M/s. \_\_\_\_\_, Chartered Accountants do hereby jointly and severally verify and declare -

that the particulars given are complete and correct and that if any of the statements made or the information so furnished in the application form is later found not correct or false or there has been suppression of material information, the firm would not only stand disqualified from allotment but would be liable for

disciplinary action under the Chartered Accountants Act, 1949 and the regulations framed thereunder,

- i. that the firm, proprietor or partners has not been debarred or cautioned by ICAI during the last three years, (if debarred, give details);
- ii. that individually we are not engaged in practice otherwise or in any other activity which would be deemed to be in practice under Section

S. No.	Name of the partner/sole proprietor Membership	Registration No.	PAN No	Dates of Payment of the relevant year _____A/B*	Signature of partner / sole proprietor
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2 (2) of the Chartered Accountants Act, 1949;

- iii. that the constitution of the firm as on 1st January of the relevant year shown in the Expression of Interest is same as that in the constitution certificate issued by ICAI.

*\*A For membership Firm)*

(Seal of the

*B For issue of certificate of practice*

Place:

Date:

Enclosures: \_\_\_\_\_ Pages

For Office Use Only

Whether firm has done

(a) Statutory/Branch Audit

Yes / No

(b) Internal/Concurrent Audit

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Checked by

Verified by

Date updated by

The illustrative audit manual of internal audit engagement is mentioned is Annexure-1 attached herewith. Through it is not exhaustive, the internal auditing firm shall conduct the audit thoroughly and comment on all the major and minor irregularities observed

with proper solution as per the rules and regulations for timely corrective action.

Annexure-1:

AT RETAIL VENDING SHOPS:

- i)** 100 % Physical verification of stocks.
- ii)** Physical verification of cash.
- iii)** To verify the bank remittances with reference to remittance challans.
- iv)** Whether remittance made on all working days of bank.
- v)** Whether maintained and availability of required registers and records.
- vi)** To identify the shops holding more than 90 days' stocks.

AT OFFICES:

- i)** To verify the general ledger, Receipts & Payments and all vouchers
- ii)** Verification of Funds received from HO, Bank operation account and bank reconciliation / old un reconciled items.
- iii)** Verification & payment of petty cash to shops
- iv)** Verification of Payment to transport contractors, recovery towards breakages bottles, TDS, service tax, PAN compliance.
- v)** Verification of other payments
  - a)** Printing and Stationery
  - b)** EB charges
  - c)** Telephone charges
  - d)** Conveyance expenses
  - e)** Rent
  - f)** Other expenses
- i)** Verification of Goods Receipt Acknowledgement (GRA) with Master Stock Register (MSR)
- ii)** Verification of breakage register
- iii)** Verification of correctness of the preparation of GRA including calculation of landed cost for breakages and of wholesale issue price for missing bottles
- iv)** Verification of GRA with missing bottle registers
- v)** Monthly Stock Receipt Reconciliation with GRA
- vi)** Verification of the stock received with brand labels indication the old MRP rate, if applicable
- vii)** Verification of invoices

**SPECIAL ASSIGNMENT:**

Auditors shall also attend to any other work specifically assigned by the management or commented by the statutory auditors in their report regarding Internal Audit.

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