



The State Trading Corporation of India Limited, New Delhi

Notice Inviting Tender

STC invites offers for appointment as Internal Auditors for the Financial Year 2017-18. At the discretion of Management of STC, based on the satisfactory performance, the tenure may be further extended for one year up to maximum period of 2 (two) years on same terms and conditions (Maximum tenure shall not exceed three years).

For details, please visit websites www.stclimited.co.in or www.tenders.gov.in or www.eprocure.gov.in/eprocure.

Interested bidders must submit their bids online using e-Procurement portal of NIC (eprocure.gov.in / eprocure) in the prescribed formats along with all necessary documents and information requested herein.

Last date for receiving the Bid is 08.05.2017 (02:00 PM)

Bidders may regularly visit STC website for any information / clarification / addendum / corrigendum etc. related to this Tender, processing of bids received, award of job, etc. STC shall not be liable to send any individual information or publish a public notice for any further information regarding this Tender.

S.K.Singhal
Joint General Manager-Finance
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E-mail: sksinghal@stclimited.co.in
26-04-2017



Time Schedule

Tender Ref. No.	STC/NILT/IA/2017 dated 26-04-2017
Last Date and Time for Submission of Bids	08/05/2017 at 02:00 PM
Date and Time of Opening of Bids	08/05/2017 at 02:30 PM

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TENDER DOCUMENT FOR

Appointment of Internal Auditors for the Financial Year 2017-18

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Note : This tender documents contains 29 number of pages.

Bid Data Sheet

1.	Tender No.	STC/NILT/IA/2017
2.	Project	Appointment of Internal Auditors for the Financial Year 2017-18
3.	Contact Person	S.K.Singhal Joint General Manager-Finance Ph.: 011-23462231 Mob.: 08335888867 E-mail: sksinghal@stclimited.co.in
4.	Bid to be submitted	Online
5.	Bidding Process	Single Stage: Financial Bid
6.	Website for NIT download and any other related information	www.stclimited.co.in
7.	Portal for Online Submission	www.eprocure.gov.in/eprocure/app
8.	Validity of Bid	The Bid shall be valid for a period of 60 days from the last date of submission
9.	Selection Method	L1: Lowest Price
10.	Time frame for implementation	12 months (4 quarters)
Schedule of Events		
	EVENT	VENUE/DATE/TIME
1.	Submission of Online Bids	e-Procurement portal of NIC (eprocure.gov.in/eprocure/app) Latest by 08/05/2017, 02:00 PM
2.	Online opening of Financial Bids	08/05/2017 02:30 PM

Note: In case any of the days mentioned above happens to be declared a holiday, the said event shall be held on the next following working day at the same time and venue.

THE STATE TRADING CORPORATION OF INDIA LTD. (STC)

Appointment of Internal Auditors for the Financial Year 2017-18.

Reference No. STC/NILT/IA/2017

April 26, 2017

1. Invitation of offers for Appointment of Internal Auditors for the Financial Year 2017-18.

STC invites online bids for appointment as Internal Auditors for the Financial Year 2017-18. The last date for receipt of offers is 08.05.2017 (02:00 PM). Date of opening of financial bids will be 08/05/2017 02:30 PM .

Firms(including LLP) interested in responding to this announcement must submit their financial bids in the manner prescribed at clause no. 6 of this NIT online using e-Procurement portal of NIC (eprocure.gov.in/e-procure/app) in the prescribed formats along with all necessary documents and information requested herein.

2. STC's Background

STC is a premier international trading company of the Government of India Undertaking, dealing in exports, imports and domestic trading operations on behalf of Govt. of India as also for private trade and industry. It is a listed Central Public Sector Enterprise functioning under the aegis of Ministry of Commerce. The paid-up capital of the Corporation is Rs. 60 crore consisting of 6,00,00,000 shares of Rs.10 each.

The Corporation has achieved a turnover of Rs.14397.21 Crore and Rs.10479.16 Crore during Financial Year 2014-15 and 2015-16 respectively as follows:

BRANCHES	TURNOVER (Rs. In Crore)	
	2014 – 15	2015 – 16
New Delhi Corporate Office Including Agra, Jalandhar	9610.10	6138.57
Ahmedabad including Gandhidham	1354.48	735.18
Bangalore including Coimbatore	415.04	524.21
Bhopal	171.17	318.96
Chennai	1528.86	411.34
Cochin	Part of Chennai	258.08
Hyderabad	803.13	850.42
Kolkata	187.29	814.87
Mumbai	327.14	427.53
TOTAL	14397.21	10479.16
Note: Agra & Jalandhar units under New Delhi, CO are Independent Branches With effect from FY 2016-17 onwards.		

As per an MOU entered into with the Department of Commerce, Ministry of Commerce and Industry, Govt. of India for the year 2016-17, the Corporation is expected to achieve a turnover of Rs. 10,750 Crore.

The details of the company are available on website www.stclimited.co.in.

3. Audit Objective and Approach

a) The audit approach should be such that the focus is on improving efficiency and performance of all activities and operations besides ensuring an effective risk assurance process. The Audit should be more oriented towards Business Processes rather than mere routine transaction.

b) Recommendation of Best Practices

4. Scope of Work

Audit Program for 4 quarters in a Financial year indicating the detailed scope of work enclosed as per Annexure-A.

The above scope of work is not exhaustive, which may change according to the requirement of the Management. Internal Auditors may also cover other areas which they found deemed fit during the course of audit.

5. General terms & conditions:-

a) Bidder shall not be under liquidation, reconstruction, dissolution, court receivership or similar proceedings. Bidder to disclose any encumbrance or legal order in the form of suit or execution of decree pending against him or the firm, which may prejudicially affect the contractual relation between STC and the bidder.

b) Bidding documents shall at all times remain the exclusive property of the STC.

c) Bidder may note that Bid shall be submitted on the basis of "ZERO DEVIATION" and shall be in full compliance to the requirements of Bidding Document, failing which bid shall be considered as non-responsive and may be liable for rejection.

d) STC shall not be responsible for any expense incurred by bidders in connection with the preparation and delivery of their bids, site visit, participating in the discussion and other expenses incurred during the bidding process.

e) STC reserves the right to accept or reject any Bid and to annul the Bidding process and reject all Bids at any time prior to award of contract without assigning any reason whatsoever, without thereby incurring any liability to the affected Bidder or Bidders or without any obligation to inform the affected Bidder or Bidders or the grounds or the reasons for the said action.

f) Canvassing of information/facts in any form by the bidder or by any other agency on their behalf may lead to disqualification of their bid.

g) In case any bidder is found to be involved in cartel formation, his bid will not be considered for evaluation / placement or order. Such Bidder will be debarred from bidding in future.

- h) The Bidder should not sublet, transfer or assign the job or any part thereof.
- i) The Bidder shall quote in Indian Rupees.
- j) The Bidder is expected to examine the Tender Document, including all instructions, forms, terms and specifications in the Tender Document **& submit signed & stamped copy of the same**. Failure to furnish all information required as per the Tender Document may result in the rejection of the Bid.
- k) Related parties should not quote for the tender separately. If it is noticed that related parties submitted separate quotations, the same may be rejected by STC at its discretion. Parties are considered to be related if one or more partner/member be common.
- l) The successful bidder shall not at any time during tenure of the assignment or thereafter disclose any information or document furnished to them by STC without written approval of STC.
- m) Clarification, if any, in respect of this tender can be obtained from J.G. M. (F) (I.A.) Shri S. K. Singhal through Telephone: 23462231 E-mail sksinghal@stclimited.co.in. or DGM(F)(IA) Shri Naresh Aggarwal Telephone :23462263. The responses to Bidder's queries / clarifications raised will be furnished as expeditiously as possible. Any modification of the Tender Document, which may become necessary as a result of the Bidders query, shall be uploaded in the above mentioned websites through the issue of an Addendum / Amendment/corrigendum.

6. Preparing and submission of bids:

All documents of the bid shall be digitally signed by the authorised Partner at the time of bid submission. Any consequences resulting due to such signing shall be binding on the Bidder.

- a. Bids on Firm's letter head have to be mandatorily submitted in electronic mode through e-Procurement Portal of NIC (eprocure.gov.in/eprocure/app) in the prescribed format – Annexure-I & Annexure II enclosed herewith along with all requisite documents. No oral, telephonic, fax, telegraphic or email offers will be entertained.
- b. **For submission of bids electronically, bidders are required to get themselves registered with eprocure.gov.in website using Class II / Class III Digital Signature Certificate and must comply with NIC Terms and Conditions.**
- c. Bidders are advised in their own interest to submit the online bids well before the bid submission end date & time (as per Server System Clock of e-procurement portal). STC will not be responsible for any delay or the difficulties encountered during the submission of bids at the eleventh hour due to any technical or other problems.
- d. For any queries relating to the process of online bid submission or queries relating to E- Procurement Portal (eprocure.gov.in/e-procure), the bidders may contact CPP Portal Helpdesk on Tel no.- 0120-4200462, 0120-4001002 or 91-8826246593.

- e. Bid documents digitally signed by partner of the firm containing the following must be indexed, completely page numbered and arranged in the order :
- 1) Covering Letter
 - 2) Application Form as per Annexure I
 - 3) A copy of Constitution Certificate of the firm as on 01-04-2017 issued by the Institute containing inter-alia
 - a) Date of Formation of the firm
 - b) Detail of partners, date of joining the firm, date of becoming Fellow, their other interest, if any,
 - 4) A copy of the Partnership deed/LLP,
 - 5) Details of the Court cases/arbitration cases/or any other cases pending against the firm.
 - 6) Detail of Full time Partner-Annexure - F1
 - 7) Detail of Part time Partner-Annexure- F2
 - 8) Details of full time Qualified Employees - F3
 - 9) Particulars of Branches / Associates offices in India – F4
 - 10) E_Payment Form – Bank Account Particulars
 - 11) Undertaking

FINANCIAL BID

- 1 The Financial Bid shall be submitted in electronic mode **only** through e-Procurement Portal of NIC (eprocure.gov.in/e-procure/app) as Annexure II. No stipulation, deviation, terms & conditions, presumption basis etc. shall be stipulated in the price bid. Any conditions, if stipulated shall be treated as null and void and shall render the bid liable for rejection.
- 2 Unless stated otherwise in the Bidding Documents, the contract shall be for the total works as described in Tender Document.
- 3 The bidders are required to quote consolidated fee for C.O. and all the Branches.
- 4 Bidder shall quote the lump sum price after careful analysis of cost involved for the performance of the complete work considering all parts of the Bidding Document.
- 5 The quoted Price shall be deemed to be all inclusive i.e. any Taxes & Duties except applicable Service Tax leviable on total quoted price till the completion of the work.
- 6 Alternative bids shall not be considered.
- 7 Price quoted by the Bidder, shall remain firm and fixed and valid till completion of internal audit and will not be subject to variation on any account.
- 8 Price shall be quoted in figures as well as in words. If some discrepancies are found between the price given in words and figures, the price quoted in words shall be taken as correct.

7. Bid Validity

- a) Bid submitted by Bidder shall remain valid for a minimum period of two months from the date of opening of Financial Bid. Bidders shall not be entitled during the said period of two months, without the consent in writing of the STC, to revoke or cancel their Bid or to vary the Bid given or any term thereof.
- b) STC may solicit the Bidders' consent to an extension of the period of validity

of bid. The request and the responses there to shall be made in writing. However, Bidders agreeing to the request for extension of validity of bid will not be permitted to modify the bid.

8. Bid opening

Bids shall be opened online on the date & time as stipulated.

9. Evaluation of bids

- a) The STC will determine whether each of bids conforms to the terms, conditions and specification of the Tender Documents without material deviation and is complete with regard to submission of required documents. A material deviation is one which affects in any substantial way the scope, quality or performance of the works, or which limits in any substantial way, the STC's rights or the Bidder's obligations as envisaged in the Tender Document or inconsistent with the Tender Document, and the rectification of which deviation or reservation would affect unfairly the competitive position of other Bidders presenting substantially responsive Bids.
- b) No stipulation, deviation, terms & conditions, presumption, basis etc. shall be stipulated in the bid. Any terms and conditions, if stipulated, shall be treated as null and void and may render the bid liable for rejection.
- c) STC, if necessary, will obtain clarifications on the Bid by requesting for such information / clarifications from any or all Bidders, either in writing or through personal contact. All responses shall be in writing, and no change in the price or substance of the bid shall be permitted unless specifically sought by STC.
- d) L1 bidder may be awarded the Internal Audit work on quoted price as per Annexure II. In case of tie in the quoted price, STC reserves the right to assess Bidder's capability and capacity to execute the work using in-house information including taking into account other aspects such as concurrent commitments, past performance etc. and award the job.
- e) The decision of STC in this respect will be final and binding.

10. Notification of award

STC will issue the Letter of Award (LOA) to the successful Bidder and communicate the same through Courier/Fax/email as per details given by Bidder. The said communication on acceptance will constitute the formation of a Contract.

11. Termination of Appointment

A. By STC

STC reserves the right to terminate the appointment on occurrence of any of the following events:

- i. Any document, information, data or statement submitted by the Internal Auditor in its Proposals, based on which the bidder was considered eligible or successful, is found to be false, incorrect or misleading;

- ii. The Internal Auditor fails to commence services as required under this agreement.
- iii. The Internal Auditor fails to complete any of the required services as per the tender due to which STC fails to meet statutory time limit for finalization and submission of quarterly/annual standalone and consolidated financial statements.
- iv. STC, in its sole discretion and for any reason whatsoever, decides to terminate this appointment.

B. By the Internal Auditor

The Internal Auditor may, by giving a written notice of not less than 3 months, terminate on occurrence of any of the following events:

- i. STC fails to pay any money due to them which is not subject to dispute, within 45 (forty five) days after receiving written notice from the Internal Auditor that such payment is overdue.
- ii. STC is in material breach of its obligations and has not remedied the same within 45 (forty five) days after receiving written notice.

12. Force Majeure: If at any time during the tenure of contract, it is not possible to execute due to reasons beyond the control of STC or successful bidder on account of emergency declared by Government, acts of Government, acts of God, unforeseen circumstances or hindrances beyond one's control, there shall be no liability on the part of the defaulting party for the consequential losses, if any.

13. Time Schedule and Terms of Payment

- i) Professional Fee: Professional fee proportionately for the internal audit assignment shall be paid online on completion of Quarterly Audit basis and on submission of final report for the Quarterly Audit conducted within a period of 15 days from the date of submission of bill. The payment of fee shall be paid subject to deduction of tax at source as per the provisions of the Income Tax Act, 1961. While making the payments any applicable statutory deductions will be made by STC.
- ii) Service Tax only shall be paid extra.
- iii) No TA/DA and any incidental charges shall be payable extra for the Internal Audits conducted for any locations.
- iv) Bank Particulars to be provided as per e_payment form attached.

For further details log on to www.stclimited.co.in, www.tenders.gov.in, www.eprocure.gov.in

(TO BE SUBMITTED ON BIDDER FIRM LETTER HEAD)

Covering letter for submission of offers

From :

Our Ref : _____ Dated _____

SUBJECT: Appointment of Internal Auditors for the Financial Year 2017-18

Dear Sir,

Please find herewith our offer in line with requirement of STC Tender document.

We confirm that:

1. Offer is in complete compliance with requirements of Tender Document and there is no deviation in the offer.
2. We understand that any stipulation, deviation, terms and conditions, presumption etc. Specified in the offer shall render our offer liable for rejection.
3. Our offer shall remain valid for a period of 2 (Two) Months from the date of opening of tender.
4. The undersigned is duly authorized to sign and stamp all the bid documents.

We declare that the statement made and the information provided in our offer is true and correct in all respect. In case, it is found that the information / documents provided by us are incorrect / false, our application shall be rejected by STC without any reference to us.

Thanking you,

Yours sincerely,

(Signature of Partner)

Full Name :

Bidder's official Seal

Annexure I

Application form for Internal Audit Assignment (Please strike off whichever is not applicable)

Status of the firm		Partnership/LLP		
1.	a)	Name of the firm (in capital letters)		
2.		Institute Registration No.	Region	
3.	a)	Date of constitution of the firm		
	b)	Date since when the firm has a full time Fellow member		
	c)	Date of formation		
4.	Number of full time partners of the firm as on 01.04.17 (please fill up Annexure F1)		Fellow _____	Associate _____
5.	Number of Part-time Partners, if any. (please fill up Annexure F2)			
6.	Number of full time Qualified employees as on 01.04.2017. (please fill up Annexure F3)			
7.	Number of Branches/Associate Offices. (please fill up Annexure F4)			
8.	Whether there are any Court/arbitration/any other legal case against the firm (If yes, give a brief note of the case indicating its present status).		YES	NO

Note:

1. Bidders are required to furnish the complete and correct information required for evaluation of their bids. If any information furnished is found to be false/misleading/incomplete, the same shall be considered as adequate ground for rejection of the bids.

2. **Bidders are required to furnish only those credentials in the above prescribed format for which documentary evidence is available with them.** STC reserves the right to seek additional information or ask for supporting documents from Bidders for verifying/evaluating their credentials whenever required.

Firm's Name _____

Details of Full Time Partners

(please refer to SL. No.4 of the application form)

S.N.	Name of the Partner	Member ship No.	Whether Fellow /Associate member	Date of joining the firm (Full Time)	Date of becoming Fellow member	Station & Region where residing at present

**Signature of Managing partner/
Sr. Partner**

**Seal of the firm
(Name of Partner)**

MRN No.

Date:

Firm's Name _____

“Annexure F-2”

Details of Part Time Partners of the Firm

(please refer to SL. No.5 of the application form)

Name of the Partners	Member ship No.	Whether Fellow/ Associate member	Date of joining Partnership	Date of becoming FCA	No. of other firm in which he is partner	Whether Practicing in his own name also (Y/N)	Whether employed elsewhere (Y/N)

**Signature of Managing partner/
Sr. Partner**

Seal of the firm

MRN No.

Date:

Firm's Name _____

“Annexure F-3”

Details of Full Time Qualified Employees

(Please refer to SL. No.6 of the application form)

S.No.	Name	Member ship No.	Whether FCA/ ACA	Date of joining the firm as full time employee	Signature of the employee

**Signature of Managing partner/
Sr. Partner**

**Seal of the firm
(Name of Partner)**

MRN No.

Date:

Firm's Name _____

“Annexure F-4”

Particulars of Branches/Associate Offices in India

(Please refer to SL. No.7 of the application form)

S.No.	Station at which located	Complete address with PIN	Code & Telephone No., Mobile No. and Email ID	Name of the Partner in-charge of the Branch/Associate office	Date of opening of the Branch/Associate office	Region

In case of Associate, copy of associateship confirmation letter attached.

**Signature of Managing partner/
Sr. Partner**

**Seal of the firm
(Name of Partner)**

MRN No.

Date:

E-Payment Form
Bank Account particulars

- 1 Bidder's name
- 2 Address of bidder
- 3 Particular of bank account
 - Name of the bank
 - Branch Code
 - Address of the bank branch
 - Type of account (SB, Current, Credit)
 - Account number
 - Bank's IFSC code for RTGS/NEFT

I hereby declare that the particulars given above are correct and complete and accord our consent for receiving payment through electronic mechanism. I also undertake to intimate the changes, if any, in bank account details in future and STC will not be held responsible for non-payment / delay due to above change in bank details and also due to technical reasons beyond its control.

(_____)

Signature of the Partner

Place :

Date:

Official seal of the bidder

Undertaking

We hereby confirm that all the documents submitted in this tender are authentic, genuine, copies of their originals and have been issued by the issuing authority mentioned above and no part of the document(s) / information is false, forged or fabricated.

We hereby confirm that our Bid complies with the total requirements/terms and conditions of the Bidding Document and subsequent addendum/corrigendum (if any), issued by STC, without any deviation/exception/comments/assumptions.

We also confirm that we have quoted the prices without any condition and deviation.

We further confirm that terms and conditions if any, mentioned in our bid shall not be recognized and shall be treated as null and void.

We hereby confirm that we are not under any 'liquidation', any 'court receivership' or similar proceedings and 'bankruptcy'.

We hereby confirm that no Partner of the entity has been convicted in any disciplinary proceedings / criminal case by regulatory authority(ies) / court in connection with professional work.

We further confirm that, we have not been in negative list / blacklisted by any Public Sector Undertaking / Government Organization / STC of India Limited.

We also confirm that the contents of this Tender have not been modified or altered by us. We agree that if any alteration or modification is noticed in future, our Bid may be rejected / terminated.

We hereby confirm that we have gone through the Tender Document and understood the terms and conditions and that our Bid has been prepared accordingly in compliance with the requirement stipulated in the tender documents.

We are submitting Master Index of Bidding Document as part of our bid duly signed and stamped on each page in token of our acceptance. We undertake that Tender Document shall be deemed to form part of our Bid and in the event of award of work to us, the same shall be considered part of appointment terms. Further, we shall sign and stamp each page of the Bidding Document as a token of Acceptance and as a part of the appointment in the event of award of job to us.

We further confirm that we have quoted our prices in electronic mode through STC's e-tendering portal. We confirm that rate quoted by us includes price for all services as mentioned in the Bidding Document.

Stamp and signature of bidder: _____
Name of bidder: _____

NOTE : To be stamped and signed by the authorised partner on letterhead of bidder.

Annexure II

FINANCIAL BID

Schedule of rates

Name of Job / Services: Appointment as Internal Auditors for the Financial Year 2017-18

Name of Organization: STC of India Limited, New Delhi

TENDER NO.: STC/NILT/IA/2017

Dated : -----,2017

Name of Bidder :

Offices and locations to be covered under internal audit for the scope of work defined in the Audit Programme New Delhi , Agra, Ahmedabad including Gandhidham, Bengaluru, Bhopal,Chennai including Coimbatore, Cochin,Hyderabad including Guntur, Jalandhar,Kolkata,Mumbai	Professional fee PER ANNUM exclusive of Service tax (In Rs.) Rupees: (-----) In words.
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- i. The above rates shall be exclusive of Service Tax only.
- ii. No TA/DA and any incidental charges shall be payable for the Internal Audits conducted at all locations.
- iii. No firm engaged for internal audit work will be allowed to sub-contract the job awarded to it.

Signature	
Name & Designation of signatory	
Official seal	



THE STATE TRADING CORPORATION OF INDIA LTD

(INTERNAL AUDIT DIVISION)

INTERNAL AUDIT PROGRAMME: 2017 - 18

Coverage

1. The Internal Audit will broadly cover:

- (a) Verifying compliance with policies, procedures and controls laid down by the Management,
- (b) Verifying Compliance of Statutory requirements by the organization,
- (c) Verifying the accounting records, reports and operating results of the organization for their accuracy and reliability and evaluating the adequacy and effectiveness of system of internal control.

The Audit shall be conducted on a quarterly basis and reports shall be submitted as per the following schedule:

Period of Report.	Due date of Report Submission.
1 st Report April – June	31 st July
2 nd Report July – Sep	31 st Oct
3 rd Report Oct – Dec	31 st Jan
4 th Report Jan – March	30 th April

2. The Audit shall encompass verification of 100% entries in respect of vouchers, books of accounts and other records and not on the basis of sample checking.
3. The Audit shall examine whether guidelines, procedures, administrative instructions, delegation of powers prescribed by the Corporate Office from time to time are being followed by the branches/divisions or not.
4. The audit shall examine whether there has been any deliberate splitting of contracts with a view to bring down the value of a transaction within the delegation of power.
5. The Audit shall point out cases of substantial losses incurred by the Corporation and violation of laid down procedures, if any.
6. The audit shall point out all non- compliances of Statutory Requirements.
7. The Audit shall also check/ review / certify unaudited quarterly accounts and also final Annual Accounts within the time schedule before submitting to Statutory Auditors.
8. Audit shall also make suggestions for improvement of checks and controls in future.
9. Internal Audit will be more of regulatory and proprietary in nature.

Reporting

Internal Audit Report for all the quarters shall include the following annexures in the suggested formats which are enclosed:

- I. Compliance Report on the previous Internal Audit Report (Annx.-I)
- II. Executive Summary containing major observations and discrepancies (Annx.-II)
- III. Complete Internal Audit Report (Annx.-III)
- IV. Statement of outstandings (Annx.-IV)
- V. Stock statement (Annx.-V)
- VI. Statement of Defaults/Deviations in statutory compliance(Annx.-VI)

Scope of Internal Audit

For the financial year 2017-18, the scope of Internal Audit for Corporate Office, Branch offices and sub Branch offices shall be as indicated below:

1. Cash Book, Journal Book, Bank Reconciliation, Ledger, Trial

Balance and other books:

- To highlight any expenditure incurred in excess of budget.
- To verify proper recording/classification of transactions in the books of Accounts. (All income / expenditure of any material value or of recurring nature to be recorded by routing through party's accounts and not directly in respective head.)
 - To conduct in depth scrutiny of Ledger Accounts and ensure that there is no suspense account.
 - To verify the Tally security Policy in respect of entry rights and controls on data integrity like cancellation of vouchers, correction only through rectification vouchers, no back date entry are permitted in any case.

2. Purchase, sale and other related records :

- While verifying purchase, sales, Debit/Credit Notes and other related records, auditors to check whether transactions are approved by the Competent Authority.
- To check correctness of provisional/final invoices.
- To check timely and correct deduction and remittance of TDS, Sales Tax etc.
- To check whether all necessary tax related documents have been obtained and kept in safe custody for production before statutory authorities whenever required.
- To check whether sufficient Margin Money/FD/PBG have been obtained as per terms of the contract.
- To check whether recovery or payment of interest is as per rates prescribed by CO.

3. Trade Transaction

- To check whether all transactions are being undertaken as per the guidelines issued by C.O. time to time.

- To report on deviation if not in accordance with approval of Competent Authority from trade guidelines.
- To check reconciliation of accounts of Associates is made transaction-wise.
- To check whether confirmation of balances is obtained.
- In case of debit balance, to check whether and how STC is secured.

4. Stocks

- To check maintenance of stock register.
- To check Whether stocks are properly insured and the insurance policy properly vetted by Insurance Consultant of the Branch in accordance with insurance guidelines issued by C.O.
- To comment on stocks held for over 3 months, the report to cover such stocks and also report on timely identification and liquidation of stocks.
- To check whether the stocks Hypothecated/pledged to STC are periodically inspected by the Surveyors for quality and quantity.
- To report any delay in lifting of pledged stocks vis-à-vis contractual terms to be reported
- To check the valuation of stocks hypothecated/pledged and whether it is adequate at all the times to cover the outstanding recoverable from the Associates.
- To check the stocks of Edible Oils specifically related to storage tanks at Mumbai branch and report on capacity utilization of the storage tanks for each month of the report period.
- To check Whether PV of stock is conducted regularly as per the guidelines of the Corporation.

5. Insurance

- To check whether STC is the beneficiary in case of Insurance Policy taken
- To check whether the Branch/ Division has the original policy documents
- To check whether stocks remain insured at all point of time till liquidation
- To check whether adequate Insurances have been obtained by the Branch/ Division for Cash in Hand, Cash in Transit, Stocks and Stocks in transit, Real estate, Assets, Fidelity Insurance etc for securing the interest of STC.
- To check whether the cost of Insurance is being recovered from Associates (If recoverable).
- To check whether claims are lodged in time with all legal requirements and status of claims with the details of pending claims with the reasons thereof.

6. Claims Recoverable, Provisions and Claims Account

- To conduct detailed scrutiny of Claims Recoverable, Provisions etc, and report on status of overdue claims wherever material/significant.

7. TMs, TTs, Fund Transfer

- To check whether all TMs are supported by complete set of relevant original documents by the classifying unit.
- To check whether all transactions have been transferred through TMs within reasonable time to the concerned Branch/Unit.

- To check value dating, if any, in respect of funds transferred from/to branches and highlight instances of late deposit of cheques and credit thereof.
- To report on idle funds lying in Branches.

8. Financial Assistance/Advances to Associates

- To report that financial assistance are given to associated only for the purpose of enhancing trade as approved by the competent authority.
- To report all the terms and conditions, as approved by the competent authority, are complied with by the respective Branch/Trade Division at CO before extending financial assistance.
- To report as to whether any exposure has been fixed in respect of the associates, and, if fixed to report whether exposure has been exceeded any time during the period under review. If so, the status of the approval obtained from the competent authority..
- To report whether stocks are physically pledged with STC and are being verified by the concerned Branch/Division from time to time as provided in the trading guidelines.
- To report whether the stocks adequately covers the financial status granted to the associates.
- To report whether the stock are being lifted by the associates as per the terms approved by the competent authority.
- To point out cases where recovery has been delayed beyond agreed schedule.
- To check correctness of interest calculations.

9. Sales Tax

- To ensure compliance of all Statutory requirements of VAT/CST Rules
- To report on correctness of All statutory/ declaration forms, timely receipt & safe custody with dealing official.
- Status of pending Declaration Forms of Sales Tax/VAT be reported
- Report on Assessment Status / Pendency / Disputes etc.

10. Assets / Liabilities

- Whether Fixed Asset Register maintained as per the requirement of companies Act.
- Whether all Assets are properly accounted for and the same tallies with the Assets Register.

- To report whether fixed assets are periodically verified and necessary corrective action has been taken for the discrepancy between actual and booked figure whether all the fixed assets are properly tagged with location and quantity.
- Whether assets are fully utilized.
- To check whether all stocks and office building/equipments/ fixtures are fully insured as per the policy of the Corporation.
- To verify whether all rent/lease deeds are timely renewed.
- To list out the details of the properties where Rent Deed not renewed.
- To check all the rent, water and electricity charges, service tax dues from tenants are promptly recovered.
- To verify all Conveyance Deed, Lease Agreements to ensure that these have been properly executed in favour of STC.
- To check details of properties where Lease Deed are not executed and Registration of Conveyance Deeds are pending. Reasons for delay and efforts made by the Branch/Divn. to be ascertained.
- To check whether Fixed Assets Register is updated for all additions and deletions and transfers from Branch to Branch.
- To check whether physical verification of assets at proper intervals conducted and discrepancies properly accounted for and to report on assets which are not in use and kept for discard.
- To ensure that all assets and liabilities which are outstanding for 3 years and above be reviewed and any assets /liability for 3 years and above old be retained in the books **only** with proper justification. To check that action have been initiated in cases where no clear justification exist for retaining the balances.

11. Warehouses

- To report whether the STC's owned warehouses are being properly used.
- To report on the rent received and its comparability with the market rent.
- To report status of recovery of rent vis a vis prevalent market rate/its utilization
- To report on maintenance of stock register.

12. Appointment of house keeping contractors/ Security Clearing and Handling Agents, Transporters, Storage Agents, Surveyors, Tanners, Processors/ AMC's / Retainerships / Empanelment of Legal , Professional Consultants/Hospitals/ Any other service provider etc.

- To verify that the procedures laid down for appointments/removal are strictly followed and payments released after completion of their obligation.
- To verify that action have been initiated for renewal or floating of fresh tenders /EOI by the Div. at CO/ Branches for renewal or for entering into fresh contracts well before earlier contracts have been exhausted.
- To report on lack of monitoring of implementation of all service contracts. To report that Div. Head/ BM have nominated one or more official for monitoring implementation of every service contracts entered into by STC.
- To verify that Registers of all such contracts specifying the date of commencement & expiry have been maintained by the Div. at CO / Branches. To check that Div. Head / Branch Manger have reviewed these Registers at least once in a month.
- Maintenance of Party A/cs for all Service Providers including terms of contract/retainer-ship/appointment.

13. Income Tax, Advance Tax, Wealth Tax, TDS, Work Contract Tax, Service tax etc.

- To check correctness and timeliness of deductions and payments including service tax under Reverse charge mechanism.
- To check whether all returns are being furnished in time and all relevant registers are being maintained.
- To check whether cases of assessment / refunds are being promptly followed.
- To check whether all the statutory Forms issued / received are in stipulated time like TDS certificates etc. Statement of defaults in respect of TDS on payments/receipts has to be reported.
- To report on all deviations from statutory compliances.

14. Legal Cases

- To check for maintenance of proper records including year-wise details of expenditure of each case. Whether the records are updated with gist of new development including hearings, response filed/received etc.,
- To verify that each expenditure has been incurred with the approval of competent authority.
- Party-wise Ledger Accounts of all Legal Firms/Advocates etc. in r/o all Legal cases.
- To check total of all legal payments in r/o every legal case separately.

15. Non-compliance of Trading guidelines on back-to-back

Transactions and Risk Management:

- To examine whether a statement on Risk Analysis Assessment is attached with all trade proposals. The Risk based assessment should be as per guidelines issued for computing values of various parameters for arriving at risk index of any trade proposal.
- To check whether the branch has actually taken the risk mitigation steps proposed to be undertaken in respect of all major risks involved in it.
- To check whether the operating manager has updated the risk profile of each transaction under execution and has informed any significant change to the Divisional Head or the Branch Manager; and
- To check status of implementation of all COM decisions while approving the trade proposal and to report on non-compliance of the same.

16. Administrative issues

- To check the maintenance of proper records such as service books, attendance register, leave records, etc.
- To check procedures for drawing salary bills, specially with regard to unauthorized absence.
- To check the procedures for hiring of cars.
- To check records related to staff cars such as log books, procedure followed for repairs, average mileage, etc.
- To check that correct procedures are followed in awarding jobs/ contracts relating to maintenance/ housekeeping /security/ of office building, staff quarters etc. and action being initiated well before expiry of such contracts.
- To check whether mortgage formalities with regard to HBA, MCA, etc. have been completed and title documents kept in safe custody of the Corporation.

- To check that all purchases of capital items are as per procedures and within the approved budgets.
- To check that purchase of all consumables/stores/stationary and printing etc. are as per need and procedures, and within the approved budgets.
- To verify EDP operations at CO/Branches.
- To check all the advances drawn by employees, recovery with interest made thereof.
- To check whether the branch/C.O. has obtained AMC (Annual maintenance contract) required for all the equipments like computer, AC, other equipment's etc. and records maintained to ensure that service has been provided in accordance with the schedule and timely action have been initiated before expiry of contracts.

17. Others

- Custom Bond, Bank Guarantees –To verify that timely actions have been taken for receipt, disposal, safe custody, renewal, discharge, invocation, etc. within the validity period.

18. Quarterly Accounts

- To check/review/certify unaudited quarterly accounts within the prescribed time schedule before submission to Statutory Auditors.

19. Actions required on annual basis

- To check the Performa account, trading account, profit and loss account, balance sheet and other books of accounts before final signing by the Statutory Auditors.
- To check schedules relating to liabilities, claims, advance, suspense account, sundry creditors, sundry debtors, etc.
- To comment on the action taken for clearance and reconciliation of party accounts.
- To comment upon excessive/outstanding demurrage or dispatch claims.
- To report on cases of excessive shortages or theft.
- To highlight outstanding debits and credits relating to inter branch banking transactions.

Further following areas shall be looked into and reported upon in the Audit Report:

- Confirmation of implementation of latest guidelines on Internal Financial Controls issued by ICAI
- Compliance of Companies Act 2013
- Compliance of ICAI guidelines
- Compliance of SEBI Guidelines
- Adequacy of Provisions
- Limited Quarterly Review of accounts
- Suggestions to control loss in trade transactions
- **All material items which require attention of the Management.**



Format of Annexure –I

STATE TRADING CORPORATION OF INDIA LTD

Compliance Report on the previous Internal Audit Report
for the period----- pertaining to ----- branch

<u>Audit Paras</u>	<u>Reply of the branch</u>	<u>Reason for pendency</u>

Format of Annexure - II

STATE TRADING CORPORATION OF INDIA LTD

_____ Branch

Executive Summary

<u>Major Paras</u>	<u>Discrepancies observed</u>	<u>Reply of the Branch/Division</u>	<u>Further Observations/Suggestions</u>

Format of Annexure - III



STATE TRADING CORPORATION OF INDIA LTD

Internal Audit Report for the period -----

Pertaining to ----- branch

<u>Audit Para/Observation</u>	<u>Reply of the Branch/Division</u>	<u>Further Observations</u>

Format of Annexure - IV

STATE TRADING CORPORATION OF INDIA LTD

Statement of outstanding as on -----

<u>DIV /BRANCH</u>	<u>Name of Commodity</u>	<u>Specify type whether Debtor/Claim Recoverable /Advance to Associate</u>	<u>Name of Associate</u>	<u>Principal amount outsatding as on Date</u>	<u>Interest/ penalty oustandi ng as on date</u>	<u>Total AMT.</u>	<u>Since when Amt is outstan ding</u>	<u>Reasons</u>



Format of Annexure - V

STATE TRADING CORPORATION OF INDIA LTD

Division/Branch wise Stock Statement position as on -----

<u>Name of item/ Commodity</u>	<u>Contract No./ LC No.</u>	<u>Name of Associate</u>	<u>Location</u>	<u>Name of Custodian</u>	<u>Amt. of Stock In Books</u>	<u>Since When The Stock is Lying</u>	<u>Ageing</u>	<u>Reasons Of Holding</u>	<u>RE MAR RK S</u>

Format of Annexure - VI

STATE TRADING CORPORATION OF INDIA LTD

Statement of Defaults/Deviations of compliance of TDS / Income Tax/Service tax /VAT/ CST matters as on -----

<u>Subject matter</u>	<u>Defaults/ Deviation</u>
TDS - Payment.	
TDS - Income.	
Other matters of income tax	
Service Tax	
VAT	
CST	
Other statutory matters.	