बिड संख्या/Bid Number: GEM/2026/B/7745125
दिनांक /Dated: 04-07-2026

बिड दस्तावेज़ / Bid Document

बिड विवरण/Bid Details	
बिड बंद होने की तारीख/समय /Bid End Date/Time	14-07-2026 12:00:00
बिड खुलने की तारीख/समय /Bid Opening Date/Time	14-07-2026 12:30:00
बिड पेशकश वैधता (बंद होने की तारीख से)/Bid Offer Validity (From End Date)	180 (Days)
मंत्रालय/राज्य का नाम/Ministry/State Name	Ministry Of Heavy Industries And Public Enterprises
विभाग का नाम/Department Name	Department Of Heavy Industry
संगठन का नाम/Organisation Name	Hmt Machine Tools Limited
कार्यालय का नाम/Office Name	134101
शिकायत निवारण के संपर्क विवरण/ Contact details of Grievance redressal	HOD Email id :mtpmm1@hmtmachinetools.com Buyer Email id: mtpf2@hmtmachinetools.com
वस्तु श्रेणी /Item Category	Financial Audit Services - Review of Financial Statements, Financial Reporting Framework, Audit report; CA Firm
अनुबंध अवधि /Contract Period	1 Year(s)
उन्हीं/समान सेवा के लिए अपेक्षित विगत अनुभव के वर्ष/Years of Past Experience Required for same/similar service	1 Year (s)
इसी तरह की सेवाओं का पिछला आवश्यक अनुभव है/Past Experience of Similar Services required	Yes
वर्षों के अनुभव एवं टर्नओवर से एमएसई को छूट प्राप्त है / MSE Relaxation for Years Of Experience and Turnover	Yes | Complete
स्टार्टअप के लिए अनुभव के वर्षों और टर्नओवर से छूट प्रदान की गई है /Startup Relaxation for Years of Experience and Turnover	No
विक्रेता से मांगे गए दस्तावेज़/Document required from seller	Experience Criteria,Additional Doc 1 (Requested in ATC) *In case any bidder is seeking exemption from Experience / Turnover Criteria, the supporting documents to prove his eligibility for exemption must be uploaded for evaluation by the buyer
क्या आप निविदाकारों द्वारा अपलोड किए गए दस्तावेज़ों को निविदा में भाग लेने वाले सभी निविदाकारों को दिखाना चाहते हैं? संदर्भ मेनू है/Do you want to show documents uploaded by bidders to all bidders participated in bid?	Yes (Documents submitted as part of a clarification or representation during the tender/bid process will also be displayed to other participated bidders after log in)

बिड विवरण/Bid Details	
बिड लगाने की समय सीमा स्वतः नहीं बढ़ाने के लिए आवश्यक बिड की संख्या। / Minimum number of bids required to disable automatic bid extension	3
दिनों की संख्या, जिनके लिए बिड लगाने की समय-सीमा बढ़ाई जाएगी। / Number of days for which Bid would be auto-extended	7
ऑटो एक्सटेंशन अधिकतम कितनी बार किया जाना है। / Number of Auto Extension count	2
बिड से रिवर्स नीलामी सक्रिय किया/Bid to RA enabled	No
बिड का प्रकार/Type of Bid	Two Packet Bid
तकनीकी मूल्यांकन के दौरान तकनीकी स्पष्टीकरण हेतु अनुमत समय /Time allowed for Technical Clarifications during technical evaluation	2 Days
अनुमानित निविदा मूल्य (सभी करों सहित) भारतीय रुपये में / Estimated Bid Value in INR (Inclusive of all taxes)	41000
Payment Timelines	Payments shall be made to the Seller within **45** days of issue of service delivery acceptance certificate (SDAC) and on-line submission of bills (This is in supersession of 10 days time as provided in clause 12 of GeM GTC)
मूल्यांकन पद्धति/Evaluation Method	Total value wise evaluation
मध्यस्थता खंड/Arbitration Clause	No
सुलह खंड/Mediation Clause	No

ईएमडी विवरण/EMD Detail

आवश्यकता/Required	No

ईपीबीजी विवरण /ePBG Detail

आवश्यकता/Required	No

बोली विभाजन लागू नहीं किया गया/ Bid splitting not applied.

एमआईआई अनुपालन/MII Compliance

एमआईआई अनुपालन/MII Compliance	Yes

एमएसई खरीद वरीयता/MSE Purchase Preference

एमएसई खरीद वरीयता/MSE Purchase Preference	Yes
सूक्ष्म और लघु उद्यम मूल उपकरण निर्माताओं/सेवा प्रदाता को खरीद में प्राथमिकता, यदि उनका मूल्य L1+X% / Purchase Preference to MSE OEMs/ Service Provider available upto price within L1+X%	15

ट्रेड्स भुगतान संबंधी विवरण/TReDS Payment Details

This Bid provides for Trade Receivables Discounting System (TReDS) as Preferred mode of payment. For MSME sellers, payments may be processed through a TReDS exchange in which the Buyer is registered, subject to applicable policy and regulatory guidelines. Accordingly, sellers intending to avail payment through TReDS are required to be registered with at least one TReDS exchange in which the buyer is registered.

1. If the bidder is a Micro or Small Enterprise as per latest orders issued by Ministry of MSME, the bidder shall be relaxed from the eligibility criteria of "Experience Criteria" as defined above subject to meeting of quality and technical specifications. The bidder seeking Relaxation from Experience Criteria, shall upload the supporting documents to prove his eligibility for Relaxation.
2. If the bidder is a Micro or Small Enterprise (MSE) as per latest orders issued by Ministry of MSME, the bidder shall be relaxed from the eligibility criteria of "Bidder Turnover" as defined above subject to meeting of quality and technical specifications. If the bidder itself is MSE OEM of the offered products, it would be relaxed from the "OEM Average Turnover" criteria also subject to meeting of quality and technical specifications. The bidder seeking Relaxation from Turnover, shall upload the supporting documents to prove his eligibility for Relaxation.
3. Years of Past Experience required: The bidder must have experience for number of years as indicated above in bid document (ending month of March prior to the bid opening) of providing similar type of services to any Central / State Govt Organization / PSU. Copies of relevant contracts / orders to be uploaded along with bid in support of having provided services during each of the Financial year.
4. **Purchase preference to Micro and Small Enterprises (MSEs):** Purchase preference will be given to MSEs having valid Udyam Certificate and whose credentials are validated online through Udyam Registration portal as defined in Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 dated 23.03.2012 issued by Ministry of Micro, Small and Medium Enterprises and its subsequent Orders/Notifications issued by concerned Ministry. If the bidder wants to avail themselves of the Purchase preference, the bidder must be the manufacturer / OEM of the offered product on GeM. In respect of bid for Services, the bidder must be the Service provider of the offered Service. Traders are excluded from the purview of Public Procurement Policy for Micro and Small Enterprises and hence resellers offering products manufactured by some other OEM are not eligible for any purchase preference. Relevant documentary evidence in this regard shall be uploaded along with the bid in respect of the offered product or service, and Buyer will decide eligibility for purchase preference based on documentary evidence submitted in case of product bids, whereas in case of services the eligibility is automatically validated. If L-1 is not an MSE and MSE Seller (s) has / have quoted price within L-1+ 15% (Selected by Buyer) of margin of purchase preference /price band defined in relevant policy, such MSE Seller shall be given opportunity to match L-1 price and contract will be awarded for % (selected by Buyer) percentage of total quantity. The buyers are advised to refer the OM_No.1_4_2021_PPD_dated_18.05.2023 for compliance of Concurrent application of Public Procurement Policy for Micro and Small Enterprises Order, 2012 and Public Procurement (Preference to Make in India) Order, 2017. Benefits of MSE will be allowed only if seller is validated on-line in GeM profile as well as validated and approved by Buyer after evaluation of documents submitted.
5. If L-1 is not an MSE and MSE Service Provider (s) has/have quoted price within L-1+ 15% of margin of purchase preference /price band as defined in the relevant policy, then 100% order quantity will be awarded to such MSE bidder subject to acceptance of L1 bid price.
6. Estimated Bid Value indicated above is being declared solely for the purpose of guidance on EMD amount and for determining the Eligibility Criteria related to Turn Over, Past Performance and Project / Past Experience etc. This has no relevance or bearing on the price to be quoted by the bidders and is also not going to have any impact on bid participation. Also this is not going to be used as a criteria in determining reasonableness of quoted prices which would be determined by the buyer based on its own assessment of reasonableness and based on competitive prices received in Bid / RA process.
7. Past Experience of Similar Services: The bidder must have successfully executed/completed similar Services over the last three years i.e. the current financial year and the last three financial years(ending month of March prior to the bid opening): -
1. Three similar completed services costing not less than the amount equal to 40% (forty percent) of the estimated cost; or

2. Two similar completed services costing not less than the amount equal to 50% (fifty percent) of the estimated cost; or
3. One similar completed service costing not less than the amount equal to 80% (eighty percent) of the estimated cost.

अतिरिक्त योग्यता /आवश्यक डेटा/Additional Qualification/Data Required

Financial Audit Services - Review Of Financial Statements, Financial Reporting Framework, Audit Report; CA Firm (1)

तकनीकी विशिष्टियाँ /Technical Specifications

विवरण/ Specification	मूल्य/ Values
कोर / Core	
Scope of Work	Review of Financial Statements , Financial Reporting Framework , Audit report
Type of Financial Audit Partner	CA Firm
Type of Financial Audit	Internal Audit
Category of Work under Financial Audit	Internal Control over Financial Reporting
Type of Industries/Functions	Inventory & Store management , Human Resource & Payroll , Operational & Administrative , Fixed assets, depreciation and amortisation , Payables , Receivables , Cash and Bank Balance
Frequency of Progress Report	quaterly
MIS Reporting for Financial Audit support	Yes
Frequency of MIS reporting	quaterly
State	NA
District	NA
एडऑन /Addon(s)	
Post Financial Audit Support	NA

क्रेता द्वारा निर्धारित न्यूनतम मूल्य/Minimum Floor Price defined by Buyer

क्रेता द्वारा निर्धारित न्यूनतम मूल्य/Minimum Floor Price defined by Buyer	No

अतिरिक्त विशिष्टि दस्तावेज़ /Additional Specification Documents

परेषिती/रिपोर्टिंग अधिकारी /Consignees/Reporting Officer and Quantity

क्र.सं./S.No.	परेषिती/रिपोर्टिंग अधिकारी /Consignee Reporting/Officer	पता/Address	Quantity	अतिरिक्त आवश्यकता /Additional Requirement
1	Seema Sharma	134101,HMT MACHINE TOOLS LTD. PINJORE	Project / Lumpsum Based	N/A

क्रेता द्वारा जोड़ी गई बिड की विशेष शर्तें/Buyer Added Bid Specific Terms and Conditions

1. **Generic**

   OPTION CLAUSE 25% : The buyer can increase or decrease the contract quantity or contract duration up to 25 percent at the time of issue of the contract. However, once the contract is issued, the contract quantity or contract duration can only be increased up to 25 percent. Bidders are bound to accept the revised quantity or duration.
   For lumpsum-based service contracts, the buyer may increase the scope of work and contract value up to 25 percent with the consent of the service provider

2. **Buyer Added Bid Specific ATC**

   Buyer uploaded ATC document Click here to view the file.

अस्वीकरण/Disclaimer

The Additional Terms and Conditions (ATC) have been incorporated by the Buyer after approval of their Competent Authority. The Buyer ,is solely responsible for the impact of these clauses on the bidding process, its outcome, and consequences thereof including any restriction arising in the bidding process due to these ATCs and including the modification of technical specifications and / or terms and conditions governing the bid.All representations / grievances pertaining to the ATC clauses shall be raised with the buyer organization directly and not with GeM.If any of the clause(s) is/are incorporated by the Buyer regarding the following, the bid & resultant contract shall be treated as null & void. Further, GeM reserves the right, at its sole discretion, to cancel the bid forthwith, without issuance of any prior notice or intimation :-

1. Publishing Custom / BOQ bids for items for which regular GeM categories are available (unless such Custom / BOQ item is bunched with the major regular product Category Item).
2. Mandating procurement of / from specific Brand / Make / Model / Manufacturer / Dealer except in case of Single Bid / Proprietary Article Certificate (PAC) Buying.
3. Inclusion of disqualification criteria related to suspension of seller / service provider, where such suspension period has already expired.
4. Mandating submission of documents in physical form as a pre-requisite to qualify bidders.
5. Publishing bids on GeM for procurement of works.
6. Procurement of Goods by creating a Service bid on GeM & vice-versa.
7. Seeking sample with bid or approval of samples during bid evaluation process. However, trial / sample, as the case may be, shall be permitted in cases where trial / sample are allowed as per approved and published procurement policy of the Buyers’ controlling Ministry / Department / State / Public Sector Enterprises Headquarters. If there is any violation of trial / sample clause with regard to approved policy of the Buyers’ Ministry / Department / State / Public Sector Enterprises Headquarters, then this is to be determined and redressed by the concerned Buyer Organisation only.
8. Seeking experience from specific organization / department / institute only or from foreign / export experience.

9. Creating bid for items from incorrect categories.
10. Reference of conditions published on any external site or reference to external documents/clauses.
11. Asking for any Tender fee / Bid Participation fee, as the case may be.
12. Buyer added ATC Clauses which are in contravention of clauses defined in bid detail section, including specifications, EMD Detail, ePBG Detail and MII and MSE Purchase Preference sections of the bid, unless otherwise allowed by the applicable GeM GTC.
13. Any ATC clause in contravention with GeM GTC Clause 4 (xiii) (h) will be invalid. In case of multiple L1 bidders against a service bid, the buyer shall place the Contract by selection of a bidder amongst the L-1 bidders through a Random Algorithm executed by GeM system.
14. In a category based bid, adding additional items, through buyer added, additional scope of work/ additional terms and conditions/or any other document. If buyer needs more items along with the main item, the same must be added through bunching category based items or by bunching custom catalogues or bunching a BoQ with the main category based item, the same must not be done through ATC or Scope of Work.

Further, if any seller has any objection/grievance against these additional clauses or otherwise on any aspect of this bid, they can raise their representation against the same by using the Representation window provided in the bid details field in Seller dashboard after logging in as a seller. Buyer is duty bound to reply to all such representations and would not be allowed to open bids if he fails to reply to such representations.

All GeM Sellers/Service Providers shall ensure full compliance with all applicable labour laws, including the provisions, rules, schemes and guidelines under the four Labour Codes i.e. the Code on Wages, 2019; the Industrial Relations Code, 2020; the Occupational Safety, Health and Working Conditions Code, 2020; and the Code on Social Security, 2020 as and when notified and brought into force by the Government of India.

For all provisions of the Labour Codes that are pending operationalisation through rules, schemes or notifications, the corresponding provisions of the pre-existing labour enactments (such as The Minimum Wages Act, 1948, The Payment of Wages Act, 1936, The Payment of Bonus Act, 1965, The Equal Remuneration Act, 1976, The Payment of Gratuity Act, 1972, etc. and relevant State Rules) shall continue to remain applicable.

The Seller/ Service Providers shall, therefore, be responsible for ensuring compliance under:

- **All notified and enforceable provisions of the new Labour Codes as mentioned hereinabove; and**
- **All operative provisions of the erstwhile Labour Laws until their complete substitution.**

All obligations relating to wages, social security, safety, working conditions, industrial relations etc. and any other statutory requirements shall be strictly met by the Seller/ Service Provider. Any non-compliance shall constitute a breach of the contract and shall entitle the Buyer to take appropriate action in accordance with the contract and applicable law.

This Bid is governed by the General Terms and Conditions, conditions stipulated in Bid and Service Level Agreement specific to the Service, as the case may be, as provided in the Marketplace.

However, in case of Service, if any condition specified in General Terms and Conditions is contradicted by the conditions stipulated in Service Level Agreement specific to said Service, then it will over-ride the conditions in the General Terms and Conditions.

This Bid is governed by the सामान्य नियम और शर्तें/General Terms and Conditions, conditions stipulated in Bid and Service Level Agreement specific to this Service as provided in the Marketplace. However in case if any condition specified in सामान्य नियम और शर्तें/General Terms and Conditions is contradicted by the conditions stipulated in Service Level Agreement, then it will over ride the conditions in the General Terms and Conditions.

जेम की सामान्य शर्तों के खंड 26 के संदर्भ में भारत के साथ भूमि सीमा साझा करने वाले देश के बिडर से खरीद पर प्रतिबंध के संबंध में भारत के साथ भूमि सीमा साझा करने वाले देश का कोई भी बिडर इस निविदा में बिड देने के लिए तभी पात्र होगा जब वह बिड देने वाला सक्षम प्राधिकारी के पास पंजीकृत हो।बिड में भाग लेते समय बिडर को इसका अनुपालन करना होगा और कोई भी गलत घोषणा किए जाने व इसका अनुपालन न करने पर अनुबंध को तत्काल समाप्त करने और कानून के अनुसार आगे की कानूनी कार्रवाई का आधार होगा।/In terms of GeM GTC clause 26 regarding Restrictions on procurement from a bidder of a country which shares a land border with India, any bidder from a country which shares a land border with India will be eligible to bid in this tender only if the bidder is registered with the Competent Authority. While participating in bid, Bidder has to undertake compliance of this and any false declaration and non-compliance of this would be a ground for immediate termination of the contract and further legal action in accordance with the laws.

---धन्यवाद/Thank You---

GUIDELINES FOR INTERNAL AUDIT OF MANUFACTURING UNITS

CASH SECTION

The primary object is to ensure all receipts and payments are properly and promptly recorded in the Cash and Bank Books and the Systems of Control are such as to prevent misappropriation of funds by ensuring that no one person is in a position to influence directly or indirectly the records relating to receipts and payments.

- Carry out surprise verification at periodical intervals.
- Check the system of daily verification of cash, which is to be in agreement with the Cash book balance and the maintenance of denomination register.
- Examine cash holding in excess of prescribed limits/requirements and check whether adequate insurance cover exists.
- Verify the system of issuing cash receipts, which is to be pre-numbered and signed by the Cash Officer. Proper record of such cash receipt books to be maintained.
- All Cash, Postal Orders, Money Orders, Receipts etc., are to be accounted only on the basis of cash credit vouchers prepared by the concerned accounts section.
- All cash payments to be only against cash payment vouchers authorised by the competent authority other than Officers of the Cash department. Vouchers to be defaced after payment to avoid duplication.
- Check the frequency of exchange of soiled/mutilated notes.
- Daily record of cash credit vouchers prepared by concerned sections, to be verified to ensure prompt and correct accounting of such receipts in cash section.
- Examine nature of expenses directly charged to 'Revenue Heads' through cash vouchers instead of routing through concerned journals.
- Comment on frequency and system of regularisation of imprest and procedure for confirmation of imprest balance.
- Check system of accounting for and duration of keeping unpaid wage/salary payment covers.
- Check the controls on preparation of cheques and authorisation/signatories. Bill passing Officer should preferably not sign the cheques. Proper record of all cheque books to be maintained.
- Check frequency of bank reconciliation and effectiveness of follow up of cheques sent for collection and clearing.

- Verify correctness of interest charged by bank from the daily product register as also correctness of bank charges levied by bank.
- Check follow up action of unlinked debits/credits by banks.
- Confirm that there is proper follow up for lodging of claims for delayed collection of cheques, transfers, etc., and interest loss, if any.
- All receipt of cheques & bank drafts and direct credits through banks to be accounted on the basis of Cash-Credit vouchers submitted by the concerned sections. Pre-numbered receipts to be issued for all such amounts. Verify the system for accounting dishonoured cheques and reversal of time-barred cheques and issue of duplicate cheques.
- All non-cash payments are to be made only against cheque payment vouchers prepared by the concerned departments and signed by the competent officer. Proper acknowledgement for payments to be obtained. Payment vouchers to be defaced to avoid the possibility of duplicate payment.
- Cash Department should not hand over cheques directly to the concerned parties/payees. Cheques to be sent by Post only.
- Memoranda Register to be maintained for Bank Guarantees and other value instruments held in safe custody by Cash Department.

INWARD BILL SECTION:

- In respect of supplies and services, check that payment authorised by the competent authority, are made only for the accepted quantities as per MI Slips and for services on satisfactory performance, at the agreed rates and terms of delivery as per the Purchase Order & Sanctions.
- In respect of payment against imports, check the correctness of rate of exchange applied, which should be the prevailing rate of exchange, customs duty as per the applicable tariff, freight, insurance, Clearing Agents Commission etc., as per the respective contracts. In respect of payments made directly by Bankers against LC, it should be strictly in accordance with the terms of LC. Indian Agents Commission, payable in INR, should be only on acceptance of materials.
- Verify that proper controls by way of endorsement on the original of sanctions and copy of Purchase Order are made in respect of quantities supplied and payment defrayed.
- Check critically all re-acceptances of the originally rejected materials and verify whether they have been used for the required purpose and suitable price reduction is obtained for materials not fully satisfying the required specification.

- Verify that excess supplies, if any, are paid only after regularisation with proper sanction.
- Check whether MODVAT Credit is availed on all inputs - consumables, tools, etc., as per the Central Excise Rules. Highlight system weakness, if any, and suggest improvements in controls. Review cases of disallowances of credit, if any, by the department and apprise the Management on the lapses.
- Verify that claims pertaining to damages/shortages are preferred against transporters/insurers/suppliers immediately and are closely followed up for realisation.
- Review all consignments not cleared from customs for unduly long periods, with reference to consequential losses on account of production/revision in duties/ demurrages/storage loss/loss of benefits due to delayed claims, etc.
- It should be seen whether advance to suppliers are made only against confirmed availability of materials and the same is regularised immediately. Review all cases of rejections to ensure that replacements are obtained immediately free-of-charge. Comment on the system of follow-up of old advances.
- Check and report cases, if any, where suppliers are unduly favoured in releasing out-of-turn payments and ensure that payments are made only against 'Account Payee' not negotiable cheques and such cheques are invariably sent by Post.
- It should be checked whether proper controls are exercised with regard to accepting EMD, Security Deposit and its refund. Payment for Civil works should be checked with the running bills, measurement books, sanction, work order, etc., and recoveries for water, electricity, materials supplied, are to be correctly made. Retention deposit to be released only after completion of the defect liability period.
- Verify and comment on the system of controls, payment, in accounting for works contracts, maintenance contracts, house keeping contracts, AMCs and other labour contracts. Report of non-compliance, if any, to the various enactments like IT Act, ESI, PF, Minimum Wages, etc,.
- To verify that property of the Company is adequately insured and the premium paid is at competitive rates and periodical returns are filed in respect of materials in transit, cash, stocks etc.
- Verify the authenticity of payment of all rates and taxes, grants, subsidies to schools, canteens, with reference to the conditions attached thereto.
- Verify the correctness of charge towards electricity, water, telephone, telex, etc., and comment on the control systems and accounting of excess billing, if any, and its follow up for realisation, etc.

- Check whether the purchases, expenses are well within the sanctioned plans of the Unit.
- Check the accuracy of the year-end provisions made for materials, services, expenses for all undischarged liabilities based on document of receipt or other appertaining documents.
- Confirmation of Advance payment to suppliers, if any, as also on Sundry Creditors to be obtained at the year-end.

MATERIAL PLANNING AND PROCUREMENT

Material procurement is linked to the operational plans of the Unit as sanctioned by the Corporate Office. Hence it is essential to ensure that the changes, if any, in the Operational Plans and based upon periodical performance review of actuals are incorporated in the procurement plans. Inventory norms and lead-time for procurement has been established by the Unit. The right quality of material should be made available at the appropriate time from the right source, avoiding idle inventory to achieve the production target in scheduled time.

Audit to check:-

- The material purchase requests (MRP) are released by Planning Department based on production schedule after considering the existing stocks, and pending order quantity which are indicated in the MRP. Test check the given data and the approval accorded by the Competent Authority on the MRP.
- The indented materials are to be of approved/internationally accepted standards.
- See whether the vendor list is updated to include new, technically competent and import-substitute suppliers on proper evaluation.
- Verify whether enqueries are sent by Post to all related vendors giving sufficient time for them to quote (with samples) the unambiguous specification/terms of supply, delivery, schedule, taxes and discounts, extension of MODVAT benefits, etc.
- Check whether the quotations are opened on due dates in the presence of representatives of finance department, would attest the authenticity.
- Proper evaluation of the quotations is made on comparable, like-to-like basis for ascertaining competitiveness of the quotations. Voluntary and late quotations, marked as such, may be considered at the discretion of the competent authority.
- Reasons for rejecting lowest offer should be examined carefully to ascertain impartial selection.
- Decisions are taken without delay in the best interest of the Company, like bulk procurement rates with staggered delivery schedule.

- Orders on 'Repeat Basis' for unduly long periods are to be discouraged except in case of proprietary items. Price increase after release of repeat order should not be considered as a matter of principle.

- Requests for 'Rush' or 'Emergency' purchases should be reviewed thoroughly with reference to delays created, if any, at any stage, vis-à-vis the stock level and the cost of procurement of such materials should be examined with reference to previous procurement. The time span of consumption of emergency procurement should also be examined to confirm such decisions.

- Where substitute materials are available indigenously, request for import should be discouraged. As per Head Office guidelines, LCs for imports is to be established only with the clearance of the concerned Directorates. Compliance to the above to be checked. Delay in clearance of the imported consignments should be reported indicating the resultant losses.

- Efficiency of the purchase department in obtaining replacement for the rejected materials/refund of amount paid, defect-free central excise invoices for availing MODVAT, etc., to be reviewed and reported.

- Check cases of non-adherence to delivery schedule vis-à-vis the cost of procurement of materials from alternate source and verify whether such Purchase Orders are short-closed to avoid excess inventory. Purchase Orders are also to be short-closed/delivery deferred to suit to changes in the production programme.

- Sub-contracting or off-loading of jobs should be justified only in case of non-availability of capacities and without sacrificing quality as also on cost considerations. Low and under-utilisation of capacities to be reported.

- Request for procurement of capital items has to be processed only against the sanctioned budget for specific items.

\TERIAL ACCOUNTS

Procurement is to be strictly based on the Production Programme, taking into account the suggested inventory norms.

- Check whether all receipts are against accepted quantities as per MI Slips & Return Note and issues based on Demand Notes are duly authorised and accounted properly both in Bin Cards and Stores Ledger and proper control, procedure are followed. Verify Demand Notes to include work orders and warrant references and are authorised by the competent authority.

- Check whether the weighted average rate of materials as obtained from the material ledger, is correctly computed.

- Test check the accounting of 'non-stock' items of inventory, procured against specific requirement which are not to be valued, but are drawn immediately on procurement against Demand Note.

- Test check physical stock with reference to Bin Card balances and ledgers balances and highlight major discrepancies, if any.

- Verify compliance to proper controls on materials issued to sub-contractors, issued on loan, etc., and check whether the re-work charges, if any, are recovered from the sub-contractors/suppliers' bills.

- Test check the control system existing for monitoring materials issued against returnable gate passes.

- Check the system of accounting for return of the materials drawn in excess for production and/or process by sub-contractors.

- Check whether price variance statements are completed every quarter and analysed for abnormal variances, before adjustments are effected.

- In respect of process orders, confirm that the Central Excise regulations are complied with and MODVAT Credit of Excise Duty paid is availed.

- In respect of works contracts, ensure proper accounting and recovery is made from the running bills towards materials issued by the Company.

- Check the reconciliation of materials issued to the contractor with reference to the utilisation as certified by the Civil Engineering Department and ensure that no payment is made to the contractor on such issues. The value of materials issued by the Company should also be capitalised where the work is of capital nature.

- Check whether perpetual verification of inventories is conducted by the Unit. Verify the reports issued by the physical verification teams and comment on the accounting of excesses and shortages noticed, if any.

- Examine the existing control systems for issue of tools from the tools crib, reporting of breakages, lost/pilferage and recovery systems.

- Examine whether the Unit is following proper system for issue and return of Service Tools, Instruments, etc., to Service Engineers required for commissioning of machines at customer's works. Physically verify selected cases to ensure compliance to the set procedures.

- Check and comment on the systems for receipt and issue of customer's components received for trials and prove-outs.

- Check and ensure that all materials transferred to other Units are duly documented and debit notes are sent to the transferee Unit.

- Examine the non-moving/slow-moving/obsolete inventory statements prepared by the Unit to confirm their correct classification and test check cases to ensure the physical existence of such items and report your observations.

SALES AND OUTWARD BILLS SECTION:

Sales plans are budgeted based on the market demand and order book position taking into consideration the available resources of the Unit. Since deliveries are committed, delays and bottlenecks lead to non-fulfillment of targets. The following points have to be reviewed in Audit:

- Order Acceptance (OA) is issued confirming the booking of orders for machines, accessories, special tools and spares. The prices indicated in the OAs and subsequent amendments are to be in conformity with the sanctioned prices. Deviations, if any, require examination with reference to quotation, approval of the competent authority. Prices for the specially executed orders have to be reviewed with reference to quotation, and actual cost of production. Variations to be reported clearly. Sales under IDBI Re-discounting Scheme or any other approved scheme, should be in accordance with the provisions of the scheme.

- The existing procedure for transportation, insurance, obtaining acknowledgement should be reviewed and weakness, if any, should be reported immediately.

- Observance of dispatch instructions like intimation to under-writers, carriers, customers, agendts, works, etc., to be checked.

- Check whether timely claims for shortages, transit damages, thefts and pilferages have been lodged with appropriate authorities and are duly followed up and brought to books. Also check whether claims for drawback of duty, expert incentives have been lodged with all supporting documents and proofs.

- The delivery challans and packing slips, which are serially numbered, authorizes issue and delivery of the ordered items. Hence, their authenticity and billing should be checked with reference to the controls. Delivery challans, which are not invoiced should be reported. Verify that items covered by escalation clause are billed at prices prevailing on the date of supply. Correct charge of the applicable rates, duties, taxes and other levies should be checked with appropriate documents and for extending concessions. Credit facilities and sales incentive / promotion scheme should have prior approval and based upon appropriate sanction.

- Non-compliance to the delivery schedule, with consequential reference to penal clause, non-compliance to payment and dispatch items, production of concessional forms for Sales Tax, etc., require examination and reporting.

- Recovery towards penalties, LD, interest, production losses due to slippages in deliveries, with-holding payment due to partial execution of order, delay/failure to commission & prove-out machines or failure to establish agreed accuracies are to be reviewed with reference to agreed terms and reported.

- Cash Receipts, Money Orders, etc., for sales & services, should be carefully checked to ensure that proper controls exist for foolproof accounting.

- Charges for discounting of bills, collection charges for documents sent through Bank should be checked. Delay in transfer of funds from Regional Offices/Machine Tool Marketing relating to sale proceeds should be reviewed.

- Periodical returns which are to be filed/remitted to Central Excise, under-writers, sales tax authorities, etc., and assessments, should be checked. Delays in compliance, penalties for non-compliance, sales tax demands for not filing concessional forms, etc., to be reported.

- Check service call charges and free service calls on the basis of service call reports of the engineers and the warranty period to ensure that all chargeable calls are duly recovered at the sanctioned rates.

- Claims for free replacements of components, tools and spares may be checked with reference to customers' compliants, analysis report, to ensure that the damage is not due to bad handling of the machine, etc. Replaced parts are to be collected and accounted. It should be ensured that a counter claim for recovery is made from the suppliers of bought out parts.

- Sales Returns, if any, should be correctly reviewed ascertaining the reasons for return and such returns are to be accounted under MI Slip.

- In respect of sale of scrap, the proceeds, basis of sale, weighments, etc., should be verified and loopholes if any, observed should be reported. It should be ensured that proper segregation of different scrap has been made to avoid losses due to mix-up. Further, opportunity lost due to failure in recycling the scrap, wherever possible and economical, should be brought out.

- Control over issue of machines/watches sent on field trials, consignments, exhibitions, demonstration, loans, should be checked with reference to periodical confirmation certificates. It may be seen whether refund of Excise Duty paid, if any, at the time of removal has been obtained on return of the machine.

- It should be ensured that request for confirmation of balance from debtors have been sent giving full details for the outstanding as at the end of the year and confirmation obtained. Similarly, confirmation is required for advance made by the customers.

PRODUCTION PLANNING & COST ACCOUNTING

Production Planning is required to ensure that established manufacturing processes are followed properly to meet the sales target at the least cost and at the required time, the right materials are made available at the right time to complete the machines to meet the delivery schedule with least rejections/wastages.

It should be verified that:

- Proper Accounting Controls are established to ensure accuracy of reported procedures.
- Available men and machines are put to optimum and proper records are maintained to review and monitor the utilisation of available resources. Low/under/non-utilisation of assets may be reviewed and reported. Delays in installation and commissioning of machines, if any, should be reported.
- Proper documentation is maintained for monitoring and reviewing process rejections.
- Analysis of rejections, idle labour and idle-machinery, is made periodically to apprise the management and appropriate action taken to control the same.
- Proper co-ordination between procurement, production and sales department is maintained.,

With reference to Costing records, it should be seen that:

- Standard costs have been worked out properly for the various products, jobs undertaken by the Unit.
- Standard costs are compared with the actual costs and reasons for variances are analysed properly and corrective action taken to prevent losses.
- Standard costs are revised periodically consequent upon revision/increase, if any, in fixed and variable costs, by revising the MHR.
- The work order system is practice is followed strictly and the job cards are properly posted to reflect the correct computation of costs.
- The system of review of old and incomplete work orders are properly monitored and reported to the Management.
- The excess materials drawn are properly documented, returned to Stores and reflected in the accounts.

- The generated scrap are properly segregated, collected, stored and disposed off properly at periodical intervals to the best advantage to the Company. Verify the systems, controls, documentation and implementation of the set procedures and suggest improvements, if any.

- In respect of sub-contracting operations, the fair rates fixed should be reviewed with reference to the standard cost of in-house manufacture, vis-à-vis the unutilised spare capacity of the plant, enforcement of quality standards, etc., with special reference to the central excise procedures.

- In respect of jobs undertaken departmentally for manufacture of Jigs, Fixtures, Patterns, etc., it is to be checked that such jobs are taken up after approval of estimates by the competent authority and the actual costs are compared with estimates and the same is accounted properly under appropriate heads.

- In respect of accounting activity, it should be seen that:

  ⇒ Proper cost records are maintained.

  ⇒ Product-wise computation of cost is worked out in accordance with the standard procedures.

  ⇒ Proper reconciliation of costs as per costing records and financial books are made at the year-end and analysis for variances are made.

WAGES SECTION

It should be generally verified that payments are authorised only after complying with the prescribed rules, regulations etc., and that all records and registers, etc., as prescribed are maintained properly and up-to-date.

- Check the total of salaries and wages paid each month and reconcile to verify the correctness of the pay roll.

- Fixation of salary on promotion, drawal of increments, HRA and other allowances should be test checked at least once during the year. Attendance records, leave availed, special leave granted for family welfare, sports, etc., should be verified with reference to the rules of the Company under relevant schemes.

- Recoveries towards Company's dues towards recoverable loans, vehicle and house building loans, etc., should be checked to ensure that there is no delay in initiating recovery and the interest charged thereon is as per the relevant rules. Compliance to directives of court for recovery from the employees and remittance on due dates should be verified.

- Computation and recovery of statutory deductions towards PF, Pension Fund, ESI, IT, Professional Tax, etc., to be test checked. Delay, if any, in depositing the above recoveries with Company's contribution, if any, may be brought to notice of the Management. Filing of periodical returns and assessments may be verified.

- Approved non-statutory recoveries may be checked with payments to the respective agencies.

- Recoveries towards rent, water, electricity, transport, should be verified with the respective Office Orders to ensure correctness of the same, with reference to Grade/Pay of the employee.

- Grant of vehicle advance, housing building advance, recoverable advance, should be checked with reference to the respective schemes as regards eligibility, timely recovery, charge of applicable rate of interest, filing of title deeds, hypothecation, surety, etc. Granting subsidy on house building loan to the employees should be verified with reference to the relevant rules. Maintenance of records, memorandum registers with updated entries, to be verified during audit.

- All cases of settlement on superannuation/resignation/VRS/Death/termination etc., should be verified to ensure that all Company dues are recovered correctly. It should be checked that in all cases of contractual obligations, the amount recoverable has been correctly worked out with reference to the training period and waiver of compensation, if any, should be checked with the sanction of the competent authority.

- Wide variation, if any, in monthly payments to be checked to conform against irregularities.

- Computation of monthly incentive bonus, annual bonus, performance bonus, etc., to be checked with reference to the scheme/sanctions.

- Leave records to be test checked to conform postings.

- Compensation paid for employment injuries/accidents to be checked with reference to the relevant rules.

- Payment of travelling expenses, leave travel concessions, should be checked with reference to the rules of the Company. Delay in settlement of advance and misuse of facility, if any, to be reported to the Management. Claims for refund of charges for transportation of house-hold articles, transfer benefits, etc., should be checked in full with reference to the eligibility within the ambit of the transfer rules of the Company.

- Claims for reimbursement of medical expenses should be verified in detail for the correctness and entitlement under the rules. Misuse if any, of the facility should be brought to the notice of the Management immediately for necessary action.

- The system for purchase of medicines required by the hospital / dispensary in the Township / Factory should be test-checked. Accounting of receipt and distribution of medicines to the out-patient / in-patients should be verified. Stock verification of the selective items to be carried out at least once during the year.

- Claims on outside agencies towards training imparted to their employees, charges towards medical and other facilities extended to outsiders, etc., to be verified with respect to the rules.

MAIN ACCOUNTS:

- The Main Accounts section maintains the control accounts based on the journal entries independently passed by various sections in Accounts Department. Hence, updation of books should be verified. Further, JEs passed by this section needs to be test checked

- Trial balances and Accounts drawn periodically may be verified, Schedules drawn by Sections should tally with the Main Accounts ledger balances. It should be verified that the Balance Sheet and P&L Accounts are supported with groupings and schedules and are in conformity with the Companies Act, 1956.

- Maintenance of Fixed Assets Register, calculation of depreciation, etc., should be verified with reference to the instructions issued by Head Office and in accordance with the Company's Accounting Policies.

- Loans drawn by the Unit and repayment are to be monitored by Main Accounts. Interest calculations should be checked with reference to the terms of loan agreement. Defaults in honouring the repayment schedule and consequent penal charge may be brought to the notice of Management

- Report on operational efficiency may be initiated

- Targeted order procurement, servicing income and variance analysis should be initiated

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