

NORTHERN POWER DISTRIBUTION COMPANY OF TELANGANA LIMITED

Corporate Office, Vidyuth Bhavan, Hanamkonda, Warangal – 506001

**REQUIRES SERVICES OF EXPERIENCED CHARTERED ACCOUNTANT FIRMS TO
CARRY OUT INTERNAL AUDIT FUNCTION**

TSNPDCL desires to engage experienced Chartered Accountant firms for assigning the Internal Audit Functions in 16 Operation Circles, i.e., Warangal-Urban, Warangal-Rural, Jangaon, Mahabubabad, Prof. Jayashankar - Bhupalpally, Karimnagar, Peddapally, Jagityal, Khammam, Badradri-Kothagudem, Nizamabad, Kamareddy, Adilabad, Nirmal, Mancherial, Komurambheem-Asifabad and in Corporate Office of TSNPDCL, Warangal. The Internal Audit work shall have to be carried out w.e.f.01.01.2020 or as per the programme given by TSNPDCL.

Audit Units (As on Date)

Sl. No.	Name of the circle	No. of Expenditure units	No. of revenue units	Total
1	Warangal Urban	5	7	12
2	Warangal Rural	3	5	08
3	Jangaon	3	5	08
4	Mahabubabad	3	4	
5	Prof. Jayashankar Bhupalpally	3	4	07
6	Karimnagar	5	8	13
7	Peddapally	3	7	10
8	Jagityal	3	6	09
9	Khammam	5	10	15
10	Badradri -Kothagudem	3	7	10
11	Nizamabad	5	11	16
12	Kamareddy	4	7	11
13	Adilabad	3	4	07
14	Nirmal	3	4	07
15	Mancherial	3	5	08
16	Komurambheem-Asifabad	3	3	06
17	Corporate Office	1	-	01
Total		58	97	155

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- * Apart from the above, Non-Accounting units such as MRT, DPE, Construction, APTS, P&MM, Projects, Operation, Civil etc., have also to be audited while auditing the respective Circle Offices and corporate office.
- * The number of circles may vary in future due to the bifurcation of the Districts in Telangana State.

1) **Qualification Criteria:** - The Chartered Accountant firms should have the personnel qualified in CISA/DISA and the Internal Audit function is to be carried out in ERP platform/SAP.

2) **Experience:** - The Chartered Accountant firm should have **minimum experience of 3 years in Internal Audit/Statutory Audit of Public Sector Undertakings preferably in Power Sector.**

3) An indicative Scope of Audit is stated in **Annexure - A** for reference.

4) **Terms & Conditions:** -

- 1) TSNPDCL reserves the right to accept the application or reject even if the firm fulfils all conditions. The firm shall not assign or transfer the work to other firms etc.
- 2) Initially, the tenure of the **contractual assignment shall be for a period of 2 years i.e., from 1st January 2020 to 31st December 2021.** The same is extendable based on proven performance of the Chartered Accountant firm. The Firm shall carry out the Internal Audit Work at the EROs/Division Offices/Circle Offices falling under the purview of the respective Operation Circles and Corporate Office on a fulltime basis and on all working days and should cover all Accounting Units at least twice in a Financial Year.
- 3) The Audit Report should be submitted before 5th of succeeding month after completion of Audit.
- 4) An amount of **Rs. 35,000/- (Rupees: Thirty five thousands only)** shall be payable towards remuneration per month exclusive of GST.
- 5) Traveling Expenses & Incidental charges will be paid extra as per NPDCL rules for official journeys performed from the Circle Head Quarters Office.
- 6) Visiting Audit Teams will consist of minimum one Chartered Accountant and two Audit Assistants with CA (Inter) or ICMA (Inter).
- 7) No advance towards Audit Fees or of any kind shall be paid/sanctioned at any stage of the Audit.
- 8) In case of any dispute the jurisdiction will be Warangal.

Interested Chartered Accountant firms shall submit their applications along with details of qualification & experience of the assistants in the following proforma to the following address on or before **25/11/2019**.

Details of Chartered Accountant:

Sl.No.	Membership No.	Qualification (ACA/FCA)	Date of joining with the firm

Details of staff members who would be assisting:

Sl.No.	Name	Qualification	Experience

To:

The General Manager (Audit)

TSNPDCI, Corporate Office,

3rd Floor, Vidyuth Bhavan, Nakkalagutta,

Hanamkonda, Warangal- 506 001, (Telangana).

Cell No. +91-9440811228.

Annexure-“A”

SCOPE OF AUDIT

01. GENERAL PARAMETERS:

- a) The audit scope is to cover the audit of all aspects of the assigned areas. However, it is not intended to be restrictive in coverage.
- b) Generally 100% coverage of all transactions is expected. However where due to large volumes 100% coverage is not possible; relevant sampling techniques should be adopted and report accordingly. The Internal audit is advised to generate the reports from the SAP and verify with supported evidences.
- c) Verification of cash book vouchers with SAP cash book.
- d) Verify documentary evidence both internal and external for transactions taken place.
- e) Verify there is a proper authority for all expenditure and transactions.
- f) Critically review every aspect relevant to the internal audit area, with a view to achieving cost savings and improved revenue earnings.
- g) Verify the arithmetical accuracy of the data fed in to SAP system and confirm that the data entered in the SAP are supported by documentary evidence.
- h) Review of the MIS reports submitted to higher authorities.
- i) Endeavour for prevention and quick detection of frauds.
- j) Check validity of transactions with reference to provisions of laws and statutes.
- k) Verify the accuracy and authenticity of the financial accounting and statistical records.
- l) Cost audit overview for compliance with cost audit rules.
- m) Ascertain that the standard accounting practices, internal policies & control procedures are being adhered to.
- n) Review the operation of the overall internal control system and bring material departures and non-compliance to the notice of the management and report thereon. This review also generally aims at locating unnecessary and weak controls and to suggest effective and economical controls.
- o) Review the adequacy of documentation, filing system & record keeping.
- p) Report on shortcomings / improvements possible in the systems & record keeping.
- q) Report adequacy of existing Information Technology support system (SAP ECC 6) and suggest for improvement wherever required.
- r) Review the process of SAP system in the TSNPDCL and suggest deficiencies if any observed.
- s) Review the statutory returns submitted to authorities concerned and deficiencies if any observed should be reported for.
- t) Review the units at the time of audit whether they are following the instructions/circulars/amendments if any issued by the higher authorities from time to time.

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02. GENERAL ACCOUNTING

i) Journal Vouchers:

- a) Check accounting entries made in the SAP with reference to documentary evidence available.
- b) Verify that all journal vouchers accounted in the SAP are properly documented signed, entered and approved by the appropriate authorities.
- c) Report on journal vouchers / accounting entries without supporting documentation.

ii) General Ledger Scrutiny:

- a) Scrutinize all revenue accounts.
- b) Review all advances made to suppliers / employees and report any amounts not recovered.
- c) Review all debtors / creditors, loans and advances, deposits, other sundry accounts and report the deficiencies observed.
- d) Review all the statutory recoveries and remittances accounts and report any deficiencies observed.
- e) Review all the clearing accounts and confirm that all entries are cleared at the end of the year.
- f) Review the Trial balance and report any deficiencies observed.
- g) Review the Capitalization of Assets and other Capital works Ledger accounts and confirm all the systems and procedures adhered to.

03. PURCHASES:

- a. While inspecting the circle office, care should be taken for coverage the levy of statutory taxes and duties and its prompt reporting of information to the corporate office.
- b. Review the adequacy of floating inquiries and see that there are in line with the company policy.
- c. Review all enquiries and quotations and report if any deficiencies observed.
- d. Comparative price analysis review on the basis of quotations / other price information.
- e. Review of vendors rating procedures taking in to account price, quality (with reference to field reports), reliability of supply & suppliers delivery commitment & priority nature of items.
- f. Reviewing that the purchase orders are prepared and finalized in line with the indents / deployment plan and stock levels for all categories of inventory.
- g. Scrutiny the purchase order and compliance with authorization procedure.
- h. Review of post fact purchase orders.
- i. Analyze the reasons for amendments to purchase orders and compliance with authorization procedure.
- j. Review of pending purchase orders with respect to subsequent /earlier orders for the same material on same party.
- k. Receipt of material as per scheduled dates of delivery and penalties on parties defaulting.
- l. Analysis of material rejection v/s orders placed.
- m. Report on any cases of purchases made by the other department, which should be normally handled directly by purchase department.
- n. Review on open purchase orders and comment on follow up. In case of open purchase orders / default by parties, report on the emergency purchases made.
- o. Analysis of abnormal time lag for conversion of indents to purchase orders and reports on reasons for the same.
- p. Review the procurement data fed in the SAP with reference to documentary evidences i.e. agreements, purchase orders and report deficiencies if any observed.
- q. T&P register is to be verified and find out if nay deviation and suggestions and rectifications.
- r. Stationery register is to be verified and report any deficiencies observed.
- s. Review the applicable tax provisions relating to purchases and report if any deficiencies observed.

04. INTERNAL CONTROL IN REVENUE UNITS:

REVENUE: TSNPDCL has adopted "Energy Billing System" Software for LT Revenue and "HT Billing Package" Software for HT Revenue. The Internal Auditor is expected to be well-versed with these Software Packages. While conducting Internal Audit of Revenue Units, the Internal Auditor has to inadvertently report on the internal controls of these Software Packages.

- a. To reconcile all CC Charges dues as per EBS and as per Records maintained at ERO (Cash Book, JE Reregister etc.)
- b. To reconcile all CC Charges' dues as per EBS and SAP
- c. To make summary of final dues (age-wise and consumer-wise) with specific remarks to assess their quality & recovery potential.
- d. To suggest provisions towards doubtful debts with analysis/ reasons
- e. Billing and receivables management
 - Review adequacy and completeness of billing
 - Review metering abnormalities
 - Review Billing inaccuracies
 - Review collection of receivables
- f. To study and review existing collection process including Branch Banks Networks suggest ways for working capital improvements.
- g. To Study status of bills stopped services and suggest ways & means for increasing demand, collection.

05. Review of work orders:

- a) Verification of actual quantities with estimates.
- b) Verification under / over draws with reference to labour bills and pole schedules
- c) Verification of devoluted materials as per estimates.
- d) Verification of amount collected and arrears, if any with reference to estimates.
- e) Verification of proper overhead calculations as per company policy.
- f) Verification of IDC calculations as per company policy.
- g) Verification of proper asset / equipments creation for the work executed.
- h) Verification of proper capitalization date as per the charging declaration of the executing officer.
- i) Verification of turnkey service connection works for the submission of invoices and posting of entries in books of accounts and proper creation of assets / equipment for such work before release of supply.
- j) Verification of completeness of work completion reports / initial accounts with all required enclosures and declaration for processing.

06. OTHER AREAS:

- a) To study existing overall internal control systems procedures and suggest improvements.
- b) To study systems, procedures and control measures in all the functional areas such as Purchases, Stores, Inventory management, Power sales billing pattern and effective checking mechanism.
- c) To study and review existing budgetary control of all expenditures and suggest improvements.
- d) Review of monthly budgets and forecasts.
- e) Monitoring of actual against budgets.
- f) To carry out physical verification of stocks, age wise analysis, review of slow / non moving stock items with suggestion for early disposal.
- g) Reporting of budget overruns.
- h) To critically evaluate all R&M (Transformers) repairs works with cost / benefit analysis along with suggestive corrective measures, if any.
- i) To evaluate all on going capital expenditures as regards viability / Internal returns etc., including exiting project management procedures / functions thereof.
- j) To review all work orders places, their accountable and closure.

- k) To study existing procedural guidelines for processing bills of suppliers contractors and suggest for improvements.
- l) To check LOC / LOA preparation processes and suggest for better internal control measures.
- m) To study and review status regarding compliances of CAG audit inspection notes and Audit paras.
- n) To study and review internal control measures for staff TA bills, medical reimbursements and other benefits.
- o) To study and review existing manpower (including contractual appointments) deployed in all areas & make suggestive comments for redeployment, optimum load etc., towards better productivity.
- p) To study and review the reconciliation of Corporate office accounts with TSTRANSCO / DISCOMS / CIRCLES.
- q) Any other matter which is relevant for the operations of the company.

07. GENERAL:

- a) The Chartered Accountants while auditing at the particular unit office, should check up the cash book, cash book vouchers and remittances. In case of ERO, whether the collections are regularly remitted in to Banks or not.
- b) Mainly Chartered Accountants have to check the revenue leakages, wherever meter struck up, burnt, low consumption and meter change taken place, shortfall should be levied.
- c) The Chartered Accountants have to check and ask to furnish pending inspection Reports / Paras of AG Audit / Internal Audit shortfall pending to be recovered. The pendency of the above should be mentioned in the Inspection Report.
- d) The shortfall pointed out by audit, the Internal Auditors should ensure that the Assistant Accounts Officers / Junior Accounts Officers, Electricity Revenue Office is accepted to include in the CC bills and raise the demand.
- e) The last day of the audit, the Divisional Engineer, Operation concerned must be present and discuss the short assessment cases pointed out in audit with Chartered Accountants and see that the shortfall amounts will be included in CC bills then and there.
- f) The Chartered Accountants have to cover all most all the areas mentioned in the agreement, the major lapses if any should be pointed out. The areas coverage should be mentioned in the inspection report even though there are no lapses / errors etc., in detail.
- g) The Chartered Accountants have to check the annual accounts of the current year at the time of inspection and furnish the position in the Inspection report.
- h) The audit slips issued to unit officers by Internal Audit and ensure that the replies furnished within the reasonable time of one day or two. But the replied not being furnished even at the end of the audit. This may be looked into.
- i) Chartered Accountants must also monitor replies of inspection reports where they have already audited.
- j) The Internal audit primarily concentrates on the review of existing \internal control system and to identify the lapses if any in the implementation to suggest ways to implement and improve the same in its true spirit in attaining the organizational objective.
- k) The Internal Auditors should furnish the shortfall pointed out by them and realization particulars thereon along with their Inspection reports.
- l) Rest of the above any other items.