



THE STATE TRADING CORPORATION OF INDIA LIMITED
(A Government of India Enterprise)
Registered Office: Jawahar Vyapar Bhawan, Tolstoy Marg,
New Delhi-110 001
CIN:L74899DL1956GOI002674
Tel: 011-23462425
E-mail: iad@stclimited.co.in
URL: www.stclimited.co.in

NOTICE INVITING TENDER (NIT)

STC invites offers from reputed firms (including LLP) of Chartered Accountants for appointment as Internal Auditors having relevant experience in Audit work at their Head Office at New Delhi and its Branches at various locations in India for the Financial Year 2020-21. The appointment of the Internal Auditors shall be initially for the year 2020-21. This may be further extendable for one year up to a maximum period of 02 (Two) years on the same terms and conditions and based on the satisfactory performance of the internal auditors. The extension of the tenure of internal auditors shall be at the sole discretion of Management of STC.

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

Last date for receiving the Bid is 31.03.2020 (02.00 PM)

TIME SCHEDULE

Tender Ref. No.	STC/IAD/00151/2020-21
Last Date & Time for Submission of Bids	31/03/2020 at 02:00 PM
Date & Time for Opening of Pre-Qualification Bids	31/03/2020 at 02:30 PM
Portal for Online Submission of Bid	www.eprocure.gov.in/eprocure/app

Bidders may contact the following official for any clarification/ addendum/ corrigendum related to this NIT. However, STC shall not be liable to provide any individual information or publish a public notice for any further information regarding this tender.

Ashok Kumar Swain
Dy. General Manager (IA)
Ph: 011-23462425
Mob: 91-9437179290
E-Mail: iad@stclimited.co.in

**TENDER DOCUMENT FOR
'APPOINTMENT OF INTERNAL AUDITORS FOR THE FY 2020-21'**

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BID DATA SHEET

1.	Tender Ref. No	STC/IAD//00151/2020-21
2.	Tender Description	Appointment of Internal Auditors for FY 2020-21
3.	Contact Person	Ashok Kumar Swain Deputy General Manager-IA, The STC of India Ltd. Jawahar Vyapar Bhawan, Janpath, New Delhi-01 Ph: 011-23462425 Mob: 9437179290 E-Mail: iad@stclimited.co.in
4.	Bid to be submitted	Online through DSC/ E-Mail ID
5.	Portal for online submission of Bid	www.eprocure.gov.in/eprocure/app
6.	Bidding Process	1. Technical Bid & 2. Financial Bid
7.	Validity of Bid	60 days from the date of opening of bids.
8.	Selection Method	L-1 basis i.e Lowest Price Quote
9.	Time frame for implementation	12 months (On quarterly basis)
10.	Submission of Online Bids	Before 31/03/2020, 02:00 PM
11.	Opening of Technical Bid	31/03/2020 at 02.30 PM
12.	Opening of Financial Bids	Will be intimated later on to Technically Qualified Bidders

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

THE STATE TRADING CORPORATION OF INDIA LTD.

Appointment of Internal Auditors for the Financial Year 2020-21

No: STC/ IAD/00151/2020-21

Dated: 11/03/2020

1. Invitation of Offer for Appointment of Internal Auditors for the FY 2020-21.

STC invites bids through online mode for Appointment of Internal Auditors for the Financial Year 2020-21 for its Corporate Office and Branches/ Sub-Branche s. The last date for receipt of offer is 30/03/2020 (02.00PM). Date of opening of Technical bids will be 30/03/2020 02.30 PM. Date of opening of Financial Bids will be intimated later to technically qualified Bidders.

Bidders in response to this announcement may submit their bids in the manner prescribed at Clause No. 6 of this NIT through e-procurement portal of Govt. of India (www.eprocure.gov.in/eprocure/app) in the prescribed formats along with all necessary documents and information.

2. STC's Background

STC is an International Trading Organization of Government of India, 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 and Industry. 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.10,825.04 Crore and Rs.8,893.23 Crore during Financial Year 2017-18 and 2018-19 respectively as follows:

Corporate Office/ Branches	TURNOVER (Rs. In crore)	
	2017 – 18	2018 – 19
New Delhi (C.O) & Agra, Jalandhar, Bhopal Branches	3,581.17	2,294.34
Ahmedabad including Gandhidham	1,128.65	1,354.60
Bangalore including Hyderabad	1,850.81	1,740.28
Chennai including Cochin	3,583.73	2,781.48
Kolkata	564.49	634.47
Mumbai	116.19	88.06
TOTAL	10,825.04	8,893.23

N.B.: Book of Accounts of Agra, Jalandhar & Bhopal Branches are maintained at Corporate Office, New Delhi. Similarly, the Accounts of Gandhidham, Hyderabad & Cochin are maintained at Ahmedabad, Bangalore & Chennai respectively.

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

3. Audit Objective & 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 all the 4(four) Quarters in the FY 2020-21 with the detailed Scope of Work is mentioned as per **Annexure-A**.

The above scope of work is not exhaustive, which may alter 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 other 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 expenses 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 rescind the Bidding process and reject all Bids at any time prior to award of contract without assigning 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 submit, 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 Documents including all instructions, forms, terms and specifications and **submit signed & stamped copy of the entire Tender Document**. Failure to furnish all information required as per the Tender Documents 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 assignment or thereafter disclose any information or documents furnished to them by STC without written approval of STC.
- m) Clarification, if any in respect of this tender can be obtained from DGM (IA), STC through Telephone: 011-23462425 & E-mail: iad@stclimited.co.in. The response 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. Preparation and Submission of Bids:

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

- a) Bids have to be mandatorily submitted in electronic mode through e-Procurement Portal of Govt of India (www.eprocure.gov.in/eprocure/app) in the prescribed format of Technical Bid & Financial Bid/BOQ indicated herewith along with all requisite documents. No oral, telephonic, telegraphic offers will be entertained.
- b) For submission of Bid electronically, bidders are required to get themselves registered with eprocure.gov.in website using Class-II/III digital signature certificate and must comply with NIC terms and conditions.

- c) Bidders are advised in their own interest to submit the bids well before the Bid submission End date & time. STC will not be responsible for any delay or the difficulties encountered during the submission of bids at the eleventh hour due to technical or other problems.
- d) For any queries relating to the process of online Bid submission or queries relating to e-procurement portal (www.eprocure.gov.in/eprocure/app), the bidders may contact CPP Portal helpdesk on Telephone No. 0120-4200462, 0120-4001002 or 0120-4001005 or e-mail: support-eproc@nic.in.

e) **TECHNICAL BID:**

Bid documents duly signed by Authorized Personnel/ 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 Certification of the firm issued by the Institute containing inter-alia:
 - a) Date of Formation of the firm.
 - b) Details of Partners as on date, etc.
- 4) A copy of the Partnership/ LLP Deed
- 5) Details of the Court cases/ Arbitration cases/ Any other cases pending against the firm.
- 6) Details of Full time Partner-Annexure-F1
- 7) Details of part time partner-Annexure-F2
- 8) Details of full time qualified Employees-F3
- 9) Particulars of Branches/ Associate offices in India-F4
- 10) E-Payment Form (Bank Account particulars)
- 11) Undertaking
- 12) Signed & stamped Tender Document

f) FINANCIAL BID/ B.O.Q.:

- 1) The Financial Bid/ B.O.Q. shall be submitted only through e-Procurement portal of Govt of India (www.eprocure.gov.in/eprocure/app). No stipulation, deviation, terms & conditions, presumption basis etc. shall be stipulated in the price bid. Any condition, 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 the Tender Document.
- 3) The bidders are required to quote Consolidated Fees for Corporate Office and all the Branches/ Sub-Branches.
- 4) Bidder shall quote the Lump-sum Price in INR after careful analysis of cost involved for the performance of the complete work considering all parts of the Bidding documents.
- 5) The price quoted by the bidder should be inclusive of all taxes/duties/levies etc except applicable GST.
- 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 maximum period of 60 days from the last date of opening of Financial Bid.
- b) STC may solicit the Bidders' consent to an extension of the period of validity of bid. The request and the responses thereto 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 in the Tender document.

9. Evaluation of Bids

a) STC will determine whether each of bids conform 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 works, or which limits in any substantial way, the STC's right 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 and conditions, presumption basis etc. shall be stipulation 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 clarification on the bids 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 substance of the bid shall be permitted unless specifically sought by STC.

d) Internal Audit work may be awarded to L-1 Bidder based on the Quoted Price in the Financial Bid/ BOQ. 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/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.

- a) Any document, information, data or statement submitted by the Firm in its proposal, based on which the bidder was considered eligible or successful, is found to be false, incorrect or misleading.
- b) The internal auditor fails to commence services as required under this agreement.
- c) 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.
- d) STC, in its sole discretion and for any reason whatsoever, decides to terminate this appointment.

B. By the Internal Auditors

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

- a) 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 Audit firm that such payment is overdue.
- b) STC is in material breach of its obligation and has not remedied the same within 45 (forty five) days after receiving written notice.

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.

12. Time Schedule & Terms of Payment

- 1) **Professional Fees:** The Internal Auditor shall submit the Tax Invoice/ Professional fee bill on quarterly basis after completion of each Quarterly Audit and submission of Final Report to the Management for the Internal Audit assignment for FY 2020-21. The payment shall be released through online mode only within a period of 30 days from the date of submission of bill. The payment of fees shall be paid subject to deduction of tax at source as per the provisions of the Income Tax Act, 1961 and any other applicable statutory Acts/ Rules.
- 2) GST shall be paid extra.
- 3) No TA/DA and any other incidental charges shall be payable extra for the Internal Audits conducted for any locations.
- 4) Bank Particulars to be provided as per e-payment form attached.

TECHNICAL BID

COVERING LETTER FOR SUBMISSION OF OFFERS

From:

Our Ref: _____ Dated _____

Subject: Appointment of Internal Auditors for the Financial Year 2020-21

Dear Sir,

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

We confirm that:

1. Our offer is in complete compliance with requirement 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 60 days from the last date of submission of financial bid.
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 Authorised Personnel/ Partner)

Full Name:

Bidder's Official Seal:

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 FCA	
	c)	Date of formation	
4.	Number of full time partners of the firm as on 01.01.2020 (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 01.01.2020 (please fill up Annexure F3)		
7	Number of Branches/Associates 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

(Signature of Authorised Personnel/ Partner)
Full Name:

Bidder's Official Seal

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 supporting documents from Bidders for verifying/ evaluating their credentials whenever required.

“Annexure F-1”

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 FCA/ ACA+	Date of joining the firm (Full Time)	Date of becoming FCA	Station & Region where residing at present	Station & Region where residing at present

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

(Name of Partner)

Seal of the Firm

MRN No.

Date:

“Annexure F-2”

Details of Part Time Partners of the Firm

(Please refer to Sl. No 5 of the Application Form)

Name of the Partner	Membership 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**

(Name of Partner)

Seal of the Firm

MRN No.

Date:

“Annexure F-3”

Details of Full Time Qualified Employees

(Please refer to Sl. No 6 of the Application Form)

S. No	Name	Members hip No	Whether FCA/ACA	Date of joining the firm as full time employee

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

(Name of Partner)

Seal of the Firm

MRN No.

Date:

“Annexure F-4”

Particulars of Branches/Associates Offices in

(Please refer to Sl. No 7 of the Application Form)

S.No.	Location	Complete address with PIN	Code & Telephone No. Mobile No. and Email ID	Name of the Partner in-charge of the Branch/ Associates office	Date of opening of the Branch/ Associates office	Region

In case of Associate Office, confirmation from Associate Office must be attached.

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

(Name of Partner)

Seal of the Firm

MRN No.

Date:

**E-Payment Form
Bank Accounts Particulars**

1. Bidders' Name

2. Address of Bidder

3. Particulars of Bank Account

- Name of Bank:
- Branch Code:
- Address of the Bank Branch:
- Type of Account:
- Account Number:
- Bank's IFS Code:

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 change, 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 Firm

Undertaking

(To be signed & stamped by the Authorized Personnel/ Partner on letterhead of bidder)

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 price 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 Matrix 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 Documents.

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

Financial Bid/ Bill of Quantities (B.O.Q.)

Instruction for Electronic Submission of Financial Bid:

1. Procedure for filling of Price Bid Online :
 - a. BOQ (Financial Bid) uploaded by STC to be used only for submission of price.
 - b. The BOQ template must NOT be modified/ replaced by the bidder and the same should be uploaded after filling the relevant columns, else the bidder is liable to be rejected for this tender. Bidders are allowed to enter the bidder NAME AND PRICE (all inclusive) only.
 - c. At the time of uploading of BOQ by the bidder, the file name for uploading the BOQ (Financial Bid) should remain the same as it was downloaded from the CPP Portal.

Note-1: The price comparison shall be done on the basis of price quoted above.

2. Price quoted for the above Valuation work shall be inclusive of all applicable costs, taxes, duties, travelling, incidentals, out of pocket expenses, etc EXCEPT GST.
3. No other format of price submission shall be accepted.
4. The bidder is required to quote for the complete work, though STC reserves the right to award the work in full or in part.
5. The offer shall be valid for 60 days from the date of financial bid opening.
6. Leaving an unfilled entry in the price bid against any term shall mean as Zero cost and bid shall be evaluated accordingly.

Note-2: Mentioning the price in the Technical bid will lead to rejection of the bid summarily.

General Instruction for Electronic Submission of Bids:

1. Bids against this tender shall be received only electronically through the e-Procurement Portal of NIC (eprocure.gov.in/eprocure/app). No bids shall be accepted in hard copy or in any other form.
2. For submission of e-bids, bidders are required to get themselves registered with Govt Of India's Central Public Procurement (CPP) Portal (<http://eprocure.gov.in/eprocure>) using Class-II /Class-III Digital Signature Certificate. All the details mentioned during registration / enrollment process should be correct / true. Bidders have to abide by all the terms & conditions mentioned during registration process.
3. The bidders are required to upload soft copies of all the relevant documents.
5. 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 CPP). 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.

For any queries relating to the process of online bid submission or queries relating to CPP Portal (www.eprocure.gov.in/eprocure/app), bidders may contact CPP Portal Helpdesk Telephone No. 0120-4200462, 0120-4001002 or 0120-4001005 or email: support-eproc@nic.in

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



THE STATE TRADING CORPORATION OF INDIA LTD

(INTERNAL AUDIT DIVISION)

INTERNAL AUDIT PROGRAMME/ SCOPE OF WORK: FY 2020 - 21

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 like GST, TDS and other applicable statutory Acts/Rules to the Organization.
 - (c) Verifying the accounting records, reports, operating results, Ind-AS compliance for the accuracy & reliability and evaluating the adequacy & effectiveness of the system of internal control.

The Audit shall be conducted on a quarterly basis for all the locations and accordingly, the Internal Audit Report shall be submitted as per the following schedule:

Period of Report	Due date of Report Submission
1 st Report April – June 2020	31 st July, 2020
2 nd Report July – Sept. 2020	31 st October, 2020
3 rd Report Oct. – Dec. 2020	31 st January, 2021
4 th Report Jan. – March 2021	30 th April, 2021

2. The Audit shall encompass complete verification of all 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 and certify unaudited Quarterly accounts and Annual accounts within the time schedule before submitting to Statutory Auditors.
8. Audit shall make suggestions for improvement of system of checks and controls.

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 (Annex.-I)
- ii) Executive Summary containing major observations and discrepancies (Annex.-II)
- iii) Complete Internal Audit Report (Annex.-III)
- iv) Statement of outstandings (Annex.-IV)
- v) Stock statement (Annex.-V)
- vi) Statement of Defaults/Deviations in statutory compliance (Annex.-VI)

1. Cash Book, Journal Book, Bank Reconciliation, Ledger, Trial Balance and other books:

- To verify above-mentioned books with special emphasis to be laid on verification of expenditure vis-a-vis allocated budget.
- To verify proper recording/classification of transactions in the books of Accounts.

2. Purchase, Sales and other related records :

- While verifying purchase, sales and other related records, auditors to check whether transactions are approved by the Competent Authority.
- To check correctness of provisional/final invoices and that TDS, GST, Taxes etc. are deducted / recovered as per prescribed Acts/Rules and remitted in time.
- 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 Transactions

- 100% vouching of all trade transactions like invoices, receipt & payment, delivery
- Party reconciliation, Suppliers reconciliation, Stock reconciliation
- To check whether business transactions are being undertaken as per the guidelines issued by STC from time to time.
- To check that 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.
- Whether stocks are properly insured and the insurance policy properly vetted by Insurance Consultant of the Branch/C.O 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 that the stocks are hypothecated/ pledged to STC in case of funding to the associate and are periodically inspected by the Surveyors for quality and quantity. 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.
- Whether PV of stock is conducted as per the guidelines of the Corporation.

5. Claims Recoverable, Provisions and Claims Account

- To conduct detailed scrutiny.

6. TMs, TTs, Fund Transfer

- To check whether all TMs are supported by complete set of relevant 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 in respect of funds transferred from/to branches and also instances of late deposit of cheques and credit thereof.
- Any idle funds lying in Branches to be reported.

7. Financial Assistance/Advances to Associates

- To point out cases where recovery has been delayed beyond agreed schedule.
- To check correctness of interest calculations.

8. Indirect Taxation

- Compliance of all Statutory Requirements by GST Rules

- To report on proper filing of GST return & receipt and custody of related documents.
- Report on Assessment Position/ Pendency/ Disputes etc.
- To check correctness and timeliness of deductions and payments including taxes under Reverse charge mechanism.

9. **Assets**

- Whether all Assets are properly accounted for.
- 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 lease deed is not renewed.
- To check that all the rent, water, electricity charges & GST dues from tenants are promptly recovered.
- To verify all Title Deeds, Conveyance Deeds, Lease Agreements, etc 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/Division to be ascertained.
- To check whether Fixed Assets Schedule/ Register is updated for all additions and deletions.
- 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.

10. Warehouses

- To check the utilization of own warehouses, Rent reimbursements, Maintenance etc.
- To check reasonability of rent being paid for warehouses/storage space vis-à-vis prevalent market rate/its utilization and maintenance of stock register.

11. Appointment of Clearing and Handling Agents, Transporters, Storage Agents, Surveyors, Tinnners, Processors etc.

- To verify that the procedures laid down for appointments/removal are strictly followed and payments released after completion of their obligation.
- Maintenance of Party A/cs for all Handling Agents/Surveyors/ Transporters or Service Providers including terms of contract/ retainer-ship/appointment.

12. Income Tax and other applicable Taxes

- To check whether all returns are being furnished in time.
- To check whether cases of assessment/refunds are being promptly followed.
- To check whether TDS certificates are issued in time.
- To check Accounting of TDS on Income and timely collection of TDS Certificate

13. 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.
- Checking of legal expense register.

14. 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 the Trade proposals.
- 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 FMCOD decisions while approving the trade proposal and to report on non-compliance of the same.

15. Administrative issues

- To check the maintenance of proper records such as service books, attendance marking mechanism, leave records, etc.
- To check procedures for drawing salary bills, especially 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 relating to maintenance of office building, staff quarters etc.
- 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 as well as recovery of interest thereof.
- To check whether the Branch/CO has obtained AMC (Annual maintenance contract) required for all office equipment and maintained necessary records to ensure that service has been provided in accordance with the schedule.

16. Others

- To verify that timely actions have been taken for receipt, disposal, safe custody, renewal, discharge, invocation, etc of Custom Bonds and Bank Guarantees within the validity period.
- Whether Registers are maintained for Legal expenses, PBGs, Cheques, etc.

17. Quarterly Accounts

- To check, review and certify provisional unaudited Quarterly accounts and Annual accounts of Branches & CO within the prescribed time schedule before submission to Statutory Auditors.

18. Actions required on Annual basis

- To certify the annual trading account, profit and loss account, balance sheet and other books of accounts before submission to the Statutory Auditors.
- To check all 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.

- To report all material items quarterly which require attention of the Management.

- To submit a separate report on **Internal Financial Control** at the end of the Financial Year 2020-21.

Further, following areas are also required to be looked into and reported in the Audit Report:

- Confirmation of implementation of latest guidelines on Internal Financial Controls and other guidelines issued by ICAI.
- Confirmation of compliance of Companies Act, 2013.
- Confirmation of compliance of SEBI Guidelines.
- Comment on the adequacy of Provisions.
- Update on review of previous audit.
- Suggested measures for control of loss in various commodities/Transactions.
- Checking of contingent assets and working of interest.
- Checking of contingent liabilities vis-à-vis the legal cases.
- To suggest remedial actions for recovery of dues as well as for prioritizing the accounts in terms of their recoverability by STC.

In addition to above, Internal Auditor may report any material items which require attention of the Management and also Management may require Internal Auditor to cover the area of audit, which it may deem fit.

THE STATE TRADING CORPORATION OF INDIA LTD: NEW DELHI

(INTERNAL AUDIT DIVISION)

Additional guidelines for follow-up by Internal Auditors

1. Executive Summary

All the Internal Auditors shall furnish an executive summary with each period's audit report of the concerned branch; the format for the same has been placed at Annexure-II. The Internal Auditors shall indicate the major paras and discrepancies observed in the said summary to invite the kind attention of the management as well as to enable it to take corrective action.

2. Audit of Trade Transactions

Internal Auditors are expected to concentrate on the trade matters specifically the commodities financed by STC. As the trade transactions include Imports, Exports and Domestic business, the major thrust would be on disposal of stocks and recoveries. The reasons for non-disposal of stocks and non-recoveries must be clearly indicated in the audit reports. A statement on the commodities financed by STC is required to be furnished as per Annexure-IV.

3. Stock Statements/Position

Stock statements showing the latest position of the stocks at the branches shall be required to be furnished in the format as per Annexure-V. It is to be ensured that the expenditure pertaining to godown rent, insurance cover and others has been fully recovered from the Associates. The expenditure has to be seen in terms of the agreement with the associate. Suggestions to dispose of the stocks with minimum losses can be given from time to time to the management in the quarterly audit reports.

4. Recovery of Interest/Penal Interest

It should be ensured in each quarter that interest/penal interest due from the parties on account of commodities financing or otherwise is calculated and accounted for on quarterly basis. It should also be seen that confirmation of the amount of interest/penal interest from the parties has been obtained by the concerned branch and same is incorporated in the audit report.

5. Reviewing the position of Debtors/Claims

Age-wise analysis of the debtors shall be carried over by the Internal Auditors in each period's report indicating the opening balance, debtors/claims recovered during the period and closing balance at the end of the period. It should be seen thoroughly that proper correspondences took place between the associate and branch and suggestions should be made to recover the outstanding amount from the concerned associate.



Annexure -1

THE STATE TRADING CORPORATION OF INDIA LTD

Compliance Report on the previous Internal Audit Report
for the period: _____ pertaining to: _____ Branch/C.O.

<u>Sl. No.</u>	<u>Audit Paras</u>	<u>Reply of the branch</u>	<u>Reason for pendency</u>

Annexure - 2

THE STATE TRADING CORPORATION OF INDIA LTD

Branch/CO

Executive Summary

<u>Sl. No.</u>	<u>Major Paras</u>	<u>Discrepancies observed</u>	<u>Reply of the Branch/Division</u>	<u>Further Observations/Suggestions</u>



Annexure - 3

THE STATE TRADING CORPORATION OF INDIA LTD

Complete Internal Audit Report for the period _____

<u>Sl. No.</u>	<u>Audit Para/Observation</u>	<u>Reply of the Branch/ Division</u>	<u>Further Observations/ Suggestions</u>

Annexure - 4

THE STATE TRADING CORPORATION OF INDIA LTD

Statement of Outstanding as on _____

Division/ Branch	Name of Commodity	Specify type whether Debtor/ Claim Recoverable/ Advance to Associate	Name of Associate	Principal amount outstanding as on Date (Rs. in Cr)	Interest/ Penalty outstanding as on Date (Rs. in Cr)	Total Amount (Rs. in Cr)	Since when Amount is outstanding	R e a s o n s



Annexure - 5

THE STATE TRADING CORPORATION OF INDIA LTD

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

Name of item/ Commodity	Contract No./LC No.	Name of Associate	Location	Name of Custodian	Amount of Stock in Books (Rs.)	Since when the stock is lying	Ageing	Reasons of Holding	Remarks

Annexure - 6

THE STATE TRADING CORPORATION OF INDIA LTD

Statement of Defaults/ Deviations on Compliance of TDS/ Income Tax/ GST as on:

<u>Particulars</u>	<u>Defaults/Deviation</u>
TDS-Payment	
TDS-Income	
Other matters of Income Tax	
GST	
Other Statutory matters	