

THE STATE TRADING CORPORATION OF INDIA LIMITED
INTERNAL AUDIT DIVISION

CIRCULAR

14.06.2016

It is observed that various queries/observations made by the Internal Auditors/Statutory Auditors/Government Auditors are not attended to properly by most of the Divisions/Branches. Information/replies called for by the Auditors are either not provided or are unduly delayed. Very often, the information provided is vague and does not answer the specific query raised. Audit Committee of Directors has expressed displeasure on such casual handling of audit queries.

All Heads of Divisions and Branches are advised to ensure that all necessary information/replies sought by the Auditors are provided on top priority. In this regard, following may be noted for strict compliance:

- (i) All records/files/documents/accounts replies should be made available to Internal Audit/GAP/Statutory Auditors as and when required. While furnishing documents/replies, the concerned officials of the level of DGM/JGM should be deputed to explain the matter/query to the auditors so that the query does not result into a formal audit para or audit observation. In case the concerned officer is not able to satisfactorily explain the matter to the auditors, the concerned head of division/branch will discuss the matter with the auditors. The concerned Functional Director will also be kept informed about the possibility of any audit issue being raised to higher level.
- (ii) In case a transaction is handled partly at CO and partly at a branch, the complete information shall be made available to the auditors by the Division/Branch wherever the query is raised. Thus, in case the information required by branch auditor is available at C.O, the branch will obtain the same from CO and provide to the auditors instead of saying that the matter is handled at CO. Similarly, in case of a query raised by the auditors at CO in respect of matters for which information may be available with a branch, the concerned division at CO shall call for the necessary information from the concerned branch and make the same available to the auditors.

- (iii) Replies to queries/half margins/draft paras received by the branches/CO through Internal Audit Division shall be furnished through Internal Audit Division whereas response to the queries received directly by the Division/Branch may be furnished to the auditors directly under intimation to Internal Audit.
- (iv) All replies to half margins/draft paras/paras shall be furnished within 5 days with the approval of concerned Functional Director. The concerned branch Director also to be kept informed.
- (v) Replies to queries/observations by Internal Audit and GAP will be initiated by the concerned divisions and associate finance will confirm/furnish the facts to the extent necessary. However, in case of queries by the Statutory Auditors, the replies will be initiated by the concerned HOD Finance who may take inputs from the concerned divisions, wherever required.
- (vi) Replies to queries/half margins/audit paras should be precise, clear and up-to-date and furnished timely. All replies to Audit queries should be duly signed and initialed on each page by the concerned Head of the Division. Thus, replies, which are not signed and initialed on each page by the concerned Head of Division will not be accepted henceforth.
- (vii) All heads of the divisions/branches shall have periodic meetings with the auditors and ensure timely submission of relevant information. Heads of divisions/branches will be held responsible for any lapses in this regard.

STC top Management is concerned over the inordinate delay/casual approach while dealing with Audit. Therefore, there will be periodical reviews on the status of pending audit paras henceforth. Further, it has been decided that Audit co-ordination and timely furnishing of satisfactory replies to Audit queries/paras will be considered as an important Key Performance Indicator (KPI) for executives for Annual Performance Reporting purposes, carrying appropriate weightage.

This issues with the approval of Competent Authority.


(B.R. DHAWAN)
CGM-F (IA)

To: All Divisions/Branches

CC: CMD/Directors.