

## **Terms of Reference**

### **1. Objective of the assignment**

SIPCOT intends to appoint a single firm to perform the functions of Internal Audit department which should be aligned with the following objectives:

- To assist the management at various levels by independent analysis, appraisals, recommendations and pertinent comments concerning the activities reviewed.
- To suggest improvements and add value to the functioning of the corporation
- To strengthen the overall governance mechanism of the corporation, including its risk management and internal control system.
- To facilitate the early detection and prevention of frauds.

### **2. Broad Scope of Work :**

The activities comprising the Internal Audit scope is broadly classified into the following areas :

- a) Projects** :The matters related to projects include Land Acquisition, Environmental Clearances and Master Planning, Civil Works including tender process, Allotment of Land, Project Monitoring and Structured Package of Assistance
- b) Operating Revenue and Expenditure** :The matters related to Operating Revenue and Expenditure include Plot Cost, Maintenance Charges, Water Charges, Rental Income, Other Charges, Debtors Management and Operating Expenditure
- c) Term Lending Activity** :This includes Follow up & Recovery and One Time Settlement activities
- d) Human Resources** : This includes review of all employee related payments, terminal benefits to the employees, contribution to PF, Gratuity, etc.
- e) Treasury Function** :This includes bank transactions and fund management aspects

- f) Fixed Assets :** This includes maintenance of fixed asset register including verification of purchases.
- g) Statutory Compliance :** This includes Income Tax- Tax Deduction at Source, Income Tax – General, GST and Corporate Law related aspects
- h) General Administration :** This includes review of administrative expenses and other assets
- i) Investments :** This includes the review of the purchase or sale of investments made, agreements entered into with JV Partners/Other shareholders , review of transactions with subsidiaries/JVs etc.
- j) Other Matters :** This includes grants from Government, CSR Funds and compliance with G.Os.

The detailed scope of Internal Audit is enclosed as Annexure.

**3. Fee offered for the assignment:** The fee offered by SIPCOT for this assignment is Rs. 20 lakhs + applicable GST per annum. TA/DA for outstation audits will be paid as per the rules of the Corporation.

**4. Eligibility Criteria :**

- a) The bidder should have a minimum of 5 Partners and each partner should be associated with the firm for not less than 3 years and should be a member of ICAI
- b) The bidder should have been in existence for a minimum of 5 years as on the date of notification
- c) The bidder should have an average annual turnover of Rs.1 Crore in the last five years ending 31<sup>st</sup> March 2020
- d) The bidder should have experience in at least 2 infrastructure projects in last five years as on the date of notification.
- e) The bidder should have at least 10 Qualified Professionals (associate /fellow membership of ICAI/ ICMAI)
- f) The bidder should have a HO/Branch Office in Chennai
- g) The bidder should have at least 1 assignment in Internal Audit of Corporate Entities/ Public Sector Undertakings engaged in the field of Infrastructure, in the last 5 years, having
  - a. Total asset size greater than or equal to Rs.1,000 Crores in the last 5 years ending 31<sup>st</sup> March 2020

or

- b. Average Annual Turnover greater than or equal to Rs. 100 Crores in the last 5 years ending 31<sup>st</sup> March 2020

### 5. Evaluation Criteria :

The technical evaluation criteria are given below:

Sl. No	Evaluation Criteria	Maximum marks	Proof to be Submitted
i	Number of Partners (Partners should necessarily be a member of ICAI) <ul style="list-style-type: none"> <li>• 5 Partners – 5 Marks</li> <li>• 6-10 Partners – 10 Marks</li> <li>• &gt;10 Partners – 1 mark for each additional partner</li> </ul>	20	Latest Firm Constitution Certificate issued by ICAI(1 <sup>st</sup> January 2021)
ii	Presence of the Firm in Chennai. The firm having HO/Branch office and have adequate staff to undertake audit work at Chennai. The staff includes Articles, Audit clerks and Professionals (CA/ICMAI). <ul style="list-style-type: none"> <li>• Staff Strength &lt;=40 – 5 marks</li> <li>• Staff Strength &gt; 40 – 10 marks</li> </ul>	10	Latest Firm Constitution Certificate issued by ICAI showing Branch Details.  Self -Declaration in respect of Staff Strength.
iii	Number of Qualified Assistants (QA) in the firm (associate/fellow membership of ICAI/ICMAI) (excluding Partners) <ul style="list-style-type: none"> <li>• 10-20 QAs – 2 Marks</li> <li>• 21 - 40 QAs - 5 marks</li> <li>• 41 and above – 10 marks</li> </ul>	10	Latest Firm Constitution Certificate issued by ICAI showing list of CAs under employment or Membership Certificate of CA
iv	Average Annual Turnover for the last five years of the firm <ul style="list-style-type: none"> <li>• 1-2 Crores – 5 Marks</li> <li>• 3-5 Crores – 10 Marks</li> <li>• 6-10 Crores – 15 Marks</li> </ul>	20	Audited P&L Statement of the Firm

Sl. No	Evaluation Criteria	Maximum marks	Proof to be Submitted
	<ul style="list-style-type: none"> <li>&gt;10 Crores- 20marks</li> </ul>		
v	Experience in Internal Audit of Corporate Entities/ Public Sector Undertakings engaged in the field of Infrastructure having total asset size of greater than or equal to Rs. 1,000 Crores or Average Annual Turnover greater than or equal to Rs. 100 Crores in the last 5 years ending 31 <sup>st</sup> March, 2020 <ul style="list-style-type: none"> <li>5marks for each assignment, maximum 5 assignments</li> </ul>	25	Work Order/ Appointment Letter or Completion Certificate and Copy of the Profit and Loss Statement/ Balance Sheet of the auditee
vi	Experience in internal/statutory audits undertaken during the last 5 years ending 31 <sup>st</sup> March 2020 in listed corporate entities or PSUs (with Average Annual Turnover of >= Rs. 200 Crores) <ul style="list-style-type: none"> <li>3marksforeachassignment, maximum5assignments</li> </ul>	15	
	<b>Total Marks</b>	<b>100</b>	

*Note: For the list of companies under (v) and (vi)*

- 1. Experience in the same entity for more than one year will be counted as "One Assignment" for determining the technical score*
- 2. Banks/NBFCs to be excluded*
- 3. Companies should be mutually exclusive, i.e, same assignment should not to be considered in both (v) and(vi)*

The minimum technical score of the proposal should be **75 marks**. The Firm scoring the highest technical score will be the preferred firm for undertaking the assignment.

**4. Duration of the Contract:** The period of internal audit shall be for one year (financial year 2021-22) and will be renewed further for 2 years.

**5. Deliverables and Timelines:** Audit reports shall be submitted in four phases of three months each ending on 30<sup>th</sup> June, 30<sup>th</sup> September, 31<sup>st</sup>

December and 31<sup>st</sup> March. The reports shall be submitted within 30 days of close of each quarter.

**6. Application Submission Details:** The application should be submitted in the prescribed format as given along with all necessary proofs/ supporting documents. The application forms should be duly signed by any Partner of the firm along with seal. The complete set should be sealed in an envelope along with a CD/ pendrive containing the soft copy of the submission. The application should be submitted **on or before 5:00 pm on 21.05.2021** and should be addressed to

“The Managing Director,  
SIPCOT,  
19-A, Rukmani Lakshmipathy Road,  
Egmore, Chennai 600008”

Applications received after the deadline will not be evaluated.

## **Annexure: Detailed Scope of Work**

### **A. Objectives of Internal Audit Function**

The objectives of Internal Audit can be summarised as given below:

1. To assist the management at various levels by an independent analysis, appraisals, recommendations and pertinent comments concerning the activities reviewed.
2. To suggest improvements and add value to the functioning of the company;
3. To strengthen the overall governance mechanism of the company, including its risk management and internal control system.
4. To facilitate the early detection and prevention of frauds.
5. To ensure that the standard operating and accounting practices and delegation of powers laid down by the Management

### **B. Internal Audit - Area Wise Scope**

The scope of Internal Audit is prepared to cover all the operational areas and support functions at the company. The activities comprising the IA scope is broadly classified into the following Areas:

1. Project Related Matters
2. Operating Revenue and Expenditure
3. Term Lending Activity<sup>1</sup>
4. Human Resources
5. Treasury Function
6. Other Fixed Assets
7. Statutory Compliance
8. General Administration
9. Investments
10. Other Matters

\*From the year 2000, term lending activity is transferred to TIIC and only follow-up and recovery of existing units is done by SIPCOT.

**The area wise scope of Internal Audit of SIPCOT is as given below.**

#### **1. Project Related Matters**

##### **1.1. Land Acquisition ("LA")**

- 1.1.1. Review of land acquisitions including LAOP cases.
  - 1.1.2. Verification of payments made in respect of land acquisition
  - 1.1.3. Ensuring that the Land acquired is in line with the approved LA policy with reference to fixation of price and other relevant aspects
  - 1.1.4. Verifying whether the land acquisitions are backed by full and proper title documents
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- 1.1.5. Checking whether the expenditure incurred for the purpose of land acquisition is in line with the approved budget for the same.
- 1.1.6. Review of advances made for LA and ageing analysis thereof
- 1.1.7. Review of the payables in respect of LA, including reasons for long pending payables.

## **1.2. Environmental Clearances (EC) and Master Planning**

- 1.2.1. Review of the Status of EC sought by the Company and enquiry into the reasons for delays, if any.
- 1.2.2. Verification of the process for selection and finalization of consultants appointed for preparing the master plan and Detailed Project Report (DPR) for the proposed project .
- 1.2.3. Review of the progress of work in respect of Projects in the pre-DPR stage and root cause analysis of delays, if any.

## **1.3. Civil Construction**

- 1.3.1. Verification of the tendering process in place for selection of vendors for execution of the civil construction in relation to projects.
- 1.3.2. Review of the system of finalization of project vendors including issue of Letter of Acceptance/ Work Order and execution of contract agreements.
- 1.3.3. Ensuring that the LoA/WO/Agreement includes all the standard clauses and terms and any deviation there from is duly approved by the competent authority.
- 1.3.4. Review of the progress of work in respect of WOs pending execution including root cause analysis of delays, if any.
- 1.3.5. In case of delays in execution, verifying whether extension of time has been issued and if not, LD as applicable has been levied.
- 1.3.6. Review of the variation orders issued in respect of WOs and whether the same is approved by the competent authority.
- 1.3.7. Verification of the RA Bills raised by the contractor with respect to the quantity/ price stated in the WO.
- 1.3.8. Review of the compliance with all major contract conditions such as mobilisation advance – grant and recovery, interest on advance, submission of performance security/ BG/ deposit, recovery and release of retention money, compliance with labour laws, safety related conditions, etc.
- 1.3.9. Review of Capitalisation of project works on completion of the contract based on certificate from the concerned used department.

## **1.4. Allotment of Land**

- 1.4.1. Verifying whether procedure in place for allotment of land has been complied with.
- 1.4.2. Reviewing whether allotment of land has been duly approved by the allotment committee.
- 1.4.3. Review of the minutes of meeting of the allotment committee and compliance of the decisions thereof.

- 1.4.4. Verifying whether the allottees meet the required eligibility conditions associated with the specific Industrial Park , in terms of nature of activity, industry in which it operates, investment size etc.
- 1.4.5. Verifying whether the Lease Deed and Allotment Order contains all the clauses and conditions as the Standard Lease Deed format approved by the Board and any changes therefrom has been duly approved by the competent authority.
- 1.4.6. Verifying whether the lease deed has been executed within the time limits fixed in this regard and in case of any delays, whether penal charges as applicable has been duly recovered.
- 1.4.7. In case of change in management/ transfer of leasehold rights by the allottee, whether the payment of transfer/ processing fees and execution of modified lease deed has been concluded within the timelines stipulated in this regard.
- 1.4.8. Whether NOC for mortgage of leasehold rights of allotted land is issued in line with the laid-out policy in this regard, subject to the compliance of necessary terms and conditions by the Allottee.

### **1.5. Project Monitoring**

- 1.5.1. Checking whether completion of construction and implementation of the project has been achieved within the time limit specified in the extant guidelines in this regard.
- 1.5.2. In case of any delays in the above, whether extension has been granted by the competent authority in line with the laid out policy and based on the satisfaction of other conditions such as forfeiture of caution deposit, submission of BG, etc.
- 1.5.3. Review of whether the conditions of allotment has been complied with by the allottees operating in the specific IC/Parks/GCs.
- 1.5.4. In case of surrender of plots, whether the surrender deed has been duly executed along with other relevant documents/ certificates has been submitted and whether the refund for the area surrendered has been properly determined and paid.
- 1.5.5. Review of the system for marketing of inventory of land and review of whether there have been delays in allotting plots resulting in blockage of funds/additional cost to the Company.
- 1.5.6. Budget Vs Actual review of the project expenses and project time schedule and analysis of cost/ time overruns.
- 1.5.7. Review of the system in place in respect of periodic verification of all land records and ensuring that there is no encroachment/ unauthorised occupation of SIPCOT land.

### **1.6. Structured Package of Assistance (“SPA”)**

- 1.6.1. Checking whether proper claim has been lodged by the beneficiary in respect of claiming assistance under the SPA.
- 1.6.2. Verifying whether the claim document is duly supported by all necessary accompanying documents/ certifications as laid out under the SPA scheme.



- 1.6.3. Reviewing whether the necessary eligibility conditions have been complied with by the beneficiary unit.
- 1.6.4. Review of the disbursement of funds to the beneficiary unit under SPA.
- 1.6.5. Ensuring whether processing fee as applicable as has been collected for assistance under SPA.

### **1.7. Participatory Infrastructure Development (PIDP) Scheme**

- 1.7.1. Review of whether the work undertaken under PIDP has been duly approved by the competent authority as per the extant guidelines in this regard.
- 1.7.2. Verifying whether feasibility of the proposed work has been ascertained and certified by the concerned project officer before commencement of work.
- 1.7.3. Review of the works undertaken under the PIDP Scheme and whether the same falls within the approved list of works eligible to be undertaken thereunder.
- 1.7.4. Ensuring that the recovery of 50% project cost from the concerned allottee has been effected and the recovery amount/ period has been fixed in line with the extant guidelines in this regard.

## **2. Operating Revenue & Expenditure**

### **2.1. Plot Allotment rate (Upfront Lease Premium)**

- 2.1.1. Review of the system followed for fixation/ revisions of the Plot allotment rate
- 2.1.2. Checking whether all relevant cost inputs (including additional compensation, if any) has been duly factored in arriving at the plot allotment rate.
- 2.1.3. In case of revisions to the plot allotment rate, whether the same has been given effect to from the applicable date as stated in the approval given by competent authority in this regard.

### **2.2. Maintenance Charges**

- 2.2.1. Verifying whether the maintenance charges has been properly and accurately fixed based in line with the laid out policy in this regard.

### **2.3. Water Charges**

- 2.3.1. Verifying whether the water charges and 50% water supply capital cost (if applicable) has been properly and accurately fixed based in line with the laid out policy in this regard.
- 2.3.2. Whether any incident for unauthorised drawl of water has been identified by the project officer and whether penalty as applicable has been recovered for the same.

### **2.4. Rental Income**

- 2.4.1. Verifying whether rental income has been invoiced and collected in line with the rental agreement

- 2.4.2. Review of the validity of rental agreements and whether there are any expired agreements pending to be renewed.

## **2.5. Other Charges**

- 2.5.1. Whether the processing fees and initial deposit has been properly determined and recovered from the allottees.
- 2.5.2. Whether frontage charges as applicable has been collected in line with the extant guidelines in this regard.
- 2.5.3. Whether the sub-lease charges as applicable has been collected in line with the extant guidelines in this regard.
- 2.5.4. In case of sub-lease of premises by the allottee, whether the conditions stipulated in this regard has been duly complied with.
- 2.5.5. In case of use of SIPCOT's road/ land by non-SIPCOT parties as access road, whether one time/ annual service charges has been properly determined and recovered.
- 2.5.6. In case of routing of transmission lines in SIPCOT land, whether one time track rent/ usage charges has been properly determined and recovered.
- 2.5.7. In case of any other charges as applicable, whether the invoicing and collection has been carried out in line with the extant guidelines in this regard.

## **2.6. Debtors Management**

- 2.6.1. Ageing Analysis of debtors including whether credit limits are fixed in case of parties depending on their financial strength
- 2.6.2. Reviewing the system of follow-up/ escalation in case of non-payment of dues by the allottees
- 2.6.3. Checking whether due provisions has been made in the books of account in respect of any receivables that are identified as doubtful/ no longer recoverable
- 2.6.4. Reviewing the recovery procedures initiated by SIPCOT in respect of outstanding dues including legal proceedings, take-over of the premises, etc
- 2.6.5. Review of the system in respect of obtaining periodic balance confirmation from debtors

## **2.7. Operating Expenditure**

- 2.7.1. Verification of the tendering process in place for selection of vendors for operating expenditure
- 2.7.2. Ensuring that the LoA/WO/Agreement includes all the standard clauses and terms and any deviation therefrom is duly approved by the competent authority
- 2.7.3. Verification of the Bills raised by the vendor with respect to the quantity/ price stated in the WO
- 2.7.4. Review of the Vendor Rating/ Vendor performance/ Blacklisting system in place and compliance thereof.

## **2.8. General**

- 2.8.1. Reviewing the system of Invoicing and whether the Invoice is raised within a reasonable time within the underlying event/ period.
- 2.8.2. Concessions/ Waivers/ Deferment/ Condonation of delay – Ensuring that concessions/ waivers/ deferment in charges, if any, is given as per the approval of the competent authority and relevant instructions/ G.O in this regard is duly complied with.
- 2.8.3. Verify whether proper and timely accounting adjustments in respect of the above is given effect to.
- 2.8.4. In case of delay in remittance of any of the charges, whether interest as applicable has been charged and if not, whether approval from the competent authority for waiver has been obtained.

## **3. Term Lending Activity\***

### **3.1. Follow up and Recovery**

- 3.1.1. Verifying whether the recovery of outstanding loans is carried out in line with the extant guidelines in this regard
- 3.1.2. In case of sale of mortgaged assets of assisted units that have been taken over by SIPCOT, whether the upset price has been properly fixed and duly approved by the Screening and Negotiation Committee
- 3.1.3. Review of the recognition of interest on outstanding term loans in line with the agreed terms.

### **3.2. One time Settlement Scheme (OTS)**

- 3.2.1. Checking whether proper applications has been received duly supported by all necessary accompanying documents/ certifications as laid out under the OTS scheme
- 3.2.2. Reviewing whether the necessary eligibility conditions have been complied with by the applicant for claiming the benefit under OTS scheme
- 3.2.3. Whether the amount of OTS has been determined in line with the extant guidelines in this regard.
- 3.2.4. Reviewing whether the OTS application has been duly reviewed and approved by the competent authority.
- 3.2.5. Checking whether the OTS amount is paid within the due date fixed in this regard and whether appropriate interest is recovered for any delay in payment

*# -From the year 2000, term lending activity is transferred to TIIC and only follow-up and recovery of existing units is done by SIPCOT.*

## **4. Human Resources**

- 4.1. Review of the appointments and whether the necessary documents/background check in line with the laid out procedures in this regard has been complied with

- 4.2. Verification of the preparation payroll and computation of relevant components thereof including approval system
- 4.3. Review of the attendance system and verification thereof with the leave records/ payroll
- 4.4. Ensuring that all employee emoluments given are in line with the HR Manual/ Approved Policies in this regard.
- 4.5. Review of Full and Final Settlement at the time of employee resignation/ retirement
- 4.6. Review of employee advances and settlement of the same
- 4.7. Review of the payment of leave encashment to employees including computation thereof
- 4.8. Review of contribution to the Provident Fund established by the Company and ensuring that the amounts thereof have been properly and accurately determined
- 4.9. Review of the Gratuity Fund maintained with LIC including contributions thereto and settlement there from.

## **5. Treasury Function**

### **5.1. Bank Transactions**

- 5.1.1. Review Bank Reconciliation statements including the preparation/authorization thereof
- 5.1.2. Review of the system in place for bank payments (whether online or by cheque) including the payment approval, procedure for effecting payment, maker-checker validation, post-payment confirmation/ follow-up etc.
- 5.1.3. Checking whether new bank accounts have been opened only with the approval of the competent authority
- 5.1.4. Review of the system in place for obtaining periodic bank confirmations
- 5.1.5. Review of Inoperative bank accounts and steps taken for closing the same.
- 5.1.6. Verifying the system in place for proper and timely accounting of bank receipts

### **5.2. Cash Management**

- 5.2.1. Review of cash payments and ensuring that the same is carried out within the internal/ statutory limits and for specific permitted purposes
- 5.2.2. Review of the system of physical verification of cash balances and verification of the relevant documents in this regard
- 5.2.3. Surprise Verification of Cash Balance at cash handling locations

### **5.3. Fund Management**

- 5.3.1. Reviewing the system followed for preparation of periodic project cash flow statement including the appropriateness of assumptions and estimations

- 5.3.2. Checking whether surplus funds are parked in Fixed Deposits in a timely manner with approval from the competent authority and possible optimization thereof
- 5.3.3. Reviewing whether the present investment pattern indicates any scope for improvements that could result in maximization of income earned
- 5.3.4. Review of the accounting in respect of income from investments

## **6. Other Fixed Assets (FA)**

- 6.1.** Review of the system in place from raising of Purchase Requisition by user department to issue of Purchase Order (PO) covering tendering process, finalization of vendor, issue of PO with standard terms and conditions, etc
- 6.2.** Review of the advances made for FA Purchases and settlement of the same.
- 6.3.** Review of long pending payables/ advances for FA purchases and reasons for the same
- 6.4.** Verification of FA purchases with the PO and related invoices including the installation certificate from user department (if applicable)
- 6.5.** Checking whether the FA Register has been properly updated with the acquisitions/ deletions during the period and ensuring that the same is in agreement with the books of account
- 6.6.** Review of the computation of depreciation on FA
- 6.7.** Review of the system of verification of fixed assets by the Company and participation by the IA team in the periodic verification exercise
- 6.8.** Review of the assets scrapped and ensuring that the appropriate adjustment entries are recorded in the books of account and FA Register
- 6.9.** Review of the system of sale of assets including identification of purchaser, price discovery through multiple quotations and compliance with other accounting/ statutory aspects.

## **7. Statutory Compliance**

### **7.1. Income Tax -Tax Deducted at Source**

- 7.1.1. Ensuring that TDS is deducted at appropriate rates in line with the IT Provisions.
- 7.1.2. Checking whether non-deduction/ lower deduction certificates have been updated and validated in respect of cases where TDS is deducted at NIL/ Lower Rate.
- 7.1.3. Checking whether the payment of TDS has been made within the statutory due date.
- 7.1.4. Review of Filing of TDS returns on periodic intervals and whether there are any delays.

### **7.2. Income Tax - General**

- 7.2.1. Review of the system of computation of advance tax and whether appropriate assumptions and estimations have been factored therein
- 7.2.2. Review of timely filing of IT Returns
- 7.2.3. Verification of the system of reconciliation between 26AS Statement and books of account

- 7.2.4. Review of IT Refund receivable and whether proper follow-up in this regard is being carried out.

### **7.3. Goods and Service Tax**

- 7.3.1. Whether GST as applicable has been identified and paid on all transactions including GST payable under reverse charge mechanism (RCM)
- 7.3.2. Whether eligible Input Tax Credit (ITC) have been availed and there are no instances of availment of ineligible/ excess ITC
- 7.3.3. Review of the periodic filing of GST Returns (GSTR 1, GSTR 3B, GSTR 9 etc) and system of reconciliation thereof with the books of account
- 7.3.4. Review of the system of reconciliation of ITC availed as per books of accounts with ITC as per Form GSTR 2A.

### **7.4. Corporate Law**

- 7.4.1. Review of the Compliance with applicable provisions of the Companies Act, 2013
- 7.4.2. Whether the necessary forms that are required to be filed with the RoC have been filed within a reasonable time from the trigger event
- 7.4.3. Review of the Minutes of meetings of Board of Directors, Audit Committee and Other Committees as applicable.

## **8. General Administration**

### **8.1. Other Administrative Expenditure**

- 8.1.1. Ensuring that other administrative expenditures are properly authorised and supported by invoices
- 8.1.2. Review of the process of vendor selection in respect of such expenditure
- 8.1.3. Review of advance/ payables outstanding in respect of the above expenditure

### **8.2. Other Assets**

- 8.2.1. Review of whether Advances/deposits are made without proper approvals.
- 8.2.2. Review of whether deposits are backed by proper documents for claiming recovery of the same on its expiry
- 8.2.3. Review of whether Balance confirmation for advances/deposits are obtained periodically.
- 8.2.4. Verifying whether there is proper monitoring/ non making adequate provision for long outstanding /unrecoverable advances

## **9. Investments**

- 9.1. Review of the carrying value of Investments and whether any provision is required to be made in respect of diminution in value/ impairment thereof

- 9.2. Review of the purchase/ sale of Investments and whether the price thereof has been properly determined and also whether the transaction has been approved by the Competent Authority
- 9.3. Ensuring whether income from investments are recorded properly and in a timely manner
- 9.4. Review of the agreement entered with JV partners/ Other Shareholders and compliance with the terms and conditions stated therein
- 9.5. Review of the transactions with Subsidiaries/ JVs and whether the same are at arm's length basis as required under the Companies Act.

## **10. Other Matters**

### **10.1. Grants from Government**

- 10.1.1. Whether the eligibility conditions attached with grants-in aid have been complied with.
- 10.1.2. Whether Grants have been utilised/ applied for the purpose for which the same has been given
- 10.1.3. Whether claims for eligible grants have been lodged in a timely manner with the GoTN/GoI as the case maybe.

### **10.2. CSR**

- 10.2.1. Whether the identified CSR projects have been approved by the CSR Committee
- 10.2.2. Review of the project progress and comparison of budget vs actual expenditure

### **10.3. Compliance with GOs (General)**

- 10.3.1. Review of the G.Os issued by the GoTN from time to time and whether the directions/ stipulations thereunder have been complied with by SIPCOT

## **C. Quarter Wise Coverage of Scope**

In order to ensure that the IA function operates in a focused manner with optimum utilisation of time and resources, based on the criticality of each area under the IA scope, an indicative quarter wise scope coverage is as given below.

The objective of the below stated scope coverage matrix is to facilitate in-depth review of specific areas in each quarter so as to improve the overall quality and extent of IA function and at the same time, ensure that all areas are reasonably covered within one annual IA Cycle.

SIPCOT – Appointment of Chartered Accountants Firm for Internal Audit

Area	Q1	Q2	Q3	Q4	Remarks
1. Project Related Matters	Y	Y	Y	Y	In specific parks where there are Project Activities such as Land Acquisition, Allotment, Civil Construction, etc
2. Operating Revenue and Expenditure	Y	Y	Y	Y	To be covered in specific parks in each quarter so as to cover all parks in a year
3. Term Lending Activity		Y		Y	
4. Human Resources	Y		Y		
5. Treasury Function	Y	Y	Y	Y	
6. Other Fixed Assets		Y		Y	
7. Statutory Compliance	Y	Y	Y	Y	
8. General Administration		Y		Y	
9. Investments		Y		Y	
10. Other Matters	Y		Y		

#### D. Review and Modification of IA Scope Document

The objective of the amendment procedure is to ensure that all the amendments relating to the IA Scope Document are properly documented and authorized prior to implementation.

While preparing the IA Scope Document, various issues and assumptions have been duly validated through extensive discussions with management and personnel of the Company. It is possible that some of the external forces or key business drivers may change in future, necessitating suitable amendments to the IA Scope Document. For such an eventuality, the relevant section/clause/sub-clause of the IA Scope Document shall be replaced with the approved amendment, which shall supersede all the earlier documentation on the matter.

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