

## **IFCI INFRASTRUCTURE DEVELOPMENT LIMITED-IIDL**

### **Scope and Audit Responsibilities of Internal Auditors**

#### **Scope of Work**

##### **Purchase & Procurement**

- Checking & verification of purchase orders
- All purchase are authorized and valid
- All P.O raised are in the interest of company. More than one quotation taken from vendors and their proper evaluation
- Check that where more than one quotation is not available, note for reason for single quotation has been provided and approved.
- Check Payment are made as per PO terms
- All purchases are recorded in the accounting system and in the appropriate period.
- All payment for purchases are made only for goods actually received.
- Ensure physical verification of inventory at regular interval at sites.

##### **Project Management**

- All contracts agreements/Work order issued are authorized.
- All work orders/contracts agreement entered into are in the interest of the company. Check that more than one quotation is taken from contractors and the same are techno-commercially evaluated. Check that where more than one quotation is not available, note for reason for single quotation has been provided and approved.
- Contract Conditions are complied with:-
  - Check that the contractor has executed and submitted bank guarantee before the commencement of work. *(AS PER THE TERMS OF THE CONTRACT)*
  - Check that the contractor has taken insurance and submitted necessary documents as per the terms of contract
  - Check that certified (by both contractor and IIDL) measurement sheet are attached with R.A bill. Also check that R.A bills are attached with supporting as mentioned in the contract. . Also check if PMC is appointed in a particular project than certificate from PMC is also attached and the verification of the same is also done in Head office
  - Check whether all statutory deductions like WCT, Service tax, TDS, Labour cess etc. are made.
  - Check that retention money is held correctly as per the terms of contract. Also check that R.A bill has been calculated as per terms of the contract. *(Only for cases where such clause exists as per work order or agreement)*

- Check that the retention money is not returned to the contractor before the completion of the Defects Liability period. (*Only for cases where such clause exists as per work order or agreement*)
- Check that contractor payment is authorized as per the chart of authority before payment.
- Check that arithmetical accuracy of the R.A bill is checked before payment
- Check that the contractor maintains a Quality Manual for the project. Also check the measures and reports submitted by the contractor for Quality assurance. (*Only for cases where such clause exists as per work order or agreement*)
- Check that the contractor maintains a Site Safety Manual for the project. Also check the measures and reports submitted by the contractor for Quality assurance. (*Only for cases where such clause exists as per work order or agreement*)
- Variation orders are authorized.

### **Marketing Activities**

- Checking of sale of flats/land is approved from competent authority.
- Raising of demand and receipt of funds is as per agreed terms of contract.
- Allotment of flat is only against application money as per the General Terms & Conditions
- All marketing expenses are approved

### **Fixed Assets:-**

- Checking of fixed assets additions/deletions/depreciation.
- Checking of maintenance and updation of Fixed Asset Register.
- Ensure physical Verification of Fixed Assets

### **Finance & accounts:-**

- All bank & Cash transactions are authorized. All bank transactions are recorded accurately and in the correct accounting period
- Bank Reconciliations
- Control exists over custody of cheque book. Cash is safeguarded
- Auditors must Ensure:-
  - Data is updated on regular basis
  - Bills are properly checked in account department before entering in software
  - Payment is released after all statutory deductions.
  - Payments are made after due approvals

- All other expenses incurred as approval, reconciled with supporting details. Management reviews/ notings, supporting documentation before approving payments.
- General Ledger scrutiny
- Review of Journal Entries, Cash Book and Bank book
- Inter Unit Reconciliations

### **IT Department:-**

- Physical access to computer equipment is monitored and restricted to individuals who require such access to perform their job responsibilities.
- Timely back up of data. Remote back up procedure.
- Hardware and software security
- Licensing of software.

### **Legal & Secretarial Department:-**

- Checking of all legal/secretariat transactions.

### **HR and Admin**

- Checking of
  - Payroll, attendance and leaves.
  - Adherence to norms for PF and ESI
- Provisions of Gratuity and Leave encashment
- Checking of log book maintained for vehicles

### **Statutory compliances:**

- Statutory obligations are complied with in the following areas:
  - Income Tax
  - Works Contract Tax
  - Service Tax
  - Sales Tax
  - PE/ESI
  - Any Other project related statutory compliance

### **General**

- Verifying all accounting policies and practices being implemented and being followed in day to day accounting.
- Review of Budget & Actual figures provided by the respective department.
- Analysis of normal and abnormal losses and quantification in all possible areas.
- Providing suggestion for optimum resource utilization.
- Over all analysis of Internal Controls