

बिड दस्तावेज़ / Bid Document

बिड विवरण / Bid Details	
बिड बंद होने की तारीख/समय / Bid End Date/Time	22-08-2025 11:00:00
बिड खुलने की तारीख/समय / Bid Opening Date/Time	22-08-2025 11:30:00
बिड पेशकश वैधता (बंद होने की तारीख से) / Bid Offer Validity (From End Date)	90 (Days)
मंत्रालय/राज्य का नाम / Ministry/State Name	Ministry Of Power
विभाग का नाम / Department Name	Rural Electrification Corporation Limited
संगठन का नाम / Organisation Name	Rural Electrification Corporation Limited
कार्यालय का नाम / Office Name	Rec Limited Gurugram
वस्तु श्रेणी / Item Category	Financial Audit Services - Audit report, As per Scope of Work; Audit Firm, CA Firm, CAG Empaneled Audit or CA Firm
अनुबंध अवधि / Contract Period	7 Month(s) 2 Day(s)
उन्हीं/समान सेवा के लिए अपेक्षित विगत अनुभव के वर्ष / Years of Past Experience Required for same/similar service	5 Year (s)
इसी तरह की सेवाओं का पिछला आवश्यक अनुभव है / Past Experience of Similar Services required	Yes
एमएसएमई के लिए अनुभव के वर्षों और टर्नओवर से छूट प्रदान की गई है / MSE Exemption for Years of Experience and Turnover	No
स्टार्टअप के लिए अनुभव के वर्षों और टर्नओवर से छूट प्रदान की गई है / Startup Exemption for Years of Experience and Turnover	No
विक्रेता से मांगे गए दस्तावेज़ / Document required from seller	Experience Criteria, Bidder Turnover, Certificate (Requested in ATC) *In case any bidder is seeking exemption from Experience / Turnover Criteria, the supporting documents to prove his eligibility for exemption must be uploaded for evaluation by the buyer
क्या आप निविदाकारों द्वारा अपलोड किए गए दस्तावेजों को निविदा में भाग लेने वाले सभी निविदाकारों को दिखाना चाहते हैं? संदर्भ मेन् है / Do you want to show documents uploaded by bidders to all bidders participated in bid?	Yes (Documents submitted as part of a clarification or representation during the tender/bid process will also be displayed to other participated bidders after log in)

बिड विवरण/Bid Details	
बिड लगाने की समय-सीमा बढ़ाने के लिए आवश्यक न्यूनतम सहभागी विक्रेताओं की संख्या। / Minimum number of bids required to disable automatic bid extension	3
दिनों की संख्या, जिनके लिए बिड लगाने की समय-सीमा बढ़ाई जाएगी। / Number of days for which Bid would be auto-extended	7
बिड से रिवर्स नीलामी सक्रिय किया/Bid to RA enabled	No
क्रेता के लिए उपलब्ध आईटीसी/ITC available to buyer	Yes
बिड का प्रकार/Type of Bid	Two Packet Bid
तकनीकी मूल्यांकन के दौरान तकनीकी स्पष्टीकरण हेतु अनुमत समय /Time allowed for Technical Clarifications during technical evaluation	2 Days
अनुमानित बिड मूल्य /Estimated Bid Value	59000
मूल्यांकन पद्धति/Evaluation Method	Total value wise evaluation

ईएमडी विवरण/EMD Detail

आवश्यकता/Required	No
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ईपीबीजी विवरण /ePBG Detail

आवश्यकता/Required	No
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विभाजन/Splitting

बोली विभाजन लागू नहीं किया गया/Bid splitting not applied.

एमआईआई अनुपालन/MII Compliance

एमआईआई अनुपालन/MII Compliance	Yes
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1. Years of Past Experience required: The bidder must have experience for number of years as indicated above in bid document (ending month of March prior to the bid opening) of providing similar type of services to any Central / State Govt Organization / PSU. Copies of relevant contracts / orders to be uploaded along with bid in support of having provided services during each of the Financial year.

2. Estimated Bid Value indicated above is being declared solely for the purpose of guidance on EMD amount and for determining the Eligibility Criteria related to Turn Over, Past Performance and Project / Past Experience etc. This has no relevance or bearing on the price to be quoted by the bidders and is also not going to have any

impact on bid participation. Also this is not going to be used as a criteria in determining reasonableness of quoted prices which would be determined by the buyer based on its own assessment of reasonableness and based on competitive prices received in Bid / RA process.

3. Past Experience of Similar Services: The bidder must have successfully executed/completed similar Services over the last three years i.e. the current financial year and the last three financial years(ending month of March prior to the bid opening): -

1. Three similar completed services costing not less than the amount equal to 40% (forty percent) of the estimated cost; or
2. Two similar completed services costing not less than the amount equal to 50% (fifty percent) of the estimated cost; or
3. One similar completed service costing not less than the amount equal to 80% (eighty percent) of the estimated cost.

If the buyer has mentioned MSE purchase preference in ATC then service provider is required to upload necessary documents for MSE purchase preference for verification by the buyer during evaluation.

अतिरिक्त योग्यता /आवश्यक डेटा/Additional Qualification/Data Required

Number of Years of firm/company's existence as per ICAI certificate:The audit firm should have minimum 5 year of existence.

Number of years of experience as on date of which at least XX years should be in internal/external audit of companies, PSUs and centrally funded institutions.:As per Annexure-2

Number of full-time partners/experienced and qualified professionals in full time employment at senior level with experience in handling similar or relevant projects:As per Annexure-2

Number of partners/ qualified professionals in full time employment with DISA/CISA qualificationAs per Annexure-2

Number of XX fulltime CA's required and YY professional audit staffAs per Annexure-2

This Bid is based on Least Cost Method Based Evaluation (LCS). The technical qualification parameters are:-

Parameter Name	Max Marks	Min Marks	Evaluation Document	Seller Document Required
As per uploaded document	100	70	View file	Yes

Total Minimum Passing Technical Marks: 70

Pre Bid Detail(s)

मूल्य भिन्नता खंड दस्तावेज़/Pre-Bid Date and Time	प्री-बिड स्थान/Pre-Bid Venue
18-08-2025 10:00:00	https://meet.google.com/gsa-fnqy-dbq online on 18.08.2025 at 12:00 Noon

Financial Audit Services - Audit Report, As Per Scope Of Work; Audit Firm, CA Firm, CAG Empaneled Audit Or CA Firm (1)

तकनीकी विशिष्टियाँ /Technical Specifications

विवरण/ Specification	मूल्य/ Values
कोर / Core	
Scope of Work	Audit report , As per Scope of Work

विवरण/ Specification	मूल्य/ Values
Type of Financial Audit Partner	Audit Firm , CA Firm , CAG Empaneled Audit or CA Firm
Type of Financial Audit	Internal Audit
Category of Work under Financial Audit	As per Scope of Work
Type of Industries/Functions	As per Scope Of Work
Frequency of Progress Report	As per Scope of Work
MIS Reporting for Financial Audit support	Yes
Frequency of MIS reporting	As per Scope of Work
State	NA
District	NA
एडऑन /Addon(s)	
Post Financial Audit Support	NA

इनपुट कर क्रेडिट(आईटीसी) तथा रिवर्स प्रभार (आरसीएम)/Input Tax Credit(ITC) and Reverse Charge(RCM) Details

जीएसटी पर इनपुट कर क्रेडिट /ITC on GST	जीएसटी उपकर कर क्रेडिट /ITC on GST Cess
50%	50%

अतिरिक्त विशिष्टि दस्तावेज़ /Additional Specification Documents

प्रेषिती/रिपोर्टिंग अधिकारी /Consignees/Reporting Officer and Quantity

क्र.सं./S.N o.	प्रेषिती/रिपोर्टिंग अधिकारी /Consignee Reporting/Officer	पता/Address	संसाधनों की मात्रा / To be set as 1	अतिरिक्त आवश्यकता /Additional Requirement
1	Manish Kumar Charan	400021,REC Limited Regional Office Mumbai 51-B, Mittal Tower, 5th Floor, Nariman Point, Mumbai-400021	1	N/A

क्रेता द्वारा जोड़ी गई बिड की विशेष शर्तें/Buyer Added Bid Specific Terms and Conditions

1. Generic

OPTION CLAUSE: The buyer can increase or decrease the contract quantity or contract duration up to 25 percent at the time of issue of the contract. However, once the contract is issued, contract quantity or contract duration can only be increased up to 25 percent. Bidders are bound to accept the revised quantity or duration

2. Buyer Added Bid Specific ATC

Buyer uploaded ATC document [Click here to view the file.](#)

अस्वीकरण/Disclaimer

The additional terms and conditions have been incorporated by the Buyer after approval of the Competent Authority in Buyer Organization, whereby Buyer organization is solely responsible for the impact of these clauses on the bidding process, its outcome, and consequences thereof including any eccentricity / restriction arising in the bidding process due to these ATCs and due to modification of technical specifications and / or terms and conditions governing the bid. If any clause(s) is / are incorporated by the Buyer regarding following, the bid and resultant contracts shall be treated as null and void and such bids may be cancelled by GeM at any stage of bidding process without any notice:-

1. Definition of Class I and Class II suppliers in the bid not in line with the extant Order / Office Memorandum issued by DPIIT in this regard.
2. Seeking EMD submission from bidder(s), including via Additional Terms & Conditions, in contravention to exemption provided to such sellers under GeM GTC.
3. Publishing Custom / BOQ bids for items for which regular GeM categories are available without any Category item bunched with it.
4. Creating BoQ bid for single item.
5. Mentioning specific Brand or Make or Model or Manufacturer or Dealer name.
6. Mandating submission of documents in physical form as a pre-requisite to qualify bidders.
7. Floating / creation of work contracts as Custom Bids in Services.
8. Seeking sample with bid or approval of samples during bid evaluation process. (However, in bids for [attached categories](#), trials are allowed as per approved procurement policy of the buyer nodal Ministries)
9. Mandating foreign / international certifications even in case of existence of Indian Standards without specifying equivalent Indian Certification / standards.
10. Seeking experience from specific organization / department / institute only or from foreign / export experience.
11. Creating bid for items from irrelevant categories.
12. Incorporating any clause against the MSME policy and Preference to Make in India Policy.
13. Reference of conditions published on any external site or reference to external documents/clauses.
14. Asking for any Tender fee / Bid Participation fee / Auction fee in case of Bids / Forward Auction, as the case may be.
15. Any ATC clause in contravention with GeM GTC Clause 4 (xiii)(h) will be invalid. In case of multiple L1 bidders against a service bid, the buyer shall place the Contract by selection of a bidder amongst the L-1 bidders through a Random Algorithm executed by GeM system.
16. Buyer added ATC Clauses which are in contravention of clauses defined by buyer in system generated bid template as indicated above in the Bid Details section, EMD Detail, ePBG Detail and MII and MSE Purchase Preference sections of the bid, unless otherwise allowed by GeM GTC.
17. In a category based bid, adding additional items, through buyer added additional scope of work/ additional terms and conditions/or any other document. If buyer needs more items along with the main item, the same must be added through bunching category based items or by bunching custom catalogs or bunching a BoQ with the main category based item, the same must not be done through ATC or Scope of Work.

Further, if any seller has any objection/grievance against these additional clauses or otherwise on any aspect of this bid, they can raise their representation against the same by using the Representation window provided in the bid details field in Seller dashboard after logging in as a seller within 4 days of bid publication on GeM. Buyer is duty bound to reply to all such representations and would not be allowed to open bids if he fails to reply to such representations.

All GeM Sellers / Service Providers are mandated to ensure compliance with all the applicable laws / acts / rules including but not limited to all Labour Laws such as The Minimum Wages Act, 1948, The Payment of Wages Act, 1936, The Payment of Bonus Act, 1965, The Equal Remuneration Act, 1976, The Payment of Gratuity Act, 1972 etc. Any non-compliance will be treated as breach of contract and Buyer may take suitable actions as per GeM Contract.

This Bid is governed by the [सामान्य नियम और शर्तें/General Terms and Conditions](#), conditions stipulated in Bid and [Service Level Agreement](#) specific to this Service as provided in the Marketplace. However in case if any condition specified in सामान्य नियम और शर्तें/General Terms and Conditions is contradicted by the conditions stipulated in Service Level Agreement, then it will over ride the conditions in the General Terms and Conditions.

जेम की सामान्य शर्तों के खंड 26 के संदर्भ में भारत के साथ भूमि सीमा साझा करने वाले देश के बिडर से खरीद पर प्रतिबंध के संबंध में भारत के साथ भूमि सीमा साझा करने वाले देश का कोई भी बिडर इस निविदा में बिड देने के लिए तभी पात्र होगा जब वह बिड देने वाला सक्षम प्राधिकारी के पास पंजीकृत हो। बिड में भाग लेते समय बिडर को इसका अनुपालन करना होगा और कोई भी गलत घोषणा किए जाने व इसका अनुपालन न करने पर अनुबंध को तत्काल समाप्त करने और कानून के अनुसार आगे की कानूनी कार्रवाई का आधार होगा।/In terms of GeM GTC clause 26 regarding Restrictions on procurement from a bidder of a country which shares a land border with India, any bidder from a country which shares a land border with India will be eligible to bid in this tender only if the bidder is registered with the Competent Authority. While participating in bid, Bidder has to undertake compliance of this and any false declaration and non-compliance of this would be a ground for immediate termination of the contract and further legal action in accordance with the laws.

---धन्यवाद/Thank You---

Scope of Works for Risk Based Internal Audit (RBIA) of Regional Offices (RO) / State Offices (SO)

- (1) Examination and evaluation of adequacy and effectiveness of the internal control and risk management system at various operations and activities of the Auditee office like:
 - Processing of loan application and appraisal of state sector projects and documentation thereof
 - Compliance of PDC/PCC conditions
 - Submission of claims of borrowers in ERP
 - TRA / Escrow monitoring
 - Delay in achievement of SCOD
 - Project Monitoring as per PMG guidelines
 - Schemes identified as non starter, non documented or slow progress
 - All contracts entered into and payments made to third party for procurement of goods and services like canteen service, hiring of vehicle, housekeeping services, security services etc.
 - Procurements made from GeM/other than GeM as per procurement guidelines of REC
 - Payment of employee claims related to Medical, TA/DA, Assets invoices, various other reimbursements as per REC Policy and their taxability
 - Pay Register
 - Various revenue expenditure incurred for day to day operations
 - Updated leave records of employee posted at ROs / SOs and leave encashments availed by employees
 - Insurance/AMC/disposal of assets and reconciliation of Physical verification Report with Fixed asset Register
- (2) Review of accuracy and reliability of the accounting records and financial reports including:
 - Bank Reconciliation and accounting of all transactions at ROs / SOs
 - Trail balance
 - Budget and variances if any
 - Correctness and timeliness of filing of various returns under GST and Income Tax Act
- (3) Checking of both transactions and functioning of specific internal control procedures at the Auditee office.
- (4) Evaluation of adherence to legal and regulatory requirement and approved company policies and procedures.
- (5) Evaluation of effectiveness of existing policies and procedures and give recommendation for improvement.
- (6) Identifying opportunities for cost saving and give recommendations for improving cost efficiencies.

- (7) Examine that resources are acquired economically, used efficiently and safeguarded adequately.
- (8) Suggest measure to add value, improve operational efficiency, risk management and internal control system.
- (9) Review the status of pending observations.
- (10) Compliance of directions of the Audit Committee, if any in respect of significant audit observations are to be ensured.

Note: - Detailed guidelines for conducting Risk Based Internal Audit (RBIA) along with Checklist thereof are placed at Annexures 3(I), 3(II) & 3(III)

REC Limited

Broad Guidelines for conducting Risk Based Internal Audit (RBIA) of Regional
Offices (RO) / State Offices (SO)

A) Objective and Scope of Risk Based Internal Audit (RBIA):

An effective Risk-Based Internal Audit (RBIA) is an audit methodology that links an organization's overall risk management framework and provides an assurance to the Board of Directors, Audit Committee and the Senior Management on the quality and effectiveness of the organization's internal controls, risk management and governance related systems and processes.

The internal audit function shall broadly assess and contribute to the overall improvement of the organization's governance, risk management, and control processes using a systematic and disciplined approach. The function is an integral part of sound corporate governance and is considered as the third line of defense.

The scope of the audit and resource allocation shall be sufficient to achieve the objectives of the audit assignment. The precise scope of RBIA must be determined for low, medium, high, very high and extremely high-risk areas. The scope of internal audit shall also include system and process audits in respect of all critical processes.

B) The scope of works of Internal Auditor shall include:

- (1) Examination and evaluation of adequacy and effectiveness of the internal control and risk management system at various operations and activities of the Auditee office.
- (2) Review of accuracy and reliability of the accounting records and financial reports.
- (3) Checking of both transactions and functioning of specific internal control procedures at the Auditee office.
- (4) Evaluation of adherence to legal and regulatory requirement and approved policies and procedures.
- (5) Evaluation of effectiveness of existing policies and procedures and give recommendations for improvement.

- (6) Identifying opportunities for cost saving and give recommendations for improving cost efficiencies.
- (7) Examine that resources are acquired economically, used efficiently and safeguarded adequately.
- (8) Suggest measure to add value, improve operational efficiency, risk management and internal control system.

C) Timelines for conducting Risk Based Internal Audit:

Risk Based Internal Audit (RBIA) is to be conducted for the audit period from 01.04.2025 to 31.03.2026 for submission of the audit report latest by 15th April, 2026. The exact program in this regard can be finalized in consultation with the Regional Office. However, timeline for submission of audit reports may strictly be adhered to.

Further, the invoice for the services rendered may please be raised to Regional Office only after submission of the reports. The payment of the invoice will be released by the Regional / State Office (s) after ensuring from IA Division, CO, Gurugram that the complete audit reports along with duly filled in Annexures and soft copy in MS-WORD format have been submitted by the audit firm.

D) Major points to be considered while preparing Internal Audit Reports:

➤ **Content of Internal Audit Report:**

- Internal Audit Report preparation shall be done once all the audit procedures and checks are completed.
- Internal Audit Report shall be based on appropriate analysis and evaluation. It shall bring out adequate, reliable, relevant, and useful information to support the observations and conclusions.
- Internal Auditors shall use a standard format for reporting audit observations. The internal audit report shall include the executive summary at the start of the report, which provide the summary headings of all the observations, risk rating and root

causes. It shall cover the objectives, scope, and results of the audit assignment and make appropriate observations/recommendations.

- All necessary supporting is prepared (as applicable) as Annexures, Summary table, Graphical presentation, snapshots etc. for observations.
- The Internal Audit report shall also include financial implication of any significant observation if the observation is not pertaining to policy/procedural matters specifically in case of High & Extremely high risk areas.
- Internal audit report shall also highlight the reason / root cause (Policy / Process failure) of the observation.

➤ **Do's and Don'ts for writing a good report:**

Auditors shall exercise due professional care to ensure that the Internal Audit Report, inter alia, is:

- Clear and not ambiguous
- Factual
- Presents all significant matters with disclosure of material facts
- Specific
- Concise
- Timely and
- Complies with generally accepted audit procedures

Do's	Don't
Arrange the outline logically.	Make nouns out of good strong working verbs.
Be direct, brief and concise.	Repeat words unnecessarily
Use the active voice instead of the passive voice.	Hide behind vague phrases (i.e., use new phrases and specific language).
Prefer the simple word.	Repeatedly move from one part of the report to another
Keep related sentence elements together.	Use buzz words.

Avoid unnecessary shifts.	Dress up the report needlessly.
Be accurate and reasonable	Steer away from solutions.
Avoid unnecessary or clumsy phrases.	Give one solution when options are available
Avoid long words and sentence	Be too casual or on the other hand, too formal (i.e., the tone of the report).
Keep major issues only and be clear and complete in every aspect.	Be so inspired by prose that was successful in previous reports that the audit reports become stereotype.

E) Following checklist may be referred by the Auditor for covering areas. Applicability of checks may be assessed by the auditor based on working of respective offices. However, auditor is expected to include other areas and checks/verifications as per their expertise and understandings. The tentative checklist of various areas may be as below:-

1. GENERATION/ INFRASTRUCTURE & LOGISTICS/ RENEWABLE ENERGY SCHEMES:

Documents related to generation projects/ Infrastructure & Logistics/ Renewable Energy like project appraisal guidelines, project monitoring Guidelines, Sanction letters, loan agreement, disbursement related documents, security related documents etc, if required, may be sought from Regional Office(s).

A. Loan Documentation:

a) **Verification of Loan documents** executed for financing of the project including checklist for documentation:

- Sanction Letter

- Board Resolution
 - Loan Agreement
 - Security Documents as per sanction letter e.g. Hypothecation/ Mortgage Deed, Pledging of shares, Guarantee Deed etc.
 - Escrow agreement, TRA, Security Trustee Agreement etc.
 - Regular monitoring of Trust and Retention Account/Escrow mechanism
 - MOU: Approval and execution related documents
- b) **Common Loan Agreement (CLA)** in case of consortium financing- to see that REC's separate/ special terms (if any) are incorporated or not.
- c) **Vetting by Legal Division:** To see that documents are vetted by lender legal counsel / Legal Division on a regular basis for ensuring that the same are as per approved terms and conditions.
- d) **Filing of charge with ROC:** It may be verified that the charge for existing and future assets is filed with ROC in time.
- e) **Payment of stamp duty:** It may be verified that required Stamp Value as per the state stamp act is paid.
- f) Signature of signatories and their authorization.
- g) Dead Documents: As per policy issued by Legal Division.
- h) Safe custody of the legal documents and authorizing the specific officials for handling of the legal documents to ensure its safety to avoid any inappropriate use of the same.
- i) Loan documents are scanned and attached as attachments with all schemes which

are processed in ERP system.

- j) Upload of documents in Document Management System.

B. Loan Disbursement:

The standardization of terms & conditions of the Generation Projects/Infrastructure & Logistics/ Renewable Energy – both Private and State Govt projects are approved by the Board. The same are to be verified before release of loan.

- a) **Release of 1st Installment:** Various terms and conditions are required to be verified before release of first installment which are covered in pre-disbursement conditions of the sanction letter. Processing of first claim through ERP along with capturing scanned copies of all the scheme related documents may be verified (Execution of Loan and Security Documents).
- b) **2nd and subsequent release:** Status and compliance of relaxed conditions, if any. In subsequent claims review of project progress, Quarterly Progress Reports, Lender's Engineer reports, and infusion of required equity while releasing the claim needs to be checked.
- c) Verify the system checklist for the claim release and LE / our engineer's progress reports. Test check that the items provided in the check-list which have been ticked for yes or no are correctly entered by CPMs.
- d) Test check that the claims are released on FIFO basis and undue delay in processing the claims are not there.
- e) Timelines compliance as per Fair Practice Code e.g. claims disbursement timelines compliance.

C. Project Monitoring:

- a) Pre-sanction field visits to verify the facts given in DPR, feasibility, Project management team etc wherever required in the Guidelines.
- b) Post sanction field visits - to verify the implementation of schemes as per declaration given in the claim, creation of assets etc. It may be verified that the monitoring guidelines are followed while conducting monitoring and reports are timely submitted.
- c) Verify the Monitoring reports/ LEs reports, entries in monitoring register, preparation of monitoring schedule.
- d) LE role in the monitoring and outcome of the reports submitted by LE's wherever applicable.
- e) The audit team may verify on test cases that the discrepancies observed during monitoring is being watched, rectified or recovered during ensuing claims.
- f) Monitoring of transactions from Trust & Retention Account & minimum inflow in the Escrow account.
- g) Verification of periodical reports submitted by the borrower and its examination w.r.t. terms and conditions of the agreement.
- h) Verification of cash flow and utilization of funds statements as furnished by Lenders' financial advisors/Chartered Accountant.

- i) Verification of revision in project cost/implementation schedule due to time and cost overrun.

Records to verify - ensure that the records prescribed are as per ISO requirement:

- a) **Scheme incoming resister-** With the status of total pending schemes and reason for pending etc. It may also be checked that the schemes are processed in a chronological order, preferably FIFO basis.
- b) **Fee Register-** Details of fee received like processing fee, upfront fee, Lead Financer fee, Additional interest levied etc. (as applicable) with payment details date wise.
- c) **Claim Register-** Scheme code wise entry of claim releases, particulars of all scheme details on one page with all disbursement details and schemes period extension etc.
- d) **Claim Diary Register-** To verify the details of claim received and fund release / recommended with amount etc. A delay register is also required to verify to know the reason for delay in claim processing, if any and a review by HOD etc.
- e) **Monitoring Register-** To record the monitoring done with scheme details and type, monitoring reports issued etc.
- f) **Annual Review of Project and Entity-** To assess the status of financial strength and weaknesses of entity on continual basis and in order to protect the interest of REC. Review of feedbacks given by Project Monitoring Team and action taken etc.

2. Transmission & Distribution SCHEMES:

Documents related to Transmission & Distribution projects like project appraisal guidelines, project monitoring Guidelines, Sanction letters, loan agreement, disbursement related documents, security related documents etc, if required, may be sought from Regional Office(s).

REC has issued "Operational Guidelines for Transmission & Distribution Projects" and separate guidelines being issued regularly related to funding of GoI Schemes, as and when required. The compliance of guidelines may be reviewed which inter-alia covers following aspects:

A. Loan Appraisal:

- a) **Review of Entity Appraisal-** The entity appraisal is presently carried out by Entity Appraisal Division at CO and rating notified with specific exposure norms for all borrowers. Accordingly, the operational division has not much to do but to restrict the exposure up to the approved limit.
- b) **Review of Technical Appraisal-** For all state sector projects, Regional/State Offices are handling this activity and submit the appraisal note with recommendation to Corporate Office for sanction. T&D Division, Corporate Office, thereafter, reviews the appraisal and recommend the scheme to Competent Authorities based on the Delegation of Power of the Corporation. The audit team may verify technical feasibility, financial viability of the project, project requirement justification; Cost data adoption, Credit Exposure balance, Scope of work, Loan amount sanction, adequate security creation, Escrow, TRA Account, etc. Time taken at each level (as per REC fair practice code) for loan appraisal/sanction/disbursement is to be checked to avoid any undue delay.

- c) **Review of Delegation of Powers-** It may be verified that while sanctioning the project, delegation of powers have been adhered. It may also be verified that all facts and figures of Project Appraisal, waivers and pre-disbursement conditions etc. have been duly incorporated in the memorandum to the Board of Directors or any other Competent Authority to approve the project. The approval of Competent Authorities / BOD Minutes, sanction letter and amendments, if any, also needs to be verified by the audit team.
- d) **Sanction of loan-** Verify the minutes of sanction of competent authority, communication with RO/ SO, Sanction letter issued by RO/ SO and subsequent amendments, Terms and conditions mentioned including special terms if any, limitations/ waivers and pre-disbursement conditions etc.
- e) **Delay in sanction-** Audit Team has to verify that the scheme is being sanctioned within norms prescribed in fair practice code approved by Board of Directors. Any delay has to be reported.

B. Loan Documentation & Loan Disbursement:

Same as in the case of Generation project (s) specified above.

C. Project Monitoring:

- a) Formulation of Annual Monitoring Plan as required by Project Monitoring Guidelines issued by REC detailing the description of schemes, schedule etc.
- b) Achievement of monitoring w.r.t. targets.

- c) Verify the Monitoring reports and correlation with claims released considering the discrepancies observed during monitoring.
- d) Monitoring register is maintained containing all the relevant details.
- e) The audit team may verify on test cases that the discrepancies observed during monitoring is being watched, rectified or recovered during ensuing claims.
- f) Monitoring is done by technical officials and report is prepared in prescribed formats duly supported with photographs for discrepancies.

D. Non Starter Schemes:

As per guidelines, non-starter schemes are schemes wherein no disbursement is released up to one year from the date of documentation. In such cases, actions are to be ensured as stipulated in the T&D guidelines. Whether the letters/emails have been issued on quarterly basis to the utilities and status has been reviewed.

The audit team has to verify the action taken on the issue.

E. Closure of schemes:

Since closure of scheme affects CRAR, it is mandatory that ongoing projects/slow starter projects are closed on timely basis. As per guidelines, on completion of scheme period, disbursement of loan sanctioned or achievement of physical progress, the scheme has to be closed and any unutilized amount has to be refunded by the borrower within reasonable time. Certificate of expenditure incurred needs to be obtained from the borrower and no scheme shall be closed without final monitoring as stipulated in the guidelines.

Audit Team has to verify that the closure of schemes is in practice and targets are achieved. Moreover, unutilized amount, if any, persuaded and recovered timely.

Schemes which are not closed as per the scheme period is reported at appropriate level for taking required action.

3. Govt of India (GoI) Schemes:

Documents related GoI projects like project appraisal guidelines, project monitoring Guidelines, Sanction letters, loan agreement, disbursement related documents, and security related documents etc, if required, may be sought from Regional Office(s).

The checklist for GoI schemes may be as below:

A. Loan Appraisal:

- a) Review of DPRs - District wise DPRs were submitted by utility where scope of work is defined with the relevant cost data.
- b) Review of Scheme Appraisal - Technical feasibility, project requirement, justification, cost data adoption, scope of work, submission of area map, Notification, formation of District Level Committee, Appointment of nodal officer, Loan amount calculation, site visits for verification of DPR etc (as may be applicable).
- c) Sanction of loan recommendation of RO/SO/CO, Minutes of Monitoring Committee of MOP conveying sanction of schemes, Sanction letter issued by RO/SO, Acceptance of State Governments. Review the deviation in the cost of award, and informed to REC, recommendation of RO/SO with proper justification keeping quantity as same, Approval of monitoring committee for

revised cost and issue of revised sanction letter.

B. Loan Documentation:

Presently no loan documents except MOU / MOA between REC, State Government and Electricity Board / Discoms are being done. Review of Tripartite/ Quadripartite Agreement in respect of these schemes.

C. Loan Disbursement:

- a) Release of 1st installment: Review the recommendation of 1st installment in line with the guidelines for respective schemes.
- b) In subsequent claims review of utilization certificate of fund. Review of QPR, Progress reports submitted by Implementing Agency, Appointment of Third party monitoring (RQM, NQM), review of progress submitted.

D. Project Monitoring:

- a) Appointment of third party/RQM/NQM monitoring and reports submitted to REC.
- b) Review of monitoring done by third party and verify the progress reported by Implementing Agency.
- c) Review the monitoring reports verifying the quality of the equipment used and adherence of REC quality standards.
- d) Audit Team may verify that required monitoring is being undertaken by the agencies.

Records to verify:

- a) Progress report file - Record file of schemes wise progress received from implementing agencies.
- b) Claim Register / ledger: Scheme code wise entry of claim releases, particulars of all scheme details on one page with all disbursement details and scheme period extension etc.
- c) Monitoring Register - To record the monitoring done with scheme details and report issued.

4. ADMINISTRATION:

All purchases/repairs should be made as per the procurement guidelines issued/amended by PCM Division, CO REC Ltd time to time.

PCM Division, CO, REC Ltd vide its circular no. REC/PCM/Revised Procurement Guidelines/2023-24/12 dt 21.11.2023 has made 100% mandatory by choosing items/services as available on Govt e-Marketplace (GeM) only and if not, must seek approval of CMD with justification for not going for GeM items.

Auditor has to ensure that:

- a. Procurement/Purchases valuing up to ₹ 25 Lakhs should be done by respective ROs/SOs as per REC procurement guidelines.
- b. Purchases valuing above ₹ 25 Lakhs should be forwarded to PCM Division after taking appropriate approval of Competent Authority.
- c. Proposal for placing POs should be prepared with Comparative Chart drawn from GeM and printout of the same should be attached in case file for Financial Concurrence and approval of Competent Authority as per prevalent DoP.

- d. Approval of CMD with the justification for the purchases not going for GeM items.
- e. All procurements valuing up to Rs.10 Lakh will be reserved 100% for Women and SC/ST vendors. In case no such supplier/seller is available or no valid response is received, after recording the same, the same may be procured from other MSEs.
- f. Monthly statement of procurement made and its payment status should be submitted to PCM Division, CO, REC Ltd for further updation.

Additional points required to be checked are:

- a) **Insurance of Assets:** The assets are insured, the insurance is valid, renewed without delay, for proper value, addition to insurable assets on procurement of assets during the year without delay.
- b) **Stationery:** Procurement from empanelled parties at approved rates, proper stock register (for receipt and issue), check abnormal consumption, minimum balance to be maintained etc.
- c) **Dispatch:** The dispatch arrangements are satisfactory for its effectiveness and efficiency. Verify the service provider engagement and payments according to the agreed contract. It is advisable to use speed post.
- d) **Payments:** Proper register is kept for payment of the rent, electricity, water, telephone, security services, housekeeping, hiring of taxis etc. There is a proper system to send advices to Pay Section regarding personal calls for recovery from employees. Payments to third parties are made in FIFO basis. Provide comments on Use of bills tracking system.

- e) **Hiring of Taxies:** Proper empanelment of suppliers of vehicle in such a way to synchronies with addresses of the officers to avoid dead mileage. Proportionate hiring from each party to avoid favoritism. Proper logbook in case of monthly hiring / duty slips for misc. hiring. Entitlement of vehicle services to the officers may be verified. Payment of bills for journey performed before 30 days is required to be 100% check instead on test check basis.
- f) **Air bookings-** In case, booking is made by Administration Division, proper register is kept to avoid double payment and to link with Travel bills of individual.
- g) **Maintenance of Assets Registers:** All the assets must be entered in the Assets Register. No payment should be made without entry and reference of entry on the face of the bill. The asset register matches with the general ledger and the asset captured in ERP for the respective office. Assets are numbered and periodical stock verification system is in vogue. Ensure that land and Building will be separately capitalized and depreciated. Any write off of assets before useful life with the approval of competent authority as per Delegation of power.
- h) **Working condition of office building:** To ensure that functionality, safety and overall efficiency of the office environment is in place.
- i) To ensure that expenditure incurred is within approved budget and delegated powers.
- j) To ensure that purchases are made by following the prescribed purchase regulation.
- k) Proper system exists for receipt of mail, opening and sending to various departments. There is no scope to interception of mail by unauthorized persons.

- l) All valuables received by mail should be signed by officer are forwarded to concerned Head of the Department.
- m) No Input Tax Credit on immovable Assets are claimed and input tax credit on other assets are claimed as per the circulars issued by Corporate Taxation Divisions as well as Tax Authorities.
- n) **Estate:** Maintenance of office building, residential houses, guest houses etc in proper way to avoid its devaluation. Property documents must be kept in lockers; proper taxes etc. have to be paid in time.
- o) Proper arrangement for maintenance of assets of the Corporation.
Suggestion of best utilization of idle immovable assets (if any)

5. **BANK ACCOUNTS, BANK RECONCILIATION AND REVIEW/VERIFICATION OF BANK GUARANTEES (BG, PBG & EMD):**

- a) Check that Bank Reconciliation Statements in respect of all the bank accounts are prepared on a monthly basis.
- b) Check that the entries appearing in the Bank Reconciliation Statements are cleared in the subsequent month.
- c) Check for any old pending entry and inquire into the nature and details of such an outstanding entry.
- d) Check that entries relating to cheques issued but not presented for payment for more than 3 months are reversed and shown under stale cheques account code.

- e) Check that all post-dated cheques received are kept in safe custody until deposited.
- f) Check that all cancelled cheques are kept properly in the cheque book.
- g) Check the cheque signing authorization levels of management and ensure that the cheques are signed according to the prescribed and delegated authority.
- h) Provide comments as Yes or No that electronic payment methods were used for more than 50% transactions.
- i) In neither case, imprest money will not be used as a tool for payment of bills nor used for purposes other than for which it is withdraw.
- j) Auditors shall review / verify the FDR against disputes / legal cases.
- k) Auditor shall review/verify the Bank Guarantee lying with ROs/SOs and submit the status in Internal Audit Report in the following format :

Regional Office/State Office								
Bank Guarantee obtained from	Nature of contract for which bank Guarantee obtained	Type of Bank Guarantee (i.e. EMD, PBG, BG etc)	Date of bank guarantee accepted	Validity period of bank guarantee		Name of the bank which has issued bank guarantee	Has confirmed/verified from bank about bank guarantee obtained	Name and designation of the concerned official having custody of bank guarantee
				From	To			

	ed							

6. PAY, BILLS AND HR ESTABLISHMENT:

Activities of this division includes following:-

- a) Salary & allowances
- b) Leave Records of Employee
- c) Long term Advances to Employees
- d) Medical reimbursements
- e) Tour/Transfer TA Claims etc

Auditee Responsibilities:

- a) Any change in the applicable rules, guidelines or provisions of applicable Acts would be the responsibility of the concerned division.
- b) Each user is required to work/ operate in line with the delegated responsibilities and guidelines.
- c) Roles and responsibilities/work allocation for each official with their names & designations. Actual work done/responsibilities discharged for past six months with their achievements.
- d) Clear audit trail of different work flows and approvals should be available.
- e) Proper attendance record is maintained for punctuality.

I. SALARY & ALLOWANCES:

Pay procedures are centralized in REC, however wherever applicable followings may be checked/ verified:

- i. Office order and related documents on first appointment as regular/ deputation/contract is maintained.
- ii. Updation i.e., addition or removal of data on appointment or retirement/resignation in computerized pay roll system/Supported by HR orders.
- iii. In case of employees under suspension the pay & allowances are regulated correctly in accordance with the orders of competent authority and also the standing orders/disciplinary rules, necessary certificates of non-employment has been produced by the employee under suspension; that deductions from subsistence allowance is made correctly.
- iv. Declaration from employees giving details of savings for claiming deduction under Income Tax Act.
- v. Incentive payments are regulated with rules of the schemes governing payments.
- vi. Leave encashment disbursed as per leave sanction order.
- vii. Proper system exists for deduction for pay in respect of Half Pay Leave, Extra ordinary Leave etc.
- viii. Removal of data of employees retired/resigned from salary bill

and there exists a proper system to delete the name from the pay bill forthwith & No Objection Certificate obtained before releasing final payments.

- ix. Recording of each month salary and other taxable components like performance incentive, leave encashment etc.
- x. There exists a proper system of intimating the salary section of the recovery to be effected for private use of transport and telephone expenses over and above the entitlement.
- xi. To create new file for each employee, this is arranged employee code-wise.
- xii. Pay fixation order's issue stating the scale of pay and date of increment as per the offer of appointment in case of new recruits and revised pay fixation in case of promotions.
- xiii. To issue Last Pay Certificate in case of employee transferred.
- xiv. Before processing of pay-roll for the month update attendance and leave records.

II. LEAVE RECORDS OF EMPLOYEE:

Verification of leave records of the employees in ROs/SOs in line with leave rules of the organization. The leave balance as per Leave ledger and attendance Management system should be reconciled. Further, a statement of leave balance as on Last day of Audit Period in the following format duly audited and signed by the Internal Auditor may also be submitted along with Internal Audit Report.

(LEAVE TRANSACTIONS DURING THE PERIOD FROM_____ TO _____)

(Name of employee & Employee code)

Serial No	Leave Type	O/B as on 1.4.2025	Leaves credited during FY 2025-26	Leaves taken during FY 2025-26 (Leave period & number of days)	EL encashed	Twice HPL in case of commuted leave	C/B as on 31.3.2026	Remarks
	EL							
	HPL							
	Extraordinary leave (EOL)							
	Paternity/Maternity Leave							
	Study Leave							
	Child Care Leave							

III. LONG TERM ADVANCES TO EMPLOYEES:

- Loan advances disbursed after issue of certificate by HR towards execution of required documents.
- Details of loan disbursed and EMI to be deducted have been recorded in Pay roll software and employee-wise and Loan wise sub-ledger is being generated. Deduction of EMI, if any is ensured while payroll processing.
- Interest accrued is accounted annually.

IV. MEDICAL REIMBURSEMENT:

Presently the following policy is in operation for medical reimbursement. Any change in the policy would be the responsibility of the official disbursing payments.

- i. Copy of Family declaration accepted by HR Department.
- ii. Eligibility and ceiling as per entitlement.
- iii. Details for payment for OPD treatment of the employee and its classification (Empanelled/Non-Empanelled) in ERP.
- iv. Medical claims are substantiated by medical bills and other supporting.
- v. Verification of direct payments to the empaneled Hospitals.
- vi. Verification of medical payments towards dental and ophthalmic expenses and other items which are governed by separate guidelines.

V. TOUR/TRANSFER CLAIMS:

- i. Payment of advance as per approved tour programme.
- ii. Claim as per TA/DA rules of REC.
- iii. Claim submission within the defined time from return of tour.

7. OTHERS: COMPLIANCE OF RBI OBSERVATION DURING INSPECTION UNDER SECTION 45-N OF THE RBI ACT 1934:

- a) Identification and reporting of frauds to RBI, if any
- b) Review of customer service w.r.t financial assistance to concerned state sector power utilities.
- c) Review of complaints handling mechanism.
- d) Compliance of know your customer (KYC)/Anti-Money Laundering (AML) standards of the corporation.

8. PAYMENT/ADJUSTMENT FOR PROCUREMENT & SERVICES:

Items and Services are to be procured in line with REC's Procurement Guidelines. Further following may be verified:-

- a) To verify approval with delegation of powers.
- b) Expenses incurred are within the budgetary limits or specific approval as per DOP has been obtained.
- c) Proper Purchase procedure for procurement of goods/services has been followed.
- d) The procurement other than guidelines issued for Government e-Marketplace (GeM) will be reported separately.
- e) Certificate of concerned division has been obtained that work has been executed as per Purchase order before releasing the payment.
- f) Provision of penalty clause has been considered by concerned division before giving certificate that work has been executed as per Purchase order.
- g) Advances wherever given have been adjusted. Booking in proper head/sub-head of account.
- h) Follow-up action for adjustment/recovery of advance.
- i) Payments are made on the basis of verified bills along with supporting documents.
- j) Separate registers for Capital and revenue expenses are maintained.
- k) TDS has been deducted and deposited wherever applicable as per the existing laws and proper registers maintained.
- l) Certificate for the tax deducted has been issued and quarterly & yearly returns as applicable have been filed.
- m) Tendering / contracts for manpower is required to be analyzed that guidelines issue for relevant nature of service has been complied or not.

9. COMPLIANCE TO GST ACT AND RULES:

- a) Invoicing/Bill of Supply/Debit-Credit Note
- b) Auditors are required to check the contents of invoice/bill of supply/debit-credit note like name & address, GSTN, HSN code, Quantity, Rate etc. as per the provisions.

- c) Charging of proper tax on Inter-office invoicing by ROs/SOs to CO or vice-versa and on invoice issued to subsidiaries for manpower deputed and lease rent charged for providing office space.
- d) Auditors are required to check the provisions regarding RCM services and payment of tax liability at time as per the point of taxation rules.
- e) Checking of documentary requirements and conditions for claiming input tax credit and reconciliation of GSTR 2A with ITC claimed. Checking of Compliance related to Fixed Assets and Sale of capital items to unrelated person/Employees or transfer of assets from one office to another in same/different states
- f) Timely payment of the Output Tax liability without delays.
- g) Auditor shall verify the timely filling of GST returns.
- h) Compliance of circulars issued by the REC Taxation Division.

10. COMPLIANCE OF PREVIOUS AUDIT:

- a) Auditee division has submitted compliances of outstanding audit observations of previous reports in time bound manner.
 - b) Review the status of pending observations.
 - c) Compliance of directions of the Audit Committee, if any in respect of significant audit observations are to be ensured.
-

Annexure-3(II)

Risk Based Internal Audit (RBIA) Report

Regional Office (RO).....

Period of Audit: From..... to

Date of Report Issuance:

Conducted By

Name of CA Firm.....

Address of CA Firm.....

INDEX

Sr. No.	Particulars	Page No
A	Introduction of Regional Office	
B	Risk Categorization	
C	Scope of Audit	
D	Risk Profiling & Internal Control System	
E	Executive Summary	
F	Audit Observations	
G	Outstanding Audit Observations (conducted during traditional Audit)	
H	Audit Coverage	
I	Risk Re-Assessment	

Name of Regional Office
Head of Regional Office	Shri
Audit Period Coverage	From..... to
Duration of Audit	From..... to

A. Introduction of Division:

Brief details of Regional Office (RO) to be provided. It mainly includes major works handled by RO along with exposure limit details of RO needs to be mentioned. In addition to this, the status of business profile handled by REC pertaining to particular RO needs to be indicated as below-

A. Capex Loans:

- Status of REC Sanctions & Disbursements during last 3 years:

(Rs In Cr)

Utility	FY 2023-24		FY 2024-25		FY 2025-26	
	Sanction	Disb.	Sanction	Disb.	Sanction	Disb.
Transmission – State Sector						
Total (A)						
Distribution – State Sector (Counterpart funding of Gol Schemes)						
Total (B)						
Generation – State Sector						
Total (C)						
Total (A+B+C)						

B. Non-Capex Loans:

- Status of REC Sanctions & Disbursements during last 3 years:

(Rs In Cr)

Utility	FY 2023-24		FY 2024-25		FY 2025-26	
	Sanction	Disb.	Sanction	Disb.	Sanction	Disb.
Transmission – State Sector						
Total (A)						
Distribution – State Sector (Counterpart funding of Gol Schemes)						
Total (B)						
Generation – State Sector						
Total (C)						
Total (A+B+C)						

- Manpower Strength of Regional Office:

Present manpower strength of Regional Office (RO)..... is as follows:

Designation	No. of Executives
Chief General Manager	
Sr. General Manager	
General Manager	
Chief Manager	
Manager	
Deputy Manager	
Assistant Manager	
Officer	
Deputy Officer	
Total	

B. Risk Categorization:

As per Risk Based Internal Audit (RBIA) Policy/Manual 2022, the frequency of audit of Auditable Unit is based on their position in the Risk Matrix. Based on the risk matrix prepared by IA Division, the category of risk & frequency of audit for Regional Offices is as below:

Division	Category of Risk	Audit Frequency
Regional Offices	Low Risk	Once in 24 months

C. Scope of Audit:

The scope of Risk Based Internal Audit (RBIA) mainly involves an evaluation of the risk management systems and control procedures in various areas of operations of particular auditable unit, which helps in anticipating areas of potential risks and mitigating such risks. The scope of RBIA must be determined for low, medium, high, very high and extremely high-risk areas.

During Risk Based Internal Audit (RBIA) of Regional Office (RO)....., documents/details related to following major activities of operations are reviewed –

1.
2.
3.
4.
5. And so on.....

• Audit Coverage:

Based on the approved Risk Based Internal Audit (RBIA) Annual Programme for the financial year 2025-26, the extent of audit coverage for Regional Offices considering the combined risk of Magnitude and Frequency of the risk is as follows:

Magnitude	Frequency	Combined Risk	Audit Coverage
Medium	Medium	Medium Magnitude Medium Frequency	50%

D. Risk Profiling & Internal Control System:

The details of risk profiling & adequacy of internal control measures in the Regional Office (RO)..... are as below-

S. No	Risk Profiling of various activities	Adequacy of Internal Control Measures	Remarks/Suggestion (Justification for particular rating/categorisation under adequacy of Internal Control Measures along with Serial No of Audit Observation
-------	--------------------------------------	---------------------------------------	--

		(Excellent/Moderate/Weak/Needs Improvement)	where such activity is captured needs to be indicated)

E. Executive Summary:

Sr. No	Audit Observations	Risk Rating (Extremely High/Very High/High/Medium/Low)	Root Causes

F. Audit Observations:

1. Heading:

Background of Observation:

Observation:

Financial Implication:

Responsibility/Accountability:

Recommendation:

2. Heading:

Background of Observation:

Observation:

Financial Implication:

Responsibility/Accountability:

Recommendation:

3. And so on.....

G. Outstanding Audit Observations of Regional Office (RO).....:

a) For the period:

1. Heading:

Observation:

Latest Reply of RO.....

Present Status:

2.and so on.....

H. Audit Coverage:

Based on approved Risk Based Internal Audit (RBIA) Annual Programme, the extent of audit coverage for Regional Office (s) considering the combined risk of Magnitude and Frequency of the risk are as follows:

Magnitude	Frequency	Combined Risk	Audit Coverage
Medium	Medium	Medium Magnitude & Medium Frequency	50%

During Audit, documents/details related to operational activities of Regional Office (s) were requested for conducting the Audit. The details of information provided vis-à-vis as reviewed by IA Division are as below-

Sl No	Scope & Audit Coverage	Total No. of files during the Audit Period	Total No. of files provided by RO during Audit (out of	Total No. of files checked during Audit (out of the (c) column)
-------	------------------------	--	--	---

			the (c) column)	
(a)	(b)	(c)	(d)	(e)
1				
2				
3				
4				
Total				
Audit Coverage (in % terms) [= (e/c)*100]				

From the above table, it is understood that the Audit Firm has covered the Audit coverage of, which is above the approved audit coverage of 50% for Regional Office (s) as per the approved Annual Internal Audit Programme for the financial year 2025-26.

I. Risk Re-assessment:

Based on the risk matrix prepared by Internal Audit (IA) Division & as per the approved Risk Based Internal Audit (RBIA) Annual Programme for the financial year 2025-26, Regional Office (RO) has been categorised under “**Low Risk**” Category. Considering the overall Regional Office (RO) risk (High, Medium, Low) identified for both inherent and control criteria’s & same are assessed as per below matrix to arrive at the overall risk of the RO:

Risk Matrix				
Inherent Business Risks ↑	High	“A” High Risk	“B” Very High Risk	“C” Extremely High Risk
	Medium	“D” Medium Risk	“E” High Risk	“F” Very High Risk
	Low	“G” Low Risk	“H” Medium Risk	“I” High Risk
		Low	Medium	High
	Control Risks →			

The above risk categorisation was derived by considering the following internal and control risk parameters-

S.No.	Scope & Audit	IR/CR*	Risk	Risk	Risk	Weighted	Cumulative	Overall
-------	---------------	--------	------	------	------	----------	------------	---------

	Coverage		Criteria for Individual Risk	Rating Individual Risk		Average	Rating	Divisional Risk
1	Change in state laws and regulations	IR	Low	1	1.00	1.00	1.00	Low
2	Non-documentation of schemes	CR	Low	1	0.05	0.05	1.00	Low
3	Appropriate equity not infused in the project.	CR	Low	1	0.05	0.05		
4	Lack of monitoring in the projects.	CR	Low	1	0.05	0.05		
5	Escrow account not being monitored.	CR	Low	1	0.05	0.05		
6	Excess release of payment in Govt Schemes.	CR	Low	1	0.05	0.05		
7	Irregular remittance of interest accrued in DDUGJY and Saubhagya Schemes.	CR	Low	1	0.05	0.05		
8	Non-execution of PPA agreement.	CR	Low	1	0.05	0.05		
9	Non-creation of proper security documents/ Escrow agreement and land mortgage	CR	Low	1	0.05	0.05		
10	Non-compliance or inaccurate compliances of TDS norms.	CR	Low	1	0.05	0.05		
11	Lack of verification of KYC and Ongoing Customer Due Diligence of the borrowers	CR	Low	1	0.05	0.05		
12	Entry in ERP (Real Time Basis)	CR	Low	1	0.05	0.05		
13	Procurement (GeM Portal)	CR	Low	1	0.05	0.05		
14	Physical verification of Assets.	CR	Low	1	0.05	0.05		
15	CSR Monitoring	CR	Low	1	0.05	0.05		
16	Portal (Employee's / Ex-Employees Payment)	CR	Low	1	0.05	0.05		
17	Budgetary Control	CR	Low	1	0.05	0.05		
18	Write-off of Asset as well as receivable.	CR	Low	1	0.05	0.05		
19	Non-adherence of DoP	CR	Low	1	0.05	0.05		
20	MOU Targets	CR	Low	1	0.05	0.05		
21	Asset utilisation	CR	Low	1	0.05	0.05		
22	Fraud identification	CR	Low	1	0.05	0.05		

	and reporting							
23	Verification of Bank Guarantee	CR	Low	1	0.05	0.05		

****IR- Inherent Risk; CR- Control Risk***

.....

SPECIMEN COPY - RBIA REPORT-

REC Limited
Checklist on Internal Controls
(To be filled and enclosed with the Internal Audit Report)

Name of the Office:

Name of the Sr CPM/CPM:

Period of Audit: (From..... To)

S. No	Checklist	Auditor's comment	Comments of Sr.CPM/CPM
1.	Salary, Allowances and perquisites		
i.	Office orders and related documents on first appointment as regular/ deputation/ contract are maintained at RO/SO (Regional Office/State Office)		
ii.	Pay fixation orders are issued stating the scale of pay and date of increment as per the offer of appointment in case of new recruits and revised pay fixation in case of promotions		
iii.	In case of employees under suspension the pay & allowances are regulated correctly in accordance with the orders of Competent Authority		
iv.	Declaration obtained from employees posted at office giving details of savings for claiming deduction Under Income Tax Act, 1961		
v.	Incentive payments are worked out by RO/SO in line with rules of the schemes governing payments		
vi.	Leave encashment disbursed as per leave sanction order of RO/SO		
vii.	Furnishing correct information to CO for recoveries on account of PF, EPF, House rent, excess rent, group insurance & income-tax etc.		
viii.	Proper system exists for communication to CO for deduction		

	for pay in respect of Half Pay Leave, Extra ordinary Leave etc.		
ix.	Ensure removal of data of employees retired/resigned from salary bill and there exists a proper system to delete the name from the pay bill forthwith & No Objection Certificate obtained before releasing final payments		
x.	There exists a proper system of intimating the salary section of CO for the recovery to be affected for private use of transport and telephone expenses over and above the entitlement.		
xi.	Before processing of pay-roll for the month update attendance and leave record are updated in ERP/HR ERP		
xii.	Long term Advances/Loans to Employees: Loan disbursed after issue of certificate by HR and execution of required documents.		
	Eligibility of advances/loans are ensured		
2.	Medical reimbursements		
i.	Copy of Family declaration submitted to RO/SO and accepted by HR Department.		
ii.	Eligibility and ceiling as per entitlement.		
3.	Tour/Transfer/ TA Claims		
i.	Payment of advance as per approved tour programme.		
ii.	Claim as per TA/DA rules of REC		
iii.	Final claim submission within specified timelines as per rules from date of return of tour		
iv.	Transfer grant/allowances are as per guidelines		
v.	Adjustment of Tour/Transfer advance is ensured.		
4.	Fund Management		
i.	Whether Requirement of funds have been assessed before requisitioning funds from Corporate Office. Further, minimum balances are maintained as per directions of		

	Corporate Office.		
ii.	Bank Reconciliation statements are prepared timely and are adequate		
5.	Formulation of Budget and its control		
i.	Whether budget estimates for the next financial year have been prepared based on realistic estimates and expenditure of the current year is within the budget and any deviation is supported with details.		
6.	Tax-Compliance		
i.	Whether TDS from third party payments have been deposited and returns filed in time.		
ii.	Whether outstanding liability created in the previous financial year have been cleared and created as per the works/services taken but not paid. The detail may be cross checked from Traces portal.		
iii.	Reconciliation of GSTR 2B and ITC claimed		
iv.	Whether GST returns are adequate and filed timely.		
v.	Applicable rate of taxes is applied and booking in proper head is ensured.		
7.	Administration		
i.	REC's Procurement guidelines are being complied for procurement of items and services.		
ii.	Advances for Procurement & services		
a)	Approval with delegation of powers		
b)	Booking of advance in proper head/sub-head of account.		
c)	Advance register is maintained indicating party-wise payments.		
d)	Proper system exists for preparation of monthly schedule of advances.		
e)	TDS has been deducted from the advances given against transactions covered under deduction of TDS.		
f)	Follow-up action for adjustment/recovery.		
iii.	Direct Payment/ adjustment for		

	procurement & services.		
a)	<ul style="list-style-type: none"> -Delegation of Power are being ensured. -Expenses incurred are within the budgetary limits or specific approval as per DOP has been obtained. -Proper Purchase procedure for procurement of goods/services has been followed. -Certificate of concerned division has been obtained that work has been executed as per Purchase order before releasing the payment. -Provision of penalty clause has been considered by concerned division before giving certificate that work has been executed as per Purchase order. 		
b)	Advances wherever given have been adjusted.		
c)	Payments are made based on verified bills along with supporting.		
d)	Separate registers for Capital and revenue expenses are maintained.		
e)	TDS has been deducted and deposited wherever applicable as per the existing laws and proper registers maintained. Further, Compliance to GST Law to be ensured.		
f)	Certificate for the tax deducted has been issued and quarterly & yearly returns as applicable have been filed.		
iv.	Imprest and advances for meeting day to day expenditure of office are monitored adequately. Proper register is being maintained with periodic verification by HOD.		
v.	Stationery: Procurement from empaneled/contracted parties at approved rates, proper stock register (for receipt and issue), check abnormal consumption, minimum balance to be maintained etc.		
vi.	Dispatch: The dispatch arrangements are satisfactory for its effectiveness and efficiency.		

vii.	Payments w.r.t. office premise: Proper register is kept of the office rent, electricity, water, telephone, fax bills, statutory taxes etc.		
viii.	Hiring of Taxies: Proper empanelment/contract award of suppliers of vehicle. Proper logbook in case of monthly hiring / duty slips for misc hiring. Payment in line with contracted terms are being ensured.		
ix.	Air bookings: In case, booking is made by Administration Division, proper register to kept to avoid Double payment and to link with Travel bills of individuals.		
x.	Own Vehicle: Check the log sheets of each vehicle and verify whether details of all repairs/services, spare parts replaced, petrol consumed etc. are recorded therein. Analysis of the consumption of petrol/diesel and oil per kilometer vehicle-wise have been made and examine the reasons for variations in the same vehicle over a period and compared to other vehicles. No vehicle is kept idle for long time without being used/ repaired. Vehicles are insured and the insurance is valid. Registration books are held in proper custody.		
xi.	Disposal of Assets: There is a system to identify unused/ damaged assets; their disposition with proper authority's approval and proper accounting of receipts exists.		
xii.	Asset Register: Proper asset register is kept showing acquisition, date of purchase, amount, and depreciation in accordance to the Companies Act and the rules made there under. The asset detail in the register matches with the asset detail captured in ERP System.		
xiii.	Annual Maintenance of assets: Proper system exists for maintenance of the office assets including AMC		

	contracts for critical assets and its cost effectiveness		
xiv.	Insurance of Assets: Proper mechanism of insurance coverage of office assets covering the WDV of assets is in place. Insurance policies are renewed timely.		
xv.	Estate Maintenance of office building, residential houses, guest houses etc in proper way to avoid its devaluation. The functionality, safety and overall efficiency of the office environment is in place. Property documents must be kept in lockers; proper taxes etc. have been paid in time.		
xvi.	Security Adequate measure taken to ensure security of the office premise including hiring of security agencies and monitoring its payments.		
8.	Human Resource		
i.	Proper work allocation approved by HOD		
ii.	Reconciliation of leave balance as per Leave ledger and attendance management portal		
iii.	Proper record is maintained by HR in respect of employee benefits availed like Multipurpose advance, House building allowance, conveyance allowance, medical benefits, marriage loan, etc.		
9.	Internal Audit		
i.	Compliance of Audit Observations are furnished in time		
ii.	To ensure there is no deadlock in resolution of audit observations		
iii.	Compliance of directions of Audit Committee with respect to Significant Observations if any are complied.		
10.	Sanction of Schemes		
i.	Loan application receipt register is maintained and timeline are recorded to ensure fair practice code of REC		
ii.	Project DPRs are scrutinized for		

	justification of the project, its cost data etc.		
iii.	Financial viability assessment wherever required in terms of REC's guidelines for various schemes.		
iv.	Tracking of credit exposure norms issued by REC.		
v.	Appraisal report of the scheme, formulation of appraisal checklist for onward submission to Competent Authority.		
vi.	Approvals from Competent Authority for sanction as per delegation of power are obtained.		
vii.	Sanction letter as approved by operational divisions of REC are issued stipulated all the relevant terms and conditions applicable in the schemes.		
11.	Documentation of schemes		
i.	Validity of sanction is ensured before documentation.		
ii.	Pre-commitment conditions as stipulated in the sanction letter are compiled before documentation.		
iii.	Security executed in the schemes to the satisfaction of REC (As per guidelines)		
iv.	Valuation of existing assets (if provided) as per REC guidelines		
v.	Board resolution of the borrower company for acceptance of REC's loan as per sanctioned terms and for borrowing limits of the company are verified		
vi.	Execution of legal documents like Loan Agreement, Hypothecation Agreement, Mortgage Deed, TRA agreement, Escrow Agreement, Undertakings, guarantees etc are executed on requisite stamp paper and in line with formats approved by Legal Division, REC.		.
vii.	Charges are filed with RoC within time wherever applicable		
viii.	Safe custody of Legal Documents is ensured		

12.	Disbursement/ Processing of claims		
i.	Pre-disbursement conditions are compiled before making any disbursement		
ii.	Claims are received from the authorized signatory of the borrower company in the required claim format		
iii.	Equity infusion and physical progress viz a viz claim are ensured		
iv.	Claims register is maintained to ensure fair practice code		
v.	Claims documents are scanned and captured in claim processing module of ERP. Required parameters of ERP with respect to scheme progress and amount disbursed are updated.		
13.	Recovery of Loans		
	RO/SO is coordinating for regular recovery of loans, excess release if any		
14.	Monitoring of the schemes		
i.	Monitoring guidelines for various schemes are complied		
ii.	Annual Monitoring schedule is prepared and adhered to		
iii.	Monitoring reports are prepared in prescribed format and discrepancies are rectified by the borrowers.		
iv.	Third party/independent monitoring as required in Government schemes guidelines are ensured		
15.	Scheme Records		
	Proper register for claims, documentation, slow progress, closure, nonstarter and action thereof is maintained		
16.	Weeding out of documentation		
	Record management policy of the Corporation is compiled for segregation and weeding out of dead/obsolete documents		

Signature with seal (Audit Firm)

Signature with seal (Sr. CPM/CPM)

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Specimen Copy – Check List