



**ELECTRONICS CORPORATION OF INDIA LIMITED**

**FINANCE & ACCOUNTS GROUP**

**HYDERABAD-500062**

EC-FAG-IA-Notf:2025-26:02

Date: 15-04-2025

To  
The Chairman,  
ICAI- HYD Chapter.

**Sub:** Seeking Profile from Interested CA firms for conducting Internal Audit  
(quarterly) for the FY 2025-26 by fulfilling the below criteria.

1. Firm should have minimum 10 years of experience.
2. Minimum Audit assistants of 20 members should be there.
3. Should have experience in Audit of Manufacturing companies with multi products.
4. Preferences to those have audit experience in PSU.
5. Preference will be given to audit firms with Head Office/Branch at Hyderabad.

Interested firms must ensure that the **price bid and technical bid are submitted in separate sealed envelopes** and sent via post to the undersigned address.

All bids must reach us on or before **29-04-2025**.

For Electronics corporation of India limited.

**CA Saurabh Gupta**

**Sr. Manager Accounts**

**In-charge - Internal Audit**

**SMD – Finance Building**

**Electronics Corporation of India Limited**

**A Government of India (Department of Atomic Energy) Enterprise**

**Hyderabad-500062**

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**Website : <https://www.ecil.co.in>**

**SCOPE OF AUDIT (EXTERNAL INTERNAL AUDITORS) – ECIL HEAD OFFICE**  
**FOR THE FINANCIAL YEAR 2025-26**

**A. REVENUE RECOGNITION**

- **Compliance & Documentation:** Revenue recognition shall be in accordance with ECIL's Accounting Policies, Companies Act, and Ind AS, while incorporating observations from Statutory and Government Audit (C&AG). Compliance with Ind AS must be ensured, with proper documentation and reporting. Sale invoices must be verified against customer orders to confirm GST applicability, TCS on applicable transactions (such as sale of scrap), E-Invoicing compliance, and E-Way bill compliance, including but not limited to staggered billing, export sales, and milestone-based contracts.
- **Accrued Revenue & Unbilled Income:** A thorough review of accrued revenue is required to ensure that all revenue, including but not limited to AMC services, long-term contracts, and milestone-based billing, is recognized timely and as per contract terms. Any unbilled revenue cases should be identified and invoiced promptly to prevent revenue leakage.
- **Liquidated Damages (LD) Computation & Compliance:** LD deductions must be verified to ensure accurate computation, authorization, and recoverability. In back-to-back contract arrangements, where the customer levies LD, internal auditors should verify whether the corresponding LD has been passed on to the vendor, ensuring financial neutrality for ECIL.
- **Warranty Provision Review:** Verify whether warranty provisions for goods are recognized appropriately in line with Ind AS and ECIL's accounting policy. Review whether actual warranty expenses are tracked, and provisions are reversed or adjusted correctly based on usage and settlement trends.

**B. TRADE RECEIVABLES & COLLECTIONS**

- **Debtor Ageing & Provisioning:** The ageing of trade receivables should be analyzed to assess the risk of default, particularly for long-pending dues. Provisions for old outstanding debtors should be reviewed, ensuring adequate provisioning and appropriate reversal entries in compliance with Ind AS.

- **Write-Offs & Approvals:** Any bad debt write-offs must be verified for proper approvals, compliance with internal policies, and correctness of accounting entries. Should ensure that all write-offs follow due authorization and are accounted properly in books of accounts.
- **Reconciliation of Receivables:** Internal auditors should verify whether customer accounts are reconciled periodically and ensure that any mismatches or unapplied credits are resolved timely. The internal auditor should also ensure that TDS deductions on collections are properly accounted for and matched with Form 26AS.

### C. REVIEW AND AUDIT OF INVENTORIES

- **Material Receipt, Consumption & WIP Verification:** The internal auditor should cover the receipt and consumption of materials, ensuring that all material movements are properly recorded and reconciled. Booking of expenditure on R&D and Grants-in-Aid projects should also be verified for accuracy and compliance. Delays between key inventory processing dates, including DF date, Inspection date, CSRV date, and MIR date, should be reported and analyzed for process inefficiencies.
- **Job Work & Third-Party Inventory Tracking:** Records of materials sent to third parties for job work should be verified, ensuring proper tracking, reconciliation with vendor confirmations, and compliance with contractual terms. Internal auditors should verify whether job work material returns and balances are correctly accounted for and whether long-outstanding balances require escalation or provisioning.
- **Factory Overheads & Labour Booking:** Labour booking and allocation of factory overheads should be reviewed to ensure that costs are accurately captured and allocated to the appropriate cost centers
- **Inventory Insurance & Risk Coverage**  
Verify whether adequate insurance coverage is in place for inventory across all locations, including raw materials, work-in-progress (WIP), finished goods, and stock held at job worker locations or third-party warehouses. Ensure that Goods-in-Transit (GIT) Insurance covers potential losses due to - including but not limited to damage, theft, fire, or accidents during transportation.

Review whether insurance policies adequately cover risks such as fire, natural disasters, theft etc. and storage-related damages at ECIL and external locations. Ensure that insurance coverage is based on peak inventory values rather than period-end closing stock values, to avoid under-insurance.

Verify whether insurance values are reviewed and updated periodically to reflect changes in inventory levels. Assess insurance claims filed for inventory losses, ensuring proper documentation, timely settlements, and corrective actions to mitigate future risks. Identify uninsured risks and recommend necessary actions to minimize potential financial exposure.

- **Verification of Opening Balance (OB) Stock Adjustments:** Internal auditors should verify all OB stock adjustments, ensuring accuracy in corrections related to existing material codes (50 - unit or per unit rate changes) and new material code additions (40). Additionally, they should review whether any stock was consumed before rectifications were passed, leading to incorrect cost calculations. Internal Auditors must ensure that adjustments are properly authorized, documented, and reconciled, and that any financial impact due to prior consumption at incorrect costs is identified and addressed.

#### **D. MATERIALS MANAGEMENT**

- **Purchase File Verification:** 100% verification of purchase files for a value of ₹50 Lakhs & above, ensuring compliance with purchase procedures, Delegation of Powers (DoP), Purchase Manual, other applicable company manuals, policies, and procedures, as well as Government company procurement norms, including GeM (Government e-Marketplace), e-tendering, and rate contracts where applicable
- **Nomination Order Review:** Review and report on the top 10% of nomination orders placed during the period, ensuring that justifications for nomination-based procurement are documented and approvals are in line with DoP. Internal auditors should check whether repeat orders under nomination are justified and whether alternative vendors were considered.

#### **E. BILLS**

- **Accrual Concept & Accounting Compliance:** Verify whether work completed up to the reporting date has been accounted for on an accrual basis, ensuring compliance with Ind AS and company's accounting policies. Review whether expenses, provisions, and liabilities

are recognized in the correct period to prevent understatement or overstatement of financials.

- **Payment Verification & PO Compliance:** Test-check whether payments made to vendors align with PO terms and conditions, ensuring adherence to contractual obligations, agreed pricing, payment schedules, and deductions (if any). Verify if penalty clauses, liquidated damages (LD), retention money, and GST/TDS/TCS applicability have been correctly accounted for in vendor payments. Additionally, ensure that GST ITC claimed on vendor invoices matches the amounts reported in GSTR-2B, identifying and addressing discrepancies, if any.

Review non-PO-based payments to ensure they are properly authorized and justified as per company policies.

- **Liquidated Damages (LD) Computation & Back-to-Back Recovery:** Verify whether LD deductions in contracts are accurately computed and correctly levied on vendors. Ensure back-to-back LD recovery where applicable, preventing revenue leakage. Review LD waivers and approvals for any deviations from contract terms. Internal auditors should verify whether LD extensions (delivery period extensions) were granted and whether justifications were documented properly.
- **Letter of Credit (LC):** For Letters of Credit (LCs) issued, review whether they are opened as per contractual terms, correctly accounted for, and utilized within validity. Verify whether LC extensions and amendments are properly approved and documented. Ensure timely settlement of LCs upon receipt of goods/services and verify whether outstanding LCs in ECIL records are reconciled with bank confirmations. Review LC devolvement cases, ensuring reasons are documented, bank payments are settled as per agreed terms, and financial/accounting impact is correctly recorded.
- **Advances to Vendors & Adjustments:** Review vendor advances to ensure they are justified, adjusted timely, and properly accounted for. Verify whether long-pending advances are being monitored and settled within the agreed timelines. Check whether provisions for doubtful recoveries on vendor advances are created where required.
- **Imprest & Departmental Advances:** Review imprest and departmental advances, ensuring proper authorization, utilization, and timely clearance. Verify whether such advances are reconciled periodically, and identify delays in settlement or cases where advances remain unadjusted beyond permissible limits.

- **Bank Guarantees (BG) & Retention Money:**

Verify whether performance BGs are obtained as per contract terms, renewed on time, and not released without fulfilling contractual conditions. Where a PO mandates a BG, it must be obtained, and deducting the BG portion is not an alternative. If a BG is not obtained, ensure proper approvals for deviation as per company policy. For high-value BGs, Internal Auditors should verify the confirmation obtained by ECIL from the issuing bank (HO/RO/CO) to verify authenticity.

Ensure retention amounts are held and released strictly as per contract terms and that no deviations occur without appropriate approvals.

- **ERV & PRV Workings Verification:** Internal auditors should review Exchange Rate Variations (ERV) and Price Rate Variations (PRV) to ensure that changes in foreign exchange rates and material price fluctuations are correctly accounted for in billing and payment processing.
- **Financial Concurrence (FC) & Amendments:** Review the Financial Concurrence (FC) documents and ensure that any amendments to FC are properly justified, documented, and approved. Verify whether changes to financial terms align with contract provisions and DoP guidelines.

## **F. TRADE PAYABLES**

- **Aging Analysis & Payables Reversals:** Perform an aging analysis of trade payables to identify long-outstanding balances. Ensure adequate provisioning for long outstanding supplier advances where required
- **Vendor Master Data Cleanup & MSME Compliance:** Verify that the vendor master database is periodically updated, eliminating duplicate entries and ensuring accuracy of PAN, GSTIN, bank details, registered addresses, mail ids, udhyam number and category. Ensure proper validation of vendor details at onboarding and assess whether the company has a structured process for periodic review and updation. Identify mismatches between master data and transactional records, ensuring necessary rectifications.

Ensure proper classification of MSME vendors, capturing Udyam registration numbers, business type (Manufacturing, Services, Trading), and year of MSME classification upgrade. Verify compliance with MSME-related provisions under Section 43B(h) of the Income Tax Act, which disallows deductions for delayed payments beyond the prescribed

limit. Ensure interest on delayed MSME payments under the MSMED Act, 2006 is correctly calculated and accounted for.

- **Vendor Account Reconciliations:** Ensure periodic vendor reconciliations are conducted to identify unadjusted advances, debit balances, duplicate payments, or discrepancies. Verify that credit notes, discounts, and adjustments are accurately recorded and applied to outstanding balances.
- **TDS, GST & Other Deductions on Payments:** Ensure TDS, GST, and other deductions (such as retention money, penalties, or security deposits) are correctly applied in compliance with statutory provisions and contractual agreements. Verify whether vendor PANs are active and not inoperative, as higher TDS rates under Section 206AA/206AB of the Income Tax Act apply for inoperative or non-compliant PANs.
- **Compliance with Contract Terms & MSME Payment Timelines:** Ensure vendor payments align with PO terms, including agreed rates, quantities, and payment schedules. Capture and analyze DF date and CSRV date to assess payment delays. For MSME vendors, ensure payments comply with the 45-day timeline mandated under the MSMED Act, 2006, and that no undue delays or violations occur. Verify that all payments follow the company's Delegation of Powers (DoP) and that approvals are in place for deviations, holdbacks, or special payment terms.

#### **G. STATUTORY / LABOUR COMPLIANCE & PAYROLL**

- **Corporate Law & Taxation Compliance:** Verify compliance with the filing of statutory returns and maintenance of records and registers as required under various applicable statutes including but not limited to the Companies Act, 2013, GST Act, 2017, Income Tax Act, 1961, and Customs Act, 1962 and rules made thereunder, as amended from time to time.
- **GST Compliance:** Verify GST returns are periodically filed as per the due dates and remitted the tax liability within time. Ensure GST TDS deductions are correctly made, deposited, and reported in returns.
- **Import-Export Compliance:** Review import/export documentation, ensuring compliance with the Customs Act, Foreign Trade Policy, and FEMA regulations. Verify customs duty payments, bill of entry documentation, duty exemptions/concessions, and export incentive schemes, including duty drawback claims.

Additionally, review foreign exchange transactions to ensure that gains/losses are correctly accounted for in line with Ind AS. Verify compliance with hedge accounting policies, if applicable, ensuring that foreign exchange risks are managed effectively. Assess hedged and unhedged foreign currency exposure, ensuring that risks arising from unhedged exposures are identified, monitored, and reported as per regulatory and internal policy requirements.

- **Labour Laws & Employee Welfare Compliance:** Ensure compliance with labour laws applicable to both manufacturing and trading activities, including but not limited to the Provident Fund (PF) Act, Employee State Insurance (ESI) Act, Professional Tax (PT) Act, Payment of Bonus Act, Payment of Gratuity Act, Minimum Wages Act, Factories Act, and Contract Labour Act. Verify whether employee contributions (PF, ESI, PT, etc.) are deducted correctly, deposited on time, and filed as per statutory requirements. Ensure adherence to statutory insurance requirements where applicable.
- **Provident Fund (PF) & Gratuity Trust Review:** Verify entries in Cash Book, General Ledger (GL), and Trial Balance (TB) for the PF and Gratuity Trust. Review PF investments to ensure compliance with statutory investment guidelines and company policy, including but not limited to limits on equity exposure, debt instruments, and fixed deposits. Ensure compliance with actuarial valuation requirements for gratuity provisioning and leave encashment liabilities, reviewing actuarial reports for accuracy and completeness.
- **Payroll, Advances & Employee Benefits:** Review payroll processing, ensuring compliance with minimum wage regulations, overtime calculations, and statutory deductions. Verify whether leave encashment, ex-gratia, and bonus payments are correctly calculated and disbursed as per company policy. Review advances given to employees, ensuring adherence to company policies, proper authorization and adjustments. Conduct a test check of tour and medical bill settlements, ensuring compliance with policies, proper documentation, and accurate reimbursements.
- **CSR Compliance & Fund Utilization:** Verify compliance with CSR spending obligations under the Companies Act, 2013, ensuring that the minimum prescribed amount is spent within the financial year. Review whether CSR expenses qualify under Schedule VII of the Act and are spent on eligible activities. Check whether unspent CSR amounts are carried forward and utilized in subsequent years or transferred to a specified fund as required by law. Verify documentation of CSR projects, including board approvals, impact assessments (if applicable), and fund disbursement records.



## **H. CASH AND BANK**

- **Bank Reconciliation & Unreconciled Items**

Verify whether Bank Reconciliation Statements (BRS) are prepared periodically, reviewed, and approved by authorized personnel. Review long-pending unreconciled items, ensuring they are resolved within a reasonable timeframe. Identify any unusual reconciling items that may indicate duplicate payments, process gaps etc.

- **Review of Customer Bank Guarantees (BGs):**

Verify whether BGs issued by ECIL to customers align with contract terms, are properly approved, recorded, and tracked, and are renewed or extended timely as required. Obtain periodic balance confirmations from banks for outstanding BGs and reconcile them with ECIL's records. Ensure that old and expired BGs are submitted to the bank for cancellation and that closure is tracked until confirmation is received from the bank. Review instances of BG invocation, ensuring that claims are valid, approvals are obtained, and financial/accounting treatment is correctly recorded.

- **Bank Credit Facilities (Fund-Based & Non-Fund-Based):** Review ECIL's fund-based and non-fund-based banking facilities, including but not limited to working capital loans, overdrafts, term loans, BGs, and Letters of Credit (LCs).

Verify whether interest rates, charges, and penalties applied by banks on loans, overdrafts, and other credit facilities are correct and as per the agreed terms to ensure ECIL is not overcharged. Ensure that monthly/quarterly stock and book debt statements submitted to banks are accurate, reconciled with the books of accounts.

- **Investment & Treasury Management:** Ensure that investments comply with board-approved policies, Ministry guidelines and regulatory requirements. Verify whether investment decisions are authorized by the designated officials and that investment instruments are properly documented. Review whether returns on investments align with market rates and risk parameters set by the company

## **I. PROPERTY, PLANT & EQUIPMENT (PPE)**

- **Records Maintenance & Classification:**

Verify that property, plant, and equipment (PPE) records are properly maintained, ensuring alignment with the Fixed Asset Register (FAR)

- **Depreciation & Impairment:**

Verify that depreciation is charged as per company policy and Ind AS. Review whether useful life estimates comply with Schedule II of the Companies Act, 2013, ensuring any deviations are properly justified.

- **Insurance & Safeguarding:**

Verify whether insurance coverage is in place for PPE, particularly high-value machinery, immovable properties, and critical equipment. Ensure that insurance policies cover reinstatement values and that premiums are based on the correct insured value

## **J. ACCOUNTING SYSTEMS, PROCEDURES AND CONTROLS**

- **Regulatory Updates & Compliance Monitoring**

Periodically review and advise management on amendments in Ind AS, the Companies Act, MSMED Act, FEMA, Direct & Indirect Taxation laws, Labour Laws, Environmental Regulations, and other applicable statutes. Ensure that financial policies, accounting procedures, and internal controls are updated accordingly to maintain compliance.

- **Adequacy & Efficiency of Accounting Systems & Financial Reporting**

Assess whether existing accounting systems, policies, and procedures are adequate and aligned with the Companies Act, 2013, Ind AS, and internal control requirements. Identify process inefficiencies, control gaps, and areas requiring improvement to enhance financial accuracy and compliance.

Examine whether financial statements comply with Ind AS, including but not limited to revenue recognition, asset impairment, fair value accounting, and lease accounting. Validate that financial disclosures are accurate, transparent, and in compliance with regulatory requirements, ensuring proper presentation in financial reports.

Conduct a Ledger Review and also Review of AGL and TB to verify that balances are correctly classified, reconciled, and free from long-outstanding or unexplained entries, including but not limited to accounting errors, omissions, wrong postings, GST/TDS compliance issues, missing entries, incorrect classifications, prepaid expense entries, accrual entries, and prior period adjustments.

Verify whether provisions for expenses and payables are correctly created and reversed in compliance with Ind AS, ensuring no over/under-provisioning or incorrect financial impact. Ensure reconciliation of transactions between ECIL's units and branches, including inter-branch/inter-unit balances, stock transfers, and ledger mismatches, identifying and rectifying discrepancies to ensure accuracy in financial reporting.

- **Ledger Cleanup & Reconciliation of Old/Unknown Balances:** Internal auditors should review old, dormant, unidentified/unknown ledgers to assess the necessity of maintaining them. Attempt reconciliation of long-outstanding balances, investigate unidentified entries, and recommend necessary accounting adjustments or write-offs, if justified. Ensure that unknown balances do not result in misstatements in financial reporting and that corrective action is taken to clean up legacy accounts in compliance with Ind AS and statutory requirements. All adjustments, write-offs, or reclassifications must be duly approved by the Board/ as per the Delegation of Powers (DoP) or the applicable authority matrix.

- **Books of Accounts, Record Maintenance & Reconciliation**

Examine whether books of accounts, registers, records and documents comply with statutory requirements and are adequate for exercising necessary financial control. Ensure completeness, accuracy, and reliability in financial reporting.

Review General Ledger (GL), Sub-Ledger (SL), and Control Accounts Reconciliation, ensuring completeness and accuracy. Verify whether reconciliations are performed periodically, and that any discrepancies are investigated and resolved in a timely manner.

- **Audit Compliance, Follow-Ups & Persisting Irregularities**

Internal auditors should review assurances given to them, Statutory Auditors, Government Auditors (C&AG), Cost Auditors, Secretarial Auditors, and Information Systems (IS) Auditors, ensuring that corrective actions on audit findings are implemented within prescribed timelines. Any unresolved issues from various audit reports, including internal audit observations, should continue to be reported in internal audit reports until fully resolved.

An ageing analysis of pending audit observations should be maintained to track long-outstanding issues, ensuring management takes necessary corrective actions. Internal auditors should verify whether action items are assigned to responsible personnel, monitored, and periodically reviewed to prevent recurring or persisting irregularities.

## **K. MISCELLANEOUS**

- **Grants accounting**

Ensure proper accounting, reporting, and compliance with statutory requirements for grant utilization. Review whether unused or unspent grants are reported correctly, with appropriate disclosures in financial statements.

Verify whether MSME returns are filed accurately and on time, ensuring consistency between filed returns and vendor records. Check whether MSME payment details reported in statutory filings align with books of accounts, preventing discrepancies or misreporting.

- **Business Continuity Planning (BCP) & Disaster Recovery (DR) Review**

Review ECIL's Business Continuity Plan (BCP) and Disaster Recovery (DR) Plan to assess preparedness for unforeseen disruptions. Ensure periodic BCP & DR testing is conducted, and data backups & IT recovery plans are in place. Assess compliance with DAE cybersecurity guidelines and national security requirements.

- **Related Party Transactions (RPTs) & Loans:** Ensure that related party transactions comply with Sections 177 & 188 of the Companies Act, including necessary approvals, disclosures, and arm's length pricing.

## **L. CERTIFICATION**

- The internal auditors shall issue a certificate confirming that all items within their assigned scope have been verified and reported, along with a certification on the adequacy and effectiveness of Internal Financial Controls over Financial Reporting (ICoFR) at ECIL.

The audit should comprehensively cover all the aforementioned aspects within the financial year under audit. It shall be conducted on a quarterly basis, with reports submitted as per the specified timelines in the appointment letter:

Q1 Report – By 15<sup>th</sup> August

Q2 Report – By 15<sup>th</sup> November

Q3 Report – By 15<sup>th</sup> February

Q4 Report – By 15<sup>th</sup> May

The final audit report should incorporate management's response and details of corrective actions taken. Internal auditors must verify the adequacy and implementation of management's responses and rectifications, ensuring that identified issues are effectively addressed and resolved.

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Summary of profile received for INTERNAL AUDITOR Appointment for FY 2025-26:

Name of Audit Firm	Name of person incharge	Mail ID	Phone No.	Head Office	Branch in Hyderabad(Yes/No)	Firm Experience	Total No of Partners	Total No Of Staff	Manufacturing exp.(Yes/No)	PSU Experience	Brief note on experience	Additional Information(If any)

Note: Provide supporting documents for the highlighted fields.