STEEL AUTHORITY OF INDIA LIMITED

(A Govt. of India Enterprise)

Corporate Office, Ispat Bhawan, Lodi Road, New Delhi – 110003

TENDER DOCUMENT

For

APPOINTMENT OF INTERNAL AUDITORS FOR A PERIOD OF 1 YEAR for SAIL

Tender No. : SAIL/CMMG/2026-27/APPOINTMENT/EXTAUD/01

Date: 28-08-2026

ISSUED BY

Corporate Materials Management Group

19th Floor, Core-2, SCOPE Minar,

Laxmi Nagar District Centre, Delhi – 110092

ADDITIONAL TERMS AND CONDITIONS FOR Tender for Appointment of Internal Auditors for a period of 1 year for SAIL (with a provision to extend contract for additional Two more years)

INDEX

1. INTRODUCTION & SALIENT INFORMATION

- Steel Authority of India Ltd. (SAIL) a Maharatna Company having its Registered Office at Ispat Bhawan, Lodi Road, New Delhi, invites bids from reputed, professional, and experienced Bidders, with proven track record, for **Appointment of Internal Auditors for a period of One year (with a provision to extend contract for additional Two more years) for SAIL**
- SAIL invites sealed bids from Indian Chartered Accountant / Cost Accountant Firms registered with the Institute of Chartered Accountants of India / Institute of Cost Accountants of India for conducting internal audit of **Finance Function** and **Materials Management Function** for **One YEAR (with a provision to extend contract for additional Two more years)** in respect of the following Plants / Units of SAIL divided into the following two Audit Units:-

	Audit Unit	Concerned Head of Internal Audit (HoIA)
1	**Audit Unit 1**	
1.1	SAIL Refractory Unit (SRU), Bokaro i. Head Office, Indira Gandhi Marg, Sector-IV, Bokaro Steel City, 827004 ii. SRU IFICO, PO Marar, Ramgarh, Jharkhand, 829117 iii. SRU, Ranchi Road, PO Marar, Ramgarh, Jharkhand, 829117 iv. SRU Bhandaridah, PO Bhandaridah, Bokaro, 829132 v. SRU, Bhilai, Marauda, PO-Civic Centre, Bhilai, CG, 490006	HoIA, BSL HOIA, BSP
1.2	Ranchi Based Units (RBU):- i. Research & Development Centre For Iron & Steel (RDCIS), PO Doranda, Ranchi, Jharkhand, 834002 ii. Centre For Engineering & Technology (CET), RDCIS Lab Building (4th Floor), Ranchi, 834002 iii. Management Training Institute (MTI), PO Doranda, Ranchi, Jharkhand, 834002 **iv.** SAIL Safety Organization (SSO), Doranda, Ranchi, 834002	HoIA, RBU
1.3	i. SAIL Growth Works (SGW), Kulti, Burdwan, WB, 713343 **ii.** Environment Management Division (EMD), SAIL House, 3rd Floor, 50, Jawaharlal Nehru Road, Kolkata 700071	HOIA, ISP
2	**Audit Unit 2**	
2.1	Chandrapur Ferro Alloy Plant (CFP), Mul Road, Chandrapur, 442401	HoIA, CFP
2.2	Salem Steel Plant (SSP), Salem, Tamil Nadu, 636013	HoIA, SSP
2.3	Visvesvaraya Iron and Steel Plant (VISL), Bhadravati, Shivamogga District, Karnataka, 577301	HoIA, VISL

Salient information of the tender is as under:

1	**Tender No. & Date**	SAIL/CMMG/2026-27/APPOINTMENT/EXTAUD/01 DATED 28-08-2026
2	**Name of Work**	Appointment of Internal Auditors
3	**Mode of Tendering**	Open Tender – Manual (offline) submission, two-part bid- Techno-Commercial Bid &Price Bid
4	**Duration of Work**	One year from the effective date of start of contract, excluding 30 days of mobilization period, extendable by two years on mutual consent
5	**Date, time and venue of Pre-bid Discussion Meeting**	The prospective bidder (s) may attend the pre-bid meeting on **08-09-2026 at 11:00 AM** at SAIL, 19th Floor, Scope Minar, Laxmi Nagar District Centre, and Delhi – 110092.
6	**Last date and time of submission of bids**	22-09-2026 ,1:00 pm
7	**Date and time of opening of bid(s)**	22-09-2026 ,3:00 pm
8	**Bid Validity**	120 days from the date of opening of tender
9	**Earnest Money Deposit (EMD)**	*NA*
10	**No. of Sources required**	One Source for each line item. Bidder can quote for any one or both the line Items. If found suitable , same bidder may be selected for both the line items
11	**Address for submission of bids**	Tender Box at Corporate Materials Management Group, Steel Authority of India Limited, 19th Floor, Core-2, SCOPE Minar, Laxmi Nagar District Centre, Delhi – 110092

2. INSTRUCTION TO BIDDER

- **Pre-Bid Meeting: The prospective bidder(s) may attend the Pre-Bid meeting at SAIL, 19th Floor, Scope Minar, Laxmi Nagar District Centre, and Delhi – 110092 on 08-09-2026 at 11: 00 am. The meeting can be attended either physically or on ZOOM Platform. In case of an online meeting, the meeting link shall be shared separately. Interested bidders may intimate their contact details through email, at least two days before the meeting, for attending the Pre-Bid meeting on ZOOM Platform. Accordingly Meeting link will be shared through email.**
- **Bidders are advised to submit their bids after pre-bid discussions or after issue of corrigendum wherever applicable.**
- **Contact Person (s) for clarifications, if any, regarding the Tender Document–**

Name	Address	Phone no.
Venus Garg AGM (CMMG) SAIL	SAIL-CMMG 19th Floor, Scope Minar, Laxmi Nagar District Centre, Delhi	011– 22403423, Mob: +918210825502, Email id : Venusgarg@sail.in

- The Bidder should examine all instructions, proforma, terms and specifications in the Tender enquiry. Failure to furnish all information required under the tender enquiry or submission of a bid not substantially responsive to the Tender enquiry in every respect will be at the Bidder's risk and may result in the rejection of the bid. The Bidders are also advised to check and ensure completion of all pages of this Tender enquiry and report discrepancy, if any, to the issuing authority in time for corrective action before the bids are submitted.
- Canvassing in any form is strictly prohibited and the tenders submitted by the Tenderer, who resort to canvassing, will be liable to rejection.
- There should normally not be any over-writing in the tender. All corrections and cuttings shall bear dated initials of the Bidder. However, correction made on white fluid even after signatures/ initials is prohibited and will not be acceptable in any case and such tender shall be rejected.
- SAIL may conduct price negotiation, if required, with the selected bidder/s for the concerned Line Item.
- Bid Validity: The bid submitted shall remain valid for acceptance for a period of 120 days from the date of opening of the tender.
- Tender Submission:
    a) The tender shall be submitted in two parts i.e. Technical bid and Price Bid for each line item. Sealed Technical bid and sealed Price bid must be kept separately in two different sealed envelopes, and on each sealed envelope the line item number, title of the line item, and whether it is Technical or Price bid must be clearly mentioned.
    b) Bidders intend to participate in both Line Items, shall submit One common **Techno-Commercial bid** and Two different **Price Bids** in Two separate Price-Bid-envelopes
    c) Both the sealed envelopes i.e. Technical bid and Price bid are to be kept in single suitable sized sealed envelope on which the line item number and the title of the line item number must be written clearly.
    d) This single big envelope containing both technical bid and price bid is to be physically submitted / dropped in the Tender Box kept at SAIL-CMMG, 19th Floor, Scope Minar, Laxmi Nagar District Centre, and Delhi-110092.
    e) **Part-I (Techno-Commercial Bid): S**hall contain all Annexures, supporting documents against the eligibility criteria and the documents required for technical evaluation and any other document called for in this tender.
    f) **Part-II (Price Bid):** shall contain only the Price Bid in the format at Annexure-PB, duly filled in, signed and sealed. [Price shall be mentioned strictly in Price Bid only, not in any other documents. If price is found indicated in any other document other than the price bid, the offer will be summarily rejected]
- In the price structure quoted for the required service, the following shall apply in case of any discrepancy:
    I. There is a discrepancy between the unit price and the total price (obtained by multiplying the unit price by the quantity), the unit price shall prevail and the total price shall be corrected accordingly.
    II. If there is an error in a total corresponding to the addition or subtraction of sub-totals, the sub-totals shall prevail and the total shall be corrected.
    III. If there is a discrepancy between words and figures, the amount in words shall prevail.
    IV. Any such discrepancy in an offer shall be conveyed to the tenderer for response

by a target date, and if the tenderer does not agree to SAIL's observation, the tender is liable to be rejected.

- **Sealing and Delivery of Bids:** The bid, complete in all respects, shall be sealed in one outer envelope containing the two separate sealed envelopes mentioned at Para above. The outer envelope shall be super scribed "Appointment of Internal Auditors for a period of 1 year for SAIL", together with the Tender No., the name of the bidder and the date of opening of the tender. It shall be delivered only through Registered Post / Speed Post / Courier, or dropped in the tender box kept at:

Steel Authority of India Limited, Corporate Materials Management Group, 19th Floor, Core-2, SCOPE Minar, Laxmi Nagar District Centre, Delhi – 110092

- **Receipt of Tender:** The tender document, complete in all respects, should reach SAIL latest by ***22-09-2026, 1:00 pm***. SAIL will not be responsible for non-receipt of the tender within the scheduled time and date, or for loss of the tender document in transit, or for postal delay. A tender received after the due date and time specified in the tender notice shall not be accepted and shall be summarily rejected. Telex / Fax and e-mailed bids will not be considered.

- **Opening of Tender:** The "Techno-Commercial Bid" Envelope No. 1 shall be opened at **22-09-2026, 3:00 pm**, in the presence of the bidder(s) or their representatives who wish to be present at the time of opening. In case of an unscheduled holiday on the closing date of submission of tender or on the day of opening of bids, the next working day shall be treated as the scheduled day; the time notified will remain unchanged and no separate communication will be issued in this regard.

  The Price Bid, Envelope No. 2, shall be opened only in respect of those bidders whose Techno-Commercial bid is found acceptable after scrutiny and who have secured 70 (seventy) marks or more in the technical evaluation under Para . The date of opening of the Price Bid shall be intimated in advance to the techno-commercially acceptable bidder(s), who may remain present at the time of opening if they so desire. SAIL reserves the right to accept or reject the results of the Price Bids without assigning any reason thereof.

- **Please refer to the "CHECK LIST of documents" for submission of requisite documents at** *clause 10* **of the RFQ.**

  Please note that the rates quoted should be mentioned in the financial bid only and not on any other page of the tender document. Any mention of price in the techno-commercial bid shall lead to the offer to be summarily rejected.

- **Corrigendum/Extension in due date of submission of Bid**: For any reason, if due date of bid submission/ opening of Bid is extended or there is change in the scope of work, modification in terms & condition, clarifications etc., suitable corrigendum shall be issued. The corrigendum will be available on the SAIL tender website.

- SAIL reserves the right to accept or reject any or all the bids without assigning any reason thereof.

- Bidders shall be required to submit an undertaking (in **Annexure I**) that they have read, understood and accepted the contents of tender including related clauses and that they affirm / certify the same including providing of data.

- The bidder shall submit Company's profile in "**Annexure-II**" duly signed (with Company seal) by authorized representative of the bidder.

- Public Procurement (Preference to Make in India), Order 2017: The Bidders shall provide self-certificate indicating whether they are class-I local supplier / class-II local supplier as per as per **Annexure III**.
- Verification of Credentials Submitted by Bidders:

i. SAIL reserves the right to verify any supporting document(s) submitted by a participating tenderer / bidder from its source (document issuing authority).

ii. In the interest of expeditious completion of verification, a participating tenderer / bidder shall provide a list of each supporting document on its letter-head as per "**Annexure-IV**", along with the contact details (postal address, email address, landline / mobile number) of the issuing authority of each supporting document for verification.

iii. Non-verification of any supporting document or information, at the sole discretion of SAIL, does not absolve the tenderer / bidder of its absolute responsibility to provide only genuine document(s) in support of eligibility conditions.

iv. In case a supporting document or information is found to be fake/forged/tampered/ non-genuine at any stage during tendering process & even after placement of Purchase Order / Work Order, the tenderer/bidder is liable for punitive actions as per extant guidelines of SAIL.

v. In QCBS evaluation MSE preferences are not available.

3. ELIGIBILITY CRITERIA

Eligibility Criteria	Documents to be submitted
Indian Chartered Accountant / Cost Accountant Firms should have completed ten years from the date of registration with the Institute of Chartered Accountants of India / Institute of Cost Accountants of India till last day of month previous to the one in which tender is issued.	Copy of Registration Certificate issued by The Institute of Chartered Accountants of India (ICAI) / The Institute of Cost Accountants of India (ICMAI)
The Firm should have completed at least one audit (Statutory Audit / Internal Audit / Cost Audit) in the last seven years ending last day of month previous to the one in which tender is issued in Govt. Organization / PSU / Public Limited Company having a minimum turnover of Rs. 500 crore during the year of audit.	1. Copy of Work Order and Completion Certificate issued by the company where the Audit was conducted. 2. Extract of Annual Report of the client organization
The Firm should have minimum average turnover of Rs. 2 crore in the FYs 2022-23, 2023-24, 2024-25.	Audited Profit & Loss statement to be submitted for the FYs 2022-23, 2023-24, 2024-25.

Self-attested copies of all above documents to be submitted.

Note:-

i. A Firm which has provided statutory audit service in SAIL during the last three years and served a term of three years (i.e. from FY 2023-24 to 2025-26) would not be considered for appointment as Internal Auditor for the next three succeeding years (cooling period). - Self-declaration regarding the same as per Annexure X to be provided.
ii. A Firm, which has been removed from audit assignment from SAIL or have been held guilty in 'The Institute of Chartered Accountants of India / The Institute of Cost Accountants of India' in disciplinary process in the last 10 years, on the bid submission date, or is under investigation or has been charge-sheeted or punished for any legal default with imprisonment will not be considered for appointment of Internal Auditor in SAIL. - Self-declaration regarding the same as per Annexure X to be provided.

Conditions in the section 141(3) of the Companies Act 2013 will result in disqualification of Auditor.

4. PRICE BID: Price Bid Format

Bidder(s) should quote all-inclusive price after taking all aspects into consideration as per scope and technical specifications of the scope of work and as per Price bid format at **Annexure-*PB***. The rates quoted in price bid shall remain firm during entire contract period as well as during extension period, if any. ***The bidders to submit price breakup as per Annexure-PB in the price bid.***

It is to be noted that Goods & Services Tax (GST) shall be chargeable as per the prevailing rates and rules of Govt. of India and shall be indicated in the Price bid Format.

Please note that the rates quoted should be mentioned in the Financial bid only and not on any other page of the Bid document. Any mention of price in the technical bid shall lead to the offer to be summarily rejected. ITC available for this tender.

5. EVALUATION CRITERIA

1. *(No. of sources:* One Audit Unit would be awarded to only one party. However, if the same Party quotes for both Audit Units and if selected for the both audit units/ line items, may be awarded contract for the two Audit Units.
2. **Techno-commercial Bid Evaluation:-**

i. Audit Unit-wise winning Firm would be determined by Quality and Cost Based Selection (QCBS) based on their Technical bid and Price bid.
ii. Total aggregate marks for Technical Bid evaluation is 100 (Hundred). Minimum qualification marks is fixed at 70 (seventy). A bidder will have to score minimum 70 points in the Technical-bid evaluation stage for qualifying for Financial-bid stage.
iii. In case of non-availability of required audit Firms, the company reserves the right to relax the minimum qualification marks requirement of 70 (seventy).
iv. In case the Tender Committee finds that there is some deficiency in confirmatory documents corresponding to the information furnished or in case corresponding document have not been submitted by bidder(s) then the same will be informed to the bidder clearly indicating the omissions / shortcomings in the documents. The bidder(s) will submit all those specified documents in support of the information / declarations furnished by them within the specified period of 7 (seven) days. No further clarification shall be sought from bidder.
v. In case the bidder fails to submit requisite documents as per tender document or if any of the information / declaration furnished by the bidder is found to be wrong by the Tender Committee during evaluation of documents, then the bid shall be rejected.

3. **QCBS Evaluation :** Internal Auditor will be selected based on "Quality & Cost-based Selection (QCBS)" basis as detailed below:-

3.1 Technical bid: The Technical bid shall be evaluated as under:-

Sl. No.	Criteria	Basis of Marks	Maximum Marks	Document required
1	Years completed from the date of registration with the Institute of Chartered Accountants of India / Institute of Cost Accountants of India till last day of month previous to the one in which tender is issued	Two (2) marks per year (fraction of the year to be ignored)	20	Copy of Registration Certificate issued by The Institute of Chartered Accountants of India (ICAI) / The Institute of Cost Accountants of India (ICMAI)
2	Number of branches (excluding Head Office) If there are multiple branches in a city, that would be counted as one branch only.	One (1) point per branch	4	Self-declaration along with documentary evidence to be provided by the bidder.
3	**Number of Partners:-** Number of full-time Partners in the Firm who are with the Firm for a minimum period of one year as on 1.04.2026 and continuing thereafter	2.5 marks for each Partner	10	1. Certificate from the Firm regarding the date of joining of full-time Partners who are in the Firm as on 1.04.2026 and continuing thereafter. 2. Self-attested copy of Certificate of Practice of full-time Partners issued by ICAI / ICMAI. 3. Self-attested copy of Membership Certificate of full-time Partners issued by ICAI / ICMAI.
4	**Length of association:-**	Four (4) marks for each Partner		3. Copy of Membership Certificate of full-time

Sl. No.	Criteria	Basis of Marks	Maximum Marks	Document required
	Length of association of the full-time Partner with more than 5 years' experience in practice with the same Firm (who is in the Firm as on 1.04.2026 and continuing thereafter).	above 20 years of association with the Firm Three (3) marks for each Partner above 15 years of association with the Firm Two (2) marks for each Partner above 10 years of association with the Firm One (1) mark for each Partner below 10 Years but above 5 Years of association with the Firm (fraction of the year to be ignored)	24	Partners issued by ICAI / ICMAI. 4. Certificate from the Firm regarding the date of joining of full-time Partners who are in the Firm as on 1.04.2026 and continuing thereafter.
5	**Full-time qualified Assistants:-** Number of full-time qualified Assistants who is an **ACA / ACMA** having experience of 5 years or more and is working with the Firm as on 1.04.2026 and continuing thereafter	Two (2) marks for every qualified Assistant	6	a) Certificate from the Firm regarding the date of joining of full-time qualified Assistant who is in the Firm as on 1.04.2026 and continuing thereafter. b) Member Card / Identity Card **/** Membership Certificates / Final Pass Certificate / Mark sheet of the full-time qualified Assistants issued by ICAI / ICMAI.
6	**Semi-qualified Assistants:-** Number of full-time semi-qualified Assistants	One (1) mark per semi-qualified Assistant	4	Self-declaration of the Firm depicting name and date of joining of full-time semi-qualified Assistants (Chartered Intermediate / Cost Accountant

Sl. No.	Criteria	Basis of Marks	Maximum Marks	Document required
	(Chartered Intermediate / Cost Accountant Intermediate) working full-time with the Firm as on 1.04.2026 and continuing thereafter			Intermediate) and is working full-time with the Firm as on 1.04.2026. (Mark-sheet / Certificate issued by ICAI / ICMAI).
7	**Experience:-**			
7.1	Experience of the firm in Statutory Audit / Internal Audit / Cost Audit in the last seven years ending last day of month previous to the one in which tender is issued in Govt. Organization / PSU / Public Limited Company having a minimum turnover of Rs. 500 crore during the year of audit.	Four (4) marks per year of audit per company	24	1. Copy of Work Order and Certificate issued by the company where the Audit was conducted. 2. Extract of Annual Report of the client organisation.
7.2	Experience of the firm in Statutory Audit / Internal Audit / Cost Audit in SAP / other ERP environment in the last seven years ending last day of month previous to the one in which tender is issued in Govt. Organization / PSU / Public	Two (2) marks per year of audit per company	8	1. Copy of Work Order and Work Completion Certificate certifying conduct of Audit in SAP / Other ERP Environment of the organization where the Audit was conducted. 2. Extract of Annual Report of the client organisation.

Sl. No.	Criteria	Basis of Marks	Maximum Marks	Document required
	Limited Company having a minimum turnover of Rs. 500 crore during the year of audit. **(Experience shown against 7.1 above will not be considered here against experience in SAP / other ERP environment)**			
		Total	100	

Self-attested copies of all above documents to be submitted.

Note:-

i. **Details to be filled (along with self-attested documentary support) w.r.t. sl.no. 3 & 4 above:-** Details of full-time Partners in practice in the Firm who are in the Firm as on 1.04.2026 and continuing thereafter:-

Sl. No	Name of the Partner	Membership no.	Membership Status: ACA / FCA	SAP Experience Y/N	Date of joining the Firm as partner

ii. **Details to be filled (along with self-attested documentary support) w.r.t. sl.no. 5 above:-** Details of full-time qualified Assistants who is an ACA / ACMA having experience of 5 years or more and is working with the Firm as on 1.04.2026 and continuing thereafter:-

Sl. No.	Name of the full-time Qualified Assistant	Membership no. / Final Pass Certificate no. / Mark-sheet no.	Date of joining the Firm as full-time Qualified Assistant

iii. **Details to be filled (along with self-attested documentary support) w.r.t. sl.no. 6 above:-** Details of full-time semi-qualified Assistants (Chartered Intermediate / Cost Accountant Intermediate) and is working full time with the Firm as on 1.04.2026 and continuing thereafter:-

Sl. no.	Name of the full-time semi-qualified Assistant	Date of joining the Firm as full-time semi-qualified Assistant

iv. **Details to be filled (along with self-attested documentary support) w.r.t. sl.no. 7.1 above:-**
Experience of the firm in Statutory Audit / Internal Audit / Cost Audit in the last seven years ending last day of month previous to the one in which tender is issued in Govt. Organization / PSU / Public Limited Company having a minimum turnover of Rs. 500 crore during the year of audit:-

Sl. no.	Name of the Company	Work Order no. and Date	Year of Audit	Value of Work Order	Completion Certificate number and Date

v. **Details to be filled (along with documentary support) w.r.t. sl.no. 7.2 above:-**
Experience of the firm in Statutory Audit / Internal Audit / Cost Audit in SAP / other ERP environment in the last seven years ending last day of month previous to the one in which tender is issued in Govt. Organization / PSU / Public Limited Company having a minimum turnover of Rs. 500 crore during the year of audit:-
(Experience shown against sl. no. iv above will not be considered here against experience in SAP / other ERP Environment)

Sl. no.	Name of the Company	Work Order no. and Date	Year of Audit	Value of Work Order	Completion Certificate number and Date

vi. Bids of only those Firms which have a minimum experience of at least **10** years till last day of month previous to the one in which tender is issued shall be considered. Any fraction of the year will be ignored for calculating number of years

vii. All the requisite experience certificates must be in the name of the bidder.

viii. Period of Audit must be clearly mentioned in the Work Completion Certificate.

ix. SAIL reserves the right to reject the Tender in case of any discrepancies / mismatch.

x. In case of tie in marks scored, seniority in the years continuing as Firm and on further tie of points, number of Partners in the Firm shall be considered (Firm having more number of Partners shall be considered) for ranking of firms. If still there is tie in marks, decision will be taken based on draw of lots before the concerned parties.

The Technical score of the Techno-commercially Qualified (TQ) bidders having the highest score shall be awarded 100 points. The other TQ bidders will be given a techno-commercial score directly proportional to the score secured by them w.r.t the highest score. Final techno-commercial Score of the TQ bidder shall be calculated on the basis of the following formula:-
Final techno-commercial Score (FTs) = (Score of TQ Bidder ÷ Highest Score of TQ Bidder) x 100

3.2 **Financial bid:** The Financial bid shall be evaluated as under:-
Price Bid as per Format at **Annexure-PB** of only those bidders would be opened who have scored 70 (seventy) or more in the Technical-bid evaluation stage. Technically qualified bidders shall be intimated in advance about Price Bid opening date and time and they may be present during price-bid opening, if they so desire.
Financial bid shall be given scoring as below:-
The bidder who has quoted the lowest consolidated price will be assigned a score of 100 in the financial bid. The other bidders will be allotted score relative to the score of bidder with the lowest quote, as below:-
Fs =100x FL/F

Where:-
Fs = The financial score of the Financial Proposal being evaluated
FL= The price of lowest priced Financial Proposal
F = The price of Financial Proposal under consideration

3.3 **Combined Evaluation:-**
The score of technical proposal would be given 70% weightage, and the financial proposal would be given 30% weightage. **Audit Unit wise evaluation shall be done.** The weighted combined score of the Technical bid (Ts), and Financial proposals (Fs) shall be used to rank the bidders as below:-
Combined Score = 70% x Ts + 30% x Fs.
The highest scoring bidder will be eligible for award of the work for the Audit Unit.

6. SCOPE OF WORK------As per Annexure Z

7. PERIOD OF CONTRACT

Contract Period is one year from the effective date of start of contract excluding 30 days of mobilization period. Contract may be further extended for two years on mutual consent on same terms, conditions & rate, if performance of the party is found to be satisfactory.

8. TERMS OF PAYMENTS:

Payment of Internal Audit Fee:-

The bills for conducting internal audit and TA bills will be paid on quarterly basis upon submission of Reports along with Attendance Certificate issued by the concerned Nodal Officer / HoIA of the Audit Unit / Sub-Unit and after acceptance of the Reports by the concerned HoIA.

The paying authority in case of Audit Unit / Sub-Unit will be the Finance Manager of the respective Audit Unit / Sub-Unit. The bill in duplicate:-

i. duly certified by the respective HoIA of the concerned Audit Unit / Sub-Unit in respect of receipt of reports,

ii. duly certified by the respective Nodal Officer / HoIA of the concerned Audit Unit / Sub-Unit in respect of attendance,

Shall be submitted for processing of the bill and payment.

In addition, the Audit Firm must ensure that it has uploaded correct and proper GST Return against the audit service provided by them for claiming the GST amount as per bill and GST amount of each quarter will be paid in the following month on confirmation of Input Tax Credit (ITC), whichever is later.

The payment shall be made as per the actual mandays spent in consultation with the concerned HoIA. Actual mandays may vary depending on the location, complexities of work, work volume etc. Actual mandays spent would be determined during execution as mutually agreed and a variation of (+/-)10% is allowed. However, for cases where actual work significantly exceeds the budgeted mandays (i.e. +10%), prior written approval of the concerned HoIA to be obtained by the FIRM before incurring additional mandays.

For additional audit scope arising from new statutory requirements or directions from the Audit Committee, approval of additional mandays shall be provided by the HoIA, CO on recommendation of the concerned HoIA at the rate finalized in the tender.

9. SPECIAL TERMS & CONDITIONS

1 A Hindrance Register shall be maintained by the concerned Audit Unit / Audit sub-unit to record various hindrances encountered during the course of execution. The entries must be specific, factual and verifiable. The Hindrance Register will be reviewed periodically by the HoIA of the concerned Audit Unit / Audit sub-unit. A time limit of 4 days is allowed for resolving recorded hindrances.

2 The Firm has to maintain the confidentiality requirement in terms of professional code of conduct and they will work in strict confidence and will ensure that information in respect of the operation of the Audit Unit is dealt in strict confidence and secrecy.

For the purpose of preventing any unauthorized disclosure of confidential information, a Non-Disclosure Agreement (NDA), as per Format at **Annexure VI**, will be entered into with each of the Firm after placement of Work Order.

3 The Audit Firm must not sub-contract the work. Only partners of the Firm or employees or qualified associates whose bio-data is provided at least 7 (seven) days in advance can take up the audit.
The members of the audit team should be in employment of the Firm or professionally engaged for specialized review.

4 A copy of the latest Registration Certificate of the Firm issued by The Institute of Chartered Accountants of India / The Institute of Cost Accountants of India with details of the current constitution of the Firm and interest of the Partners in other Chartered Accountant Firms / Cost Accountant Firms, would be forwarded to the SAIL Corporate Internal Audit (COIA) within one month from the date of any change on a later date with respect to the Registration Certificate submitted at the time of bid submission.

5.1 A nodal officer (Administrative Officer / HoIA as the case may be) will be identified at each Audit Unit / Sub-Audit Unit to look after the issues related to TA, Local conveyance and Boarding & Lodging of Internal Auditors appointed.
The Audit Team including Partners will be provided Boarding, Lodging, Travelling and Local Transportation by the Company free of cost. In case the same is not provided by SAIL then TA, local conveyance and accommodation expenditure shall be reimbursed by SAIL through the respective Audit Unit / Sub-Audit Unit at actuals as per the frequency of visit laid down in tender. However, the Auditors will have to get the Certificate from the Nodal Officer of respective Audit Unit / Sub-Audit Unit that the accommodation could not be provided to them by SAIL.

5.2 **Travelling Allowance (TA) & Local conveyance**
The reimbursement towards TA, local conveyance and accommodation will be as per SAIL TA Rules. For the purpose of eligibility for TA, local conveyance and accommodation, the partners of the Firm / LLP will be considered equivalent to General Manager (E-7), Qualified Assistants equivalent to Assistant General Manager (AGM) (E-5) and other audit staff will be considered equivalent to Manager (E-3) of the Company. GST as applicable will be paid extra as per GST Act.
Relevant extracts from TA Rules of the Company applicable for the officers of E-3, E-5 and E-7 grades are as under:-

Sl. No.	Grade	Rail Travel	Air Travel	Road Mileage (Rs./Km)
1	E-3	2 AC/CC	Economy or equivalent	10.50
2	E-5	1 AC/EC	Economy or equivalent	12.00
3	E-7	1 AC/EC	Economy or equivalent	14.00

Rail travel will be reimbursed on submission of proof of journey, for to and fro journey actually undertaken. For this purpose, journey will be considered from the Firm's office declared in the bid against the concerned Audit Unit / Sub-unit to the place of audit.
In case team members belong to the local area / nearby locality, the actual fare subject to

limit prescribed above (for rail and road) after submission of proof of journey would be borne by SAIL.

Local conveyance:-

Conveyance charges from residence to railway station / Airport / Bus stand and vice versa both, from hotel / Guest house to Plant / Unit office shall be paid by SAIL, if local conveyance is not arranged by SAIL.

5.3 **Lodging Charges in case of stay at Hotel / Guest House:-**

Sl. No.	Grade	Specified Locations	Other Locations
1	E-3	3 Star Hotel or actuals limited to Rs. 2500/-	3 Star Hotel or actuals limited to Rs. 2100/-
2	E-5	4 Star Hotel or actuals limited to Rs. 3500/-	4 Star Hotel or actuals limited to Rs. 3000/-
3	E-7	4 Star Hotel or actuals limited to Rs. 4500/-	4 Star Hotel or actuals limited to Rs. 3500/-

Specified Locations:-

Delhi, Mumbai, Kolkata, Chennai, Hyderabad, Ahmedabad, Bangalore, Pune, Kanpur, Nagpur, Lucknow, and Jaipur shall be treated as specified locations for the purpose of these Rules.

In case of tie-up hotels, grade-wise entitlements as per terms of empanelment will be applicable irrespective of star-ranking of hotel.

Other conditions:-

Preference for stay will be in the following order:-

a) Company Guest House.
b) Tie-up arrangement with Hotels / Guest House.

Only in case of non-availability of both the above options, the Firm will be allowed to stay in other hotels at the touring destination, as per his / her entitlement.

All TA claim with full details must be submitted after completion of journey along with the quarterly fee.

Claim of reimbursement of Journey fare must be supported with adequate proof of the amount spent, e.g. Original Air Ticket & Boarding Pass, Railway Ticket etc.

5.4 If progress / performance of the Audit Firm is not satisfactory, the concerned HoIA will move a proposal for termination of appointment of the Audit Firm with supporting documents to HoIA, CO who will be the approving authority for termination of the contract.

6 Other General terms & Conditions as per "GENERAL TERMS & CONDITIONS OF CONTRACT FOR PROCUREMENT OF SERVICES (SAIL – S1)" shall apply for this tender (Annexure XX).

10. CHECK LIST & DOCUMENTS TO BE ATTACHED

NAME OF THE BIDDER: ____

Si No	Annexure / Document	Details / Description	Page No.	Whether attached
1	**Declaration as per Annexures**			
a)	Annexure-I	Undertaking		Yes/No
b)	Annexure-II	Profile of the Bidder		Yes/No
c)	**Annexure-III**	**Self-Certificate – Make in India**		**Yes/No**
d)	Annexure-IV	List of supporting documents and contact details (OTE)		Yes/No
e)	Annexure- V	Deviation Statement		**Yes/No**
f)	**Annexure VI**	Confidential Mutual Non-disclosure Agreement -		Yes/No
2	**Self-attested photocopies of the following documents:**			
a)	GST Registration			Yes/No
b)	PAN card			Yes/No
3	**Documents in support of Eligibility Criteria**			
a)	*As per documents mentioned in Eligibility criteria*			Yes/No

Annexure – I

FORMAT FOR UNDERTAKING TO BE UPLOADED / SUBMITTED BY THE AUTHORIZED SIGNATORY OF THE BIDDER ON ITS LETTERHEAD ALONG WITH THE TENDER DOCUMENTS

(On the Letterhead of the Bidder)

Tender No.:

I …………………………………………… (Name and Designation) duly authorized to sign the bid for and on behalf of M/s ……………………………………………….. (herein after called the bidder) for the purpose of above mentioned tender No. of SAIL Corporate Office, New Delhi, do hereby solemnly affirm and state, on the behalf of the bidder including its constituents, as under:

I/We have read the contents of the above mentioned tender carefully and understand that my/ our offer will be evaluated based on the documents/ credentials submitted along with the offer and same shall be binding upon me/us. I/We undertake and warrant that in relation to the aforesaid tender, our bid was developed genuinely, independently and made with the intention to accept the Contract, if awarded.

1. BID SECURING DECLARATION:

I/ We agree that if I/We withdraw or modify our Bid during the period of validity, or if I / We are awarded the contract and I/ We fail to sign the contract, or to submit a performance security before the deadline defined in the request for bids document, I/We will be liable to be suspended for a period of six months from being eligible to submit bids against all future tenders of SAIL Corporate Office, New Delhi.

2. UNDERTAKING FOR NON-COLLUSIVE TENDERING:

I/We undertake and warrant that our bid was not prepared with any agreement, arrangement, communication, understanding, promise of undertaking with any person (including any other bidder or competitor) regarding i) prices; ii) methods, factors or formulas used to calculate prices; iii) an intention or decision to submit a bid; iv) an intention or decision to withdraw a bid; v) the submission of bid that does not conform with the requirements of the tender; vi) the quality, quantity, specifications or delivery particulars of the products or services to which this tender relates; and vii) the terms of the bid, and we also undertake that we will not, prior to the award of the Contract, enter into or engage in any of the foregoing.

3. SUB-CONTRACTING, WHEREVER APPLICABLE:

Disclosure in case of Job/ Project Contracts: I/We warrant that we have duly disclosed and will continue to disclose all intended sub-contracting arrangements relating to the Tender that we are required to disclose, including those which are entered into after the Contract is awarded.

4. AUTHENTICITY OF DOCUMENTS SUBMITTED FOR BID EVALUATION:

I/We declare that the information and documents submitted along with the tender documents by me/ us are complete and correct and I/we are fully responsible for the authenticity and correctness of the submitted information and documents. I/We declare and certify that I/we have not made any misleading or false representation anywhere in the tender submitted including the annexures thereto.

I/We understand that at any time during process of evaluation of tender or at any time after award of contract, if any information / document submitted by me / us are found to be suppressing facts /forged / false / fabricated / fudged or incorrect, it shall lead to forfeiture of the EMD/SD and Performance Guarantee, if submitted, besides any other action provided in the contract including banning under the extant Guidelines for Banning of Business Dealings of SAIL and initiating any legal action as deemed fit. Further, I/we and all my/ our constituents understand that my/ our offer shall be summarily rejected.

5. REPRESENTATION OF SINGLE / MULTIPLE FIRMS BY THE AUTHORIZED PERSON:

I/We hereby declare that I/we are not representing any other firm participating against this tender.

OR

I/We hereby declare that I/we also represent the following firm(s) participating against this tender:-

S.No.	Name of the firm
1.	
2.	

(Strike-off the portion which is not applicable)

6. RELATIONSHIP WITH ANY EMPLOYEE WORKING IN PLANT / UNIT CONCERNED OR DIRECTORS OF SAIL INCLUDING ITS SUBSIDIARIES:

a) I/We hereby declare that the Proprietor or any Partner of the Company or Director of our company has no relationship (within the meaning of Section-2 (77) of the Companies Act 2013) with any employee working in SAIL Corporate Office, New Delhi /any of the Directors of SAIL including its subsidiaries

OR

I/We hereby declare that the following Proprietor/Partner/Director of our company (has relationship (within the meaning of Section-2 (77) of the Companies Act 2013) with following employee working in SAIL Corporate Office, New Delhi / Directors of SAIL including its subsidiaries:-

Name of Proprietor/ Partner/ Director of our company	Name of SAIL employee/ Director of SAIL	Type of relationship

(Strike-off the portion which is not applicable)

b) I/We further declare that if the contract is awarded to me/us, I/we shall inform if any of my/our relative(s) as defined above, join/joins the Plant/Unit concerned or joins as Director of SAIL including its subsidiaries at any time subsequent to the award and during continuance of the contract.

7. ANTI BRIBERY MANAGEMENT SYSTEM (ABMS) DECLARATION:

I/We undertake that we shall not give or take any financial or non- financial bribe, to or from any one during the tender or during the execution of the contract thereafter and if I/We notice any such incident happening, I/We shall report to SAIL Vigilance.

8. MINIMUM LOCAL CONTENT AS APPLICABLE & LAND BORDER SHARING REQUIREMENTS, IF APPLICABLE

I/ We declare that I/We comply with the provisions of the revised Public Procurement (Preference to Make In India), Order 2017 dated 16.09.2020, as amended from time to time and also comply with the provisions of DoE Order dated 23.07.2020 with respect to the compliance related to land border sharing requirements and subsequent amendments thereto as applicable, on the date of submission of tender and at the time of Placement of Contract.

9. CONFLICT OF INTEREST (IF APPLICABLE):

I/We undertake that we shall not make any improper use of information obtained from the Purchaser with intent to gain unfair advantage in the Tender Process or for personal gain including that of our affiliates and that I/we shall suo-moto proactively declare any conflict of interest (coming under the definition mentioned above - pre-existing or as soon as these arise at any stage) in any Tender Process or execution of the contract. I/We understand that failure to do so shall amount to a violation of the code of integrity.

10. I/We declare that I /We have disclosed any previous transgressions of code of integrity with any entity in any country during the last three years or of being debarred by any other procuring entity in our bid documents. Failure to do so would amount to violation of the code of integrity.

S.No.	Banned? Blacklisted by (Name of the Organization/ Ministry of Steel/ DOE) by	Banning Period	
		Date from	Date upto

11. I/We undertake that we have read, understood and accepted the General Terms and Conditions of Contract for Purchase (SAIL-P1) or General Terms and Conditions of Contract for Procurement of Services (SAIL S-1), as applicable and shall be binding on us in addition to other terms and conditions mentioned in the tender document.

(SIGNATURE OF TENDERER)

WITH SEAL AND DATE

Annexure-II

PROFILE OF THE BIDDER

Tender bid No.:

1.	**About Agency**			
A	Name and Postal Address of Company			
B	Contact Nos. (Landline & Mobile)			
C	E-mail id			
D	Name of Contact Person Telephone no. /mobile no. / e-mail			
G	Nature of Firm		Tick as applicable i) Registered under Companies Act ii) Registered under Shops and Establishment Act iii) Proprietorship / Partnership firm. Any other (please specify) iv) Sister concern of ________________________ (Please Specify)	
H	No. of Permanent Employees in your establishment.			
I	Nature of Business of Establishment			
J	Permanent Account Number (PAN)			
K	GST Registration Number			
L	ESI Registration Number			
M	EPF Registration Number			
N	Any other relevant Registration, if any			
2.	Details of Turnover and Profit status			
	Financial Year :		Turnover (Rs.)	Profit (Rs.)
	2021-22			
	2022-23			
	2023-24			

3.	Bank Account Details		
A	Name of Account Holder		
B	Name of The Bank		
C	Address of the Bank		
D	9-DIGIT MICR Code *I* IFSC Code		
E	Type of Account (SB, Current. Cash Credit *Ale.* etc)		

4.	List of Major Clients			
	Particulars	From	To	Volume of business(in lakhs per annum)
A	Gov. Department / Ministries			
B	Public Sector Undertaking			
C	Private Ltd. Company			
D	Any Other			

For and on behalf of bidder

Date:

Place:

(AUTHORISED SIGNATORY)

Name:________________________

(SIGNATURE OF TENDERER)

WITH SEAL AND DATE

Annexure- III

Format for Declaration to be given by a Make In India Supplier

To be submitted on the Letter head of the Bidder

Self-Certification (for Procurement values equal to/less than Rs 10 crs)

Certificate for M/s. Steel Authority of India Ltd., ...

With reference to SAIL-.........RFQ No. ……………dt……………….. and our offer no. ……………………………………………..

In line with the revised Public Procurement (Preference to Make In India), Order2017 dated 16-09-2020, as amended from time to time and as applicable on the date of submission of tender, we hereby certify that weM/s_____________________________________ (Bidder name) are local suppliers and item wise local content as defined in above orders for the material to be supplied by us against abovementioned Tender No___________________________is furnished as below:

Item No.	Item Description	Local Content (%)
1.		
2.		
3.		
4.		
5.		

Details of location at which local value addition will be made is as follows:

We also understand, false declaration will be in breach of the Code of Integrity under Rule 175(1)(i)(h) of the General Financial Rule for which a bidder or its successors can be debarred for up two years as per Rule 151 (iii) of the General Financial Rules along with such other actions as may be permissible under law.

Note: entries to be made separately for all items as per tender)

Seal and Signature of Authorized Signatory

Annexure-IV

LIST OF SUPPORTING DOCUMENTS

Tender Notice No.: *(To be filled in by Contract Cell)*

(On the Letterhead of the Bidder)

Sl	Type of document (for e.g. work order/job completion certificate/ Invoice/RA bill/Final Bill etc.)	Issuing authority Company Details (with full postal address)	Contact official Name, Designation & email address of Issuing Authority	Contact Official Land Line & Mobile Number of Issuing Authority
1				
2				
3				
4				

For and on behalf of bidder

(SIGNATURE OF TENDERER)

WITH SEAL AND DATE

Annexure- V- Deviation Statement

STATEMENT OF DEVIATION FROM SPECIFICATIONS AND BID TERMS

The following are the particulars of deviations from the requirements of the bidding terms and conditions, specifications and Draft Agreement / contract.

CLAUSE/PARA	DEVIATION	REMARKS
		(including justification)

We, hereby, declare that there are no deviations from the tender terms and conditions other than those mentioned above.

Dated –

Signature and seal of the Bidder

NOTE: Where there is no deviation, the statement should be returned duly signed with and stamped

Confidential Mutual Non-disclosure Agreement (to be submitted only by the successful bidder at the time of awarding of contract) - **Annexure - VI**

CONFIDENTIAL MUTUAL NON-DISCLOSURE AGREEMENT

(To be entered on a Non-Judicial Stamp Paper of Rs. 100)

This mutual NON DISCLOSURE AGREEMENT (‘this Agreement) is entered into effective as of the <DATE>, between <Name and Address first party> which expression shall unless repugnant to the context include its successor, representatives, administrators and permitted assigns and <Name and Address second party> which expression shall unless repugnant to the context include its successor, representatives, administrators and permitted assigns WHEREAS, the Parties have entering into discussions/ Contract regarding the following proposed business arrangements:

<Nature of Business/Services>

In the course of this Agreement, the party disclosing confidential information will hereinafter be referred to as the 1st Party (i.e., “Disclosing Party”) and the party receiving information will be referred to as the 2nd Party (i.e. “Receiving Party”).

The 2nd Party (i.e. “Receiving Party”) and the 1st Party (i.e., “Disclosing Party”) are jointly referred to as “Parties” and individually as a “Party”.

WHEREAS, the Parties are required to disclose to each other, confidential information in connection with such proposed business arrangement as aforesaid.

The parties recognize that careful protection and non-disclosure of the Confidential Information by the Receiving Party is absolutely necessary.

This NDA will be valid for a period of Ten years from the date of signature.

NOW IT IS HEREBY AGREED BY AND BETWEEN THE PARTIES HERE TO AS FOLLOWS:

Definitions:- Confidential Information means communications or data information disclosed by the Disclosing Party to the Receiving Party which includes concept, idea, know-how, process, technique, data classification techniques, data structures, technology, features and enhancements, software, business plans, marketing materials and plans, technical or financial information, proposals, sketches, models, samples, computer programs and documentation, drawings, specifications, data, databases, price lists, prices etc. disclosed by either party, whether conveyed in oral, written, graphic, or electronic form or otherwise.

1. The term “Representatives” shall mean, the directors, officers, employees, consultants, bankers, attorneys, agents and advisors of either Party.

2. The Receiving Party agrees that it will treat the Confidential Information as confidential using reasonable safeguards against the unauthorized disclosure of the Confidential Information and that it will protect such Confidential Information at least as securely as it protects its own proprietary and confidential information, which in any event shall not be less than a reasonable standard of care.

3. Within a period of 15 days after signing of this Agreement , the parties will exchange name of person(s) authorized to give and receive the confidential information

   It shall be obligatory on both the parties to intimate the other party, any change of name of the persons so authorized to disclose and/or receive the Confidential Information. However, responsibility of Non-disclosure will remain upon receiving party.

4. The Parties agrees that:
    i. The documents provided hereunder containing Confidential Information shall be used solely for the purpose of evaluating its interest in the proposed business arrangements.
    ii. It will not use such Confidential Information for any purpose other than for which it has been provided.
    iii. It will not distribute, disclose or disseminate Confidential Information to anyone except it's Representatives with a need to know who are involved in the consideration or performance of the proposed business arrangements described herein or as required by law.
5. This Agreement shall not apply to Confidential Information that:
    (a) Is now or in the future enters into the public domain through no fault of the Receiving Party; or
    (b) Has been disclosed to the Receiving Party by a third party without restriction; or
    (c) Is known to the general public through publication or otherwise ;or
    (d) Is already known to Receiving Party at the time of its disclosure ;or
    (e) Is independently developed by the Receiving Party
6. Receiving Party may disclose Confidential Information as part of judicial action provided; Receiving Party gives the Disclosing Party advance written notice of such proposed disclosure and receives its consent for the same.
7. Receiving Party shall have, or shall enter into, agreements with its parent, divisions, subsidiary companies, partners, contractors, subcontractors and Solution Providers that it will safeguard the Confidential Information received hereunder consistent with the terms of the Agreement.
8. The Confidential Information shall remain the sole property of Disclosing Party.
9. Except as expressly provided herein, no license or right is granted by Disclosing Party under any patent, patent application, trademark, copyright, software or trade secret.
10. Disclosing Party acknowledges that it has endeavored to include in its Confidential Information all information known to it which it believes to be relevant for the purpose of assessment of potential business arrangements.
11. Any modifications or amendment to this Agreement must be in writing and signed by authorized officials of each Party. No failure or delay in exercising any right under this Agreement shall operate as a waiver thereof.
12. All Confidential Information of the Disclosing Party in tangible form that is in the possession of the Receiving Party shall be returned upon completion of the purpose or destroyed upon request of the Disclosing Party to which it pertains.
13. If any clause, provision or term of this Agreement is declared illegal, invalid, or unenforceable under applicable present or future laws, then those of the clauses of this agreement which are distinguishable and separable shall not be affected and, in lieu of any such clause ,provision, or term, there shall be added with mutual consent as a part hereof a substitute clause, provision or term as similar in substance to such illegal, invalid or unenforceable clause, provision or term as may be possible.
14. This Agreement shall be binding on and inure to the benefit of the Parties hereto and their respective successors and assigns. It is understood that the affected party may seek remedy in accordance with the terms and conditions of the subject agreement and Law
15. This Agreement shall be governed by the laws of India.
16. The Parties warrant and represent that the signatory has the authority to enter into this Agreement on behalf of the Disclosing Party and Receiving Party respectively.

17. This Agreement may be executed in counterparts, each of which shall be deemed to be an original, and all of which shall constitute the same instrument. This Agreement shall become effective when signed by the Parties in accordance with this paragraph.
18. The Disclosing Party makes no representation or warranty, express or implied, including as to the quality, accuracy and completeness of the Confidential Information disclosed pursuant to this Agreement. The First Party (I.e. Disclosing Party), its affiliates and their representatives shall have no liability whatsoever with respect to the use of or reliance upon the Confidential information by the Receiving Party.
19. Any notice or written communication other than those made in usual performance of this contract, provided for in this agreement by any party to the other shall be made in English and delivered in person or email and followed by registered post/ Speed post.
20. The parties shall attempt in good faith to resolve promptly any dispute arising out of or relating to this Agreement by negotiation. If the matter cannot be resolved in the normal course of business, within ten (10) days after the dispute arises, any interested Party shall give to the other party, written notice of any such dispute not resolved, after which the dispute shall be referred to the representatives of both the parties who will jointly resolve the dispute in a spirit of independence, mutual respect, and shared responsibility. In case an amicable settlement of any disputes arising out of or relating to this Agreement is not achieved within 30 days after written notice is received, such dispute shall be referred to Arbitration in accordance with the provisions of Arbitration and Conciliation Act, 1996 (as amended from time to time) by one Sole Arbitrator who will be appointed by the procedure prescribed in this document. The Arbitration shall be conducted in the English language and the Award shall be final and binding upon the parties. Each party shall bear its own cost of Arbitration unless the Arbitrator otherwise directs.
21. All additions or modifications to this Agreement must be made in writing and must be executed by both the parties.

For<First Party>	**For<Second Party>**
Signature	Signature
Name:	Name:
Designation:	Designation:
1. Witness	2. Witness
Signature	Signature
Name	Name
Address	Address

Annexure-*PB*

PRICE BID FORMAT

To be filled by the bidder:-
Quoting for Audit Unit 1 = Yes / No
Quoting for Audit Unit 2 = Yes / No
Audit Unit 1

	Fee per Manday (Mday) in Rs. (exclusive of GST)	% GST	Fee per Manday (Mday) in Rs. (inclusive of GST)
Partner (Pat)			
Qualified Assistant (Qual)			
Semi-qualified Assistant (Squal)			

Ratio of Pat Mdays : Qual Mdays : Squal Mdays = 1:2:4 for any audit
Weighted average fee in Rs. per Manday for Unit 1 **(WAFPM 1)** to be calculated as under:-
(Pat Fee per Mday + Qual Fee per Mday X 2 + Squal Fee per Mday X 4)/7

Audit Unit	Total Mandays per year	Fee in Rs. Per year (WAFPM 1 X Total Mandays)
	A	B = A X WAFPM 1
Audit Unit 1	760	

Audit Unit 2

	Fee per Manday (Mday) in Rs. (exclusive of GST)	% GST	Fee per Manday (Mday) in Rs. (inclusive of GST)
Partner (Pat)			
Qualified Assistant (Qual)			
Semi-qualified Assistant (Squal)			

Ratio of Pat Mdays : Qual Mdays : Squal Mdays = 1:2:4 for any audit
Weighted average fee in Rs. per Manday for Unit 2 **(WAFPM 2)** to be calculated as under:-
(Pat Fee per Mday + Qual Fee per Mday X 2 + Squal Fee per Mday X 4)/7

Audit Unit	Total Mandays per year	Fee in Rs. Per year (WAFPM 2 X Total Mandays)
	A	B = A X WAFPM 2
Audit Unit 2	615	

For and on behalf of bidder

(Authorized Signatory)

Date:
Place:

Name:
Seal:
Membership no. of Authorized Signatory:

Note:-

1. Please quote manday fee of Partner, Qualified Assistant and Semi-qualified Assistant.
2. Partner, Qualified Assistant, Semi-qualified Assistant deployed would be in the ratio of 1:2:4. Then calculate Weighted average fee in Rs. per Manday **(WAFPM)** as per the formula given above.
3. Please calculate Total Fee as per the formula given above.
4. Price to be quoted exclusive of Taxes and Duties and applicable Taxes and Duties would be as per clause no. 16.7 of SAIL-S1.
5. A bidder can quote for both the Audit Units or only one.
6. One Audit Unit would be awarded to only one party. However, if the same Party quotes for both Audit Units and may be awarded contract for the two Audit Units.
7. In case of tie, seniority in the years continuing as Firm and on further tie, number of Partners in Firm shall be considered (Firm having more number of Partners shall be considered) for ranking of Firms. If still there is tie, decision will be taken based on draw of lots before the concerned parties.

ANNEXURE -Z-SCOPE OF WORK

Scope of Work

1 The Audit team will conduct the audit as per the **Compendium of Standards on Internal Audit issued by The Institute of Chartered Accountants of India** and in consultation with the HoIA of the concerned Audit Unit. It is important also to ensure that all aspects are reviewed from propriety angle and all expenses, cost and revenue need to be examined from this angle. The policy decisions of the company and procedures adopted should be reviewed and commented upon including changes suggested. The internal controls, delegation of powers are to be regularly monitored for compliance as well as appropriateness. The various management decisions / improper implementation of any decision, adversely impacting profitability or wastages of resources are to be brought in the report timely.

2 **Authority and Prerogatives**

i. The Internal Auditors enjoy operational independence in the conduct of their duties. They have the authority to initiate, carry out and report on any action, which they consider necessary to fulfill their mandate.

ii. The Internal auditor shall conduct internal audits in a professional, impartial and unbiased manner while avoiding any conflict of interest. They will perform all audit work with due professional care.

iii. For the performance of their duties, the Internal Auditors shall have unrestricted, unlimited and prompt access to any premises, data, records, or all officials and personnel of the organization.

3 **Co-ordination between Internal Auditors & Statutory Auditors**

The Internal Auditor should build up necessary records and data to justify and satisfy the Statutory Auditors that the Internal Audit system is commensurate with the size and nature of business of the company. The important aspects considered by the Statutory Auditor in evaluating the Internal Audit function are its organisational status, scope of its functioning, technical competence of the persons undertaking the Internal Audit work and the professional care taken by the Internal Auditors. The Statutory Auditors also evaluate the extent to which Management considers and, where appropriate, acts upon Internal Audit recommendations.

Section 143 of the Companies Act, 2013 requires Statutory Auditors to report [in the format given in Clause 14 of the Companies (Auditor's Report) Order, 2020] whether company has an Internal Audit system commensurate with the size and nature of its business and whether the reports of the Internal Auditors were considered by the Statutory Auditor.

4 **Confidential Report:** The Internal Auditors are also advised to report all cases of revenue leakage, excessive or unreasonable expenses, misuse of powers, favours or disfavors having financial impact, fraud on the company or by the company, improper awarding of contracts, theft, unlawful or unprofessional activity or activity beyond the ethical boundaries or any other aspects without any limitation of any kind where interest of the company or any stakeholder is getting adversely affected. Such report will be dealt with in a confidential manner and

actions will be initiated without any reference to the source. The secrecy in terms of Official Secret Act will be followed by all concerned about such report and will be shared only on need to know basis.
The confidential report shall be routed through the concerned HoIA and ED (IA) at Corporate Office before submitting the report to the Chairman, Audit Committee by the Audit Firm.

5 Normally the composition of audit team should not be changed. However, under certain circumstances beyond control of the Audit Firm, if the same needs to be changed in any manner, it may be done under intimation to HoIA (Head of Internal Audit) of the concerned Audit Unit and acceptance / intimation of ED / CGM (Internal Audit) of SAIL Corporate Office (subject to verification of credentials of the new incumbent to be sent along with the intimation with proof of qualification, PAN card, Aadhaar card and a brief profile). However, it has to be ensured that the team should continue to have at least one SAP work experience member at any point of time during the period under Audit. The audit team members should carry Photo ID issued by the Audit Firm duly attested by the HoIA of the Audit Unit of SAIL as applicable.

6 ED / CGM (Internal Audit) of Corporate Office shall convene a meeting, in every quarter, of all the Internal Auditors of SAIL to discuss the Audit Report and its compliance.

7 Internal Audit Report should be signed by the partner of the Firm mentioning Name of the Partner, Membership no., Firm Registration no., and UDIN no.

8 A statement indicating the audit personnel deployed (designation) including the visits of Partners / Full-time qualified Assistants / Full-time Semi-qualified Assistants and the period of audit of each Audit Unit / sub-Audit Unit may be submitted to the respective HoIA quarterly. The Partner is expected to oversee entire gamut of audit function so that the Scope of Work is covered in a systematic manner as per reporting requirement.

9 The Audit Firm is required to submit a monthly work plan, wherever applicable, to the concerned HOIA at the beginning of each month, indicating the specific audits to be taken up, team deployment, and expected completion dates.
The HOIA of the Audit Unit / Sub-Audit Unit will coordinate with the Audit Team for smooth functioning of the audit. It should be ensured that the audit team is headed at all times by a Chartered Accountant / Cost Accountant (who may be a Partner).

10 Please note that, Audit Team composition for any audit would be as under:-
Partner, Qualified Assistants, Semi-qualified Assistants in the ratio of **1:2:4** respectively of total mandays specified for the audit. However, this ratio may be relaxed if number of mandays in an audit is less; depending on the nature of audit, the audit team composition may be changed as per discretion of the respective HoIA.

If mandays for any audit works out to a fractional number, it may be rounded off (up / down) to the nearest whole number. Example: If the result is 1 to 1.49, it will be considered as 1.0. If the result is 1.5 to 2.0, it will be considered as 2.

11 The Tentative list detailing Mandays per Audit Unit job wise are given below:-

Audit Areas, Audit Numbers, Mandays - Materials Management / Commercial Audits

Audit Unit 1

1.1 SRU

			Head Office at Bokaro	SRU IFICO	SRU Ranchi Road	SRU Bhandariadah	SRU Bhilai
Sl.no.	**Auditable Areas**	**Audit Frequency**	**Total Mandays in a Fin Year**	**Total Mandays in a Fin Year**	**Total Mandays in a Fin Year**	**Total Mandays in a Fin Year**	**Total Mandays in a Fin Year**
1	Continuous Audit of Purchase Orders & Contracts generated in Works / non-Works / Projects in previous month	12	24	24	24	24	24
2	Stores Audit	1	0	6	6	6	6
3	Plant Marketing (Secondary Sales)	1	4	4	4	4	4
4	Vendor Management System / Selection System	1	4	4	4	4	4
	Total	**15**	**32**	**38**	**38**	**38**	**38**

Audit Unit 1.1 Total Mandays: 184

1.2 RBU

Sl.no.	Auditable Areas	Audit Frequency	Total Mandays in a Fin Year
1	Continuous Audit of Purchase Orders & Contracts generated in Works / non-Works / Projects in previous month	12	24
	Total	**12**	**24**

Audit Unit 1.2 Total Mandays: 24

Note:-

i. RBU covers RDCIS, CET, MTI and SSO.
ii. Continuous Audit of MMD for CET, MTI & SSO is not applicable at RBU.
iii. There is no separate Plant Marketing and Vendor Mgmt./ Selection System at RBU.

1.3 SGW & EMD

			SGW	EMD
Sl.no.	**Auditable Areas**	**Audit Frequency**	**Total Mandays in a Fin Year**	**Total Mandays in a Fin Year**
1	Continuous Audit of Purchase Orders & Contracts generated in Works / non-Works /	1	4	4

			SGW	EMD
Sl.no.	**Auditable Areas**	**Audit Frequency**	**Total Mandays in a Fin Year**	**Total Mandays in a Fin Year**
	Projects in previous month			
2	Stores Audit	1	2	0
3	Vendor Management System / Selection System	1	2	0
	Total	**3**	**8**	**4**

Audit Unit 1.3 Total Mandays: 12

Audit Unit 1 Total Mandays: 220

<u>Audit Unit 2</u>

2.1 CFP

Sl.no.	Auditable Areas	Audit Frequency	Total Mandays in a Fin Year
1	Continuous Audit of Purchase Orders & Contracts generated in Works / non-Works / Projects in previous month	12	30
2	Stores Audit	1	10
3	Plant Marketing (Secondary Sales)	1	4
	Total	**15**	**44**

Audit Unit 2.1 Total Mandays: 44

2.2 SSP

Sl.no.	Auditable Areas	Audit Frequency	Total Mandays in a Fin Year
1	Continuous Audit of Purchase Orders & Contracts generated in Works / non-Works / Projects in previous month	12	84
2	Stores Audit	5	30
3	Plant Marketing (Secondary Sales)	1	7
	Total	**18**	**121**

Audit Unit 2.2 Total Mandays: 121

2.3 VISL

Sl.no.	Auditable Areas	Audit Frequency	Total Mandays in a Fin Year
1	Continuous Audit of Purchase Orders &	12	60

	Contracts generated in Works / non-Works / Projects in previous month		
2	Stores Audit	4	20
3	Plant Marketing (Secondary Sales)	1	2
4	Vendor Management System / Selection System	1	2
	Total	**18**	**84**

Audit Unit 2.3 Total Mandays: 84

Audit Unit 2 Total Mandays: 249

Total Material Management / Commercial Audits Mandays: 469

<u>Financial Audits</u>

<u>Audit Unit 1</u>

1.1 SRU

			Head Office at Bokaro	**SRU IFICO**	**SRU Ranchi Road**	**SRU Bhandariadah**	**SRU Bhilai**
Sl.no.	**Auditable Areas**	**Audit Frequency**	**Total Mandays in a Fin Year**	**Total Mandays in a Fin Year**	**Total Mandays in a Fin Year**	**Total Mandays in a Fin Year**	**Total Mandays in a Fin Year**
1	Concurrent Audit (Yearly & Quarterly)	4	24	24	24	24	24
2	Personal Payments (Pay Accounts)	1	4	4	4	4	4
3	Sales Invoicing and Accounting	1	0	4	4	4	4
4	Stores Accounts	1	4	4	4	4	4
5	Works Bills & Accounts (including CSR)	1	4	4	4	4	4
6	Purchase Accounts Section, Raw Material Accounts, Freight Payment, Insurance	1	4	4	4	4	4
7	Project Finance	1	4	4	4	4	4
8	Operation Budget and Cost Accounts Section (including suggestions & observations of Cost Auditor)	1	4	4	4	4	4
9	Estate Accounts (including Medical)	1	4	4	4	4	4
10	Central Accounts	1	4	4	4	4	4
11	Cash & Bank Section	1	4	4	4	4	4
12	Vouchers (Payment,	12	24	24	24	24	24

			Head Office at Bokaro	SRU IFICO	SRU Ranchi Road	SRU Bhandariadah	SRU Bhilai
Sl.no.	**Auditable Areas**	**Audit Frequency**	**Total Mandays in a Fin Year**	**Total Mandays in a Fin Year**	**Total Mandays in a Fin Year**	**Total Mandays in a Fin Year**	**Total Mandays in a Fin Year**
	Journal & Invoices)						
	Total	**26**	**84**	**88**	**88**	**88**	**88**

Audit Unit 1.1 Total Mandays: 436

1.2 RBU

			RDCIS, CET, SSO, MTI, STDT & RMG
Sl.no.	**Auditable Areas**	**Audit Frequency**	**Total Mandays in a Fin Year**
1	Concurrent Audit (Yearly & Quarterly)	4	16
2	Personal Payments (Pay Accounts)	1	4
3	Sales Invoicing and Accounting	1	4
4	Works Bills & Accounts (including CSR)	1	4
5	Central Accounts	1	4
6	Vouchers (Payment, Journal & Invoices)	12	24
	Total	**26**	**56**

*Concurrent Audit (Yearly & Quarterly) and Vouchers (Payment, Journal & Invoices): covers all the Units (RDCIS, CET, MTI & SSO)

Audit Unit 1.2 Total Mandays: 56

1.3 SGW & EMD

			SGW	**EMD**
Sl.no.	**Auditable Areas**	**Audit Frequency**	**Total Mandays in a Fin Year**	**Total Mandays in a Fin Year**
1	Concurrent Audit (Yearly & Quarterly)	1	18	8
2	Vouchers (Payment, Journal & Invoices)	1	18	4
	Total	**12**	**36**	**12**

Audit Unit 1.3 Total Mandays: 48

Audit Unit 1 Total Mandays: 540

<u>Audit Unit 2</u>

2.1 CFP

Sl.no.	Auditable Areas	Audit Frequency	Total Mandays in a Fin Year
1	Concurrent Audit (Yearly & Quarterly)	4	24
2	Personal Payments (Pay Accounts)	1	4
3	Sales Invoicing and Accounting	1	4
4	Stores Accounts	1	4
5	Works Bills & Accounts (including CSR)	1	4
6	Purchase Accounts Section, Raw Material Accounts, Freight Payment, Insurance	1	4
7	Project Finance	1	4
8	Operation Budget and Cost Accounts Section (including suggestions & observations of Cost Auditor)	1	4
9	Estate Accounts (including Medical)	1	4
10	Central Accounts	1	4
11	Cash & Bank Section	1	4
12	Vouchers (Payment, Journal & Invoices)	12	24
	Total	**26**	**88**

Audit Unit 2.1 Total Mandays: 88

2.2 SSP

Sl.no.	Auditable Areas	Audit Frequency	Total Mandays in a Fin Year
1	Concurrent Audit (Yearly & Quarterly)	4	32
2	Personal Payments (Pay Accounts)	1	6
3	Sales Invoicing and Accounting	1	6
4	Stores Accounts	1	6
5	Works Bills & Accounts (including CSR)	1	6
6	Purchase Accounts Section, Raw Material Accounts, Freight Payment, Insurance	1	6
7	Project Finance	1	6
8	Operation Budget and Cost Accounts Section (including suggestions & observations of Cost Auditor)	1	6
9	Estate Accounts (including Medical)	1	6
10	Central Accounts	1	6
11	Cash & Bank Section	1	8
12	Vouchers (Payment, Journal & Invoices)	12	72

Sl.no.	Auditable Areas	Audit Frequency	Total Mandays in a Fin Year
	Total	**26**	**166**

Audit Unit 2.2 Total Mandays: 166

2.3 VISL

Sl.no.	Auditable Areas	Audit Frequency	Total Mandays in a Fin Year
1	Concurrent Audit (Yearly & Quarterly)	4	24
2	Personal Payments (Pay Accounts)	1	4
3	Sales Invoicing and Accounting	1	4
4	Stores Accounts	1	4
5	Works Bills & Accounts (including CSR)	1	4
6	Purchase Accounts Section, Raw Material Accounts, Freight Payment, Insurance	1	4
7	Project Finance	1	4
8	Operation Budget and Cost Accounts Section (including suggestions & observations of Cost Auditor)	1	4
9	Estate Accounts (including Medical)	1	4
10	Central Accounts	1	4
11	Cash & Bank Section	1	4
12	Vouchers (Payment, Journal & Invoices)	12	48
	Total	**26**	**112**

Audit Unit 2.3 Total Mandays: 112

Audit Unit 2 total Mandays for Financial Audits: 366

Grand Total (Audit Unit 1 & Audit Unit 2 Mandays for Financial Audit): 906

The Audit Unit wise mandays are as under:-
Audit Unit 1: 760
Audit Unit 2: 615
Total Mandays: 1375

Sl.no	Audit Unit / Plant / Unit	Commercial Mandays	Financial Mandays	Total Mandays
1	**Audit Unit 1**			
1.1	SRU	184	436	620
1.2	RBU	24	56	80

1.3 (a)	SGW	8	36	44
1.3 (b)	EMD	4	12	16
	Total Audit Unit 1	**220**	**540**	**760**
2	**Audit Unit 2**			
2.1	CFP	44	88	132
2.2	SSP	121	166	287
2.3	VISL	84	112	196
	Total Audit Unit 2	**249**	**366**	**615**
	Grand Total Mandays	**469**	**906**	**1375**

12 Internal Audit & Preparation of Reports

12.1 Reporting

12.1.1 Preparation and Issue of Preliminary Audit Report (PAR) as per Format at **Annexure X**)

On completion of Audit, the Audit team shall prepare a draft PAR and then send to the appropriate level of authority of the department audited. Issue of the report should be completed within a period of seven working days from the date of completion of the Audit.

The PAR / Final Audit Report (FAR) may be divided into three parts:-

Part A: Observations which are of least importance, routine in nature, for record purpose etc.

Part B: Observations which are of medium importance

Part C: Observations which are of highest importance & material in nature

12.1.2 Reply by the Auditee

It shall be the duty of concerned Auditee department to offer their written comments on the Audit Report, point by point, within 21 (twenty one) days of the receipt of said report by the department. In case where the department agrees with the suggestions / recommendations of Audit, they should clearly state the action that has been taken or would be taken by them for rectification of the situation / implementation of the suggestions within a time frame. In cases where department does not agree with certain observations / suggestions made in the report, it should clearly state the reasons for doing so. Such observation shall be further examined by Internal Auditor in the light of explanation given by the Auditee department and shall be submitted to the Head of Department stating in clear terms the reasons for not dropping the Audit observation, for consideration and taking up the points at his level, if necessary.

12.1.3 Preparation and Issue of FAR as per Format at **Annexure X**.

In case the comments of the Auditee department on the PAR are not received within the stipulated period of 21 days, the Internal Auditor should follow up with the Head of the Auditee department through written as well as oral communication. The Internal Auditor shall discuss with the concerned authorities personally. On receipt of the Auditee comments on PAR, Internal Audit shall issue the FAR to the Auditee department with a copy to the concerned HoIA. In case the Auditee comments on the PAR are not received in spite of repeated reminders, FAR may be issued to the Auditee department within 60 days from the issuance of PAR.

12.1.4 Action Taken Reports (ATR):-

After the issue of the FARs to the concerned Auditee departments, the Internal Auditor should ensure that the ATRs are received from the Auditee departments within a period of 2 (two) months. This is the document through which Internal Auditors can ensure that the suggestions / recommendations made by them during the course of Audit have been implemented / executed by the Auditee. Vigorous efforts should be made for receipt of the ATRs. It shall be the responsibility of the Internal Auditors to make sure that the ATRs have been received. On receipt of the ATRs, if any clarifications / correspondence is required, the same should be made with the Auditee.

12.2 **Follow-Up & Review:-**

- Monthly Review (online / in person meeting) by Head of the Plant / Unit along with the appointed Internal Auditors: To bring about effectiveness in Internal Audit activities, the HOIA shall conduct a monthly review of the Internal Audit Reports (IARs) along with the appointed Internal Auditors and shall take up with senior levels of the Auditee departments wherever the Internal Audit observations have not been attended to.
- Monthly Review Report to Corporate Office: With a view to keep the Top Management at the Corporate Office informed about all Important Audit Findings (IAFs) involving considerable financial implications and having impact across the Company, a monthly review report of such Audit observations shall be submitted by Internal Auditors to the Head of the Corporate Office Internal Audit (COIA) Department through the concerned HoIA. This report should reach the COIA on 2nd working day of the following month.
- The concerned HoIA is responsible for ensuring that all recommendations made by the Internal Auditor are responded to promptly, indicating actions taken regarding specific report findings and recommendations.
- The Internal Auditors shall make a presentation on a regular basis on their activities to the concerned HoIA and if required to Audit Committee of SAIL Board (ACSB).

12.3 **Wherever applicable, the report shall include the following:-**

- A description of significant problems, abuses and deficiencies relating to the administration of the organization in general, or a program or operation in particular, disclosed during the period;
- A description of all final recommendations for corrective action made by

the Internal Auditor during the reporting period relative to the significant problems, abuses or deficiencies identified;

- An identification of each significant recommendation in previous reports on which corrective action has not been completed;
- A description and explanation of the reasons for any significant revised management decision made during the reporting period;
- Information concerning any significant management decision with which the Internal Auditor is in disagreement;
- A summary of any instance where information or assistance requested by the Internal Auditor was refused;
- In addition, the Internal Auditor may comment on the scope of his / her activities.

13 **Details of Audits to be conducted:-**

13.1 **Finance & Accounts Department (FAD)**

Finance & Accounts Department (FAD) has the responsibility of processing all type of payments, accounting, invoicing, financial concurrence, budgeting, instituting cost and financial controls, complying with direct and indirect tax laws and other statutory legislations.

The work in FAD is divided into a number of sections for systematic and smooth functioning as well as for assigning specific responsibilities to the officers and staff manning them. The work in the sections are organized with in-built internal checks and controls and laid down systems and procedures. FAD has multiple sections, each handling specific areas like the Pay Section, Sales Section, Raw Materials Section, Stores Section, Freight Section, Works Bills, Projects Section, Rent & Estate Section, Medical Section, Taxation Section, Cost & Budgeting Section, Bank Section, etc. In smaller Plants, activities of multiple sections may be handled at a single point. Each section maintains full records related to their functions. However, the overall control of accounting data for the entire Plant is maintained by the Central Accounts Section.

Most of the activities handled by FAD in different Plants & Units are common. However, as the core functions of the Mines, and the supporting Units like SRU, RDCIS, CET, MTI etc. are not the same as a steel manufacturing plant, the functions of the FADs of such Units would be a little different from the Steel Plants.

SAIL maintains its Books of Accounts as per IND-AS and other applicable regulations on SAP-ERP and legacy system. Under these systems, accounting and operations are recorded and controlled on the basis of a profit center. The Accounts Manual and the Chart of Accounts are followed uniformly throughout the Company.

In SAIL, Internal Audit is conducted as under to cover FAD:-

(i) Continuous vouching of all types of financial documents on a monthly basis;
(ii) Concurrent review of Accounts on a quarterly basis;

(iii) Comprehensive review of all Sections on an annual basis.

Continuous Vouching: Threshold limits for vouching different financial documents are as under **(details at Annexure XI & Annexure XII)**:-

(a) Payment Vouchers (PV) & Journal Vouchers (JV)		
₹ 5 crore & above (5 ISPs)	}	100% of such transactions
₹ 2 crore & above (CMO, Logistics & Infrastructure Department)	}	
₹ 100 lakh & above (Other Plants and Units)	}	
Below ₹ 5 crore (5 ISPs)	}	All vouchers for 3 continuous days every month
Below ₹ 2 crore (CMO, Logistics & Infrastructure Department)	}	
Below ₹ 100 lakh (Other Plants and Units)	}	
JVs related to Closing of Quarterly and Annual Accounts	}	100% of such transactions

(b) Sales Invoices, Debit Notes & Credit Notes
All documents generated during 2 continuous days in each month

Concurrent Audit: Concurrent Audit is to be done before account finalization to reasonably assure that the financial statements are free from material misstatements, frauds and errors **(details at Annexure XI & Annexure XII)**.

Sectional Audits: All Sections under FAD are audited once every year **(details at Annexure XI & Annexure XII)**. During Sectional Audits, all the activities and schedule of accounts maintained by each Section within the group are probed deeper.

Financial Audits - Plants / Mines / Collieries

Sl. no.	**Auditable Areas**		**Audit Frequency in a fin year as per threshold given in 'Scope of Work'**
1	Concurrent Audit (Yearly & Quarterly)	**Details at Annexure XI & Annexure XII)**	4
2	Personal Payments (Pay Accounts)		1
3	Sales Invoicing and Accounting		1
4	Stores Accounts		1

Sl. no.	Auditable Areas		Audit Frequency in a fin year as per threshold given in 'Scope of Work'
5	Works Bills & Accounts (including CSR)		1
6	Purchase Accounts Section, Raw Material Accounts, Freight Payment, Insurance		1
7	Project Finance		1
8	Operation Budget and Cost Accounts Section (including suggestions & observations of Cost Auditor)		1
9	Estate Accounts (including Medical)		1
10	Central Accounts		1
11	Cash & Bank Section		1
12	Vouchers (Payment, Journal & Invoices)		12

IFC against all the above auditable areas should be checked. Moreover, IFC shall also be provided by SAIL from time to time in consultation with Finance.

13.2 **Materials Management: (details at Annexure XII)**

Materials Management Department (MMD) is a service function affecting the flow of materials in a manner, which helps in optimizing the materials cost, maintaining the quality of incoming materials and the best utilization of materials received. MMD is responsible for co-ordination of planning, ordering, purchasing, moving, storing and controlling materials in an optimum manner so as to provide a pre-decided service for the organization at a minimum cost.

The main parts of MMD are the Purchase Group, Inspection Section, and the Stores Group. The Stores Group in turn is arranged at different locations according to the type of materials being handled there.

This Audit Area also covers the audit of Project contracts, Job / Service Contracts including contracts for operation, handling, conversion, hiring, consultancy, works, etc.

In SAIL, all procurements and contracts are finalized on the basis of a well laid-down procedure called the “Purchase / Contract Procedure 2024 (PCP-2024)”.

Threshold limits for auditing Commercial including Materials Management / Contract

Cell: Purchase Orders / Contracts:-

Single Tender / Nomination Basis		
₹ 2 crore & above (5 ISPs)	}	100% of such transactions
₹ 100 lakh & above (Other Plants / Units)	}	
Other than Single Tender / Nomination basis		
₹ 5 crore & above (5 ISPs)	}	100% of such transactions
₹ 2 crore & above (CMO, Logistics & Infrastructure Department)	}	
₹ 100 lakh & above (Other Plants / Units)	}	
Single Tender / Nomination basis:-		
Below ₹ 2 crore (5 ISPs)	}	6% of total orders processed during the financial year.
Below ₹ 100 lakh (Other Plants / Units)	}	
Other than Single Tender / Nomination basis:-		
Below ₹ 5 crore (5 ISPs)	}	4% of total orders processed during the financial year.
Below ₹ 2 crore (CMO, Logistics & Infrastructure Department)	}	
Below ₹ 100 lakh (Other Plants / Units)	}	

Material Management / Commercial Audits - Plants / Mines / Collieries

Sl.no.	Auditable Areas	Details at Annexure XII	Audit Frequency in a fin year as per threshold given in 'Scope of Work'
1	**Continuous Audit of Purchase Orders & Contracts generated in Works / non-Works / Projects in previous month:-**		12
	i. Mode of Tendering (OTE / GTE / LTE / STE (P) / STE (non-prop)	1.2, 1.3, 1.3.1 to 1.3.4	
	ii. Order Placement on the basis of Repeat Orders / RC / LTA/ MoU / GeM / RA	1.2, 1.3, 1.3.5, 1.3.6, 1.3.7, 1.4, 1.4.1	
	iii. Indenting	1.2, 1.5.2	
	iv. Purchase Ordering and Procurement System	1.2, 1.5.3	
	v. Emergency Contracts / Purchases	1.2, 1.5.13, 1.5.14	
1.1	Works Deptt. e.g. BF, RM, SMS		
1.2	Non-Works Deptt. e.g.		

Sl.no.	Auditable Areas	Details at Annexure XII	Audit Frequency in a fin year as per threshold given in 'Scope of Work'
1.3	Projects		
2	**Stores Audit:-**		1
	i. Receipt System	1.5.5	
	ii. Storage System	1.5.6	
	iii. Issue System	1.5.7	
	iv. Inventory Management	1.5.8	
	v. Handling & Transportation Contracts	1.5.9	
	vi. Disposal of Surplus / Non-Moving Stores	1.5.10	
	vii. Information Technology controls	1.5.11	
	viii. Inspection	1.5.4	
3	**Plant Marketing:-**		1
	i. Sale of Secondary items / By-products / Idle Assets / Scrap etc. through Forward Auction / other modes	**3**	
	ii. Handling & Transportation Contracts	1.5.9	
4	**Vendor Management / Selection System**	1.5.1	1

Since the audit of all transactions as per threshold limits are conducted and reported continuously on a monthly basis, these Audits are commonly termed as '**Continuous Audits**'.

A. Reporting format for Continuous Audits:-

(a) **Award of Contracts / Issue of Purchase Orders (PO) on the basis of Single Tender Enquiry (STE):**

Award Value	Total No. of Contracts / POs placed during the Audit Period		Total No. of Contracts / POs examined during Audit		Coverage	
	No.	Value (₹ Lakh)	No.	Value (₹ Lakh)	No. (%)	Value (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
₹100/50						

lakh or More						
Less than ₹100/50 lakh						
Total						

(b) **Award of Contracts / Issue of POs (Other than STE) i.e., on the basis of LTE or OTE:**

Award Value	**Total No. of Contracts / POs placed during the Audit Period**		**Total No. of Contracts / POs examined during Audit**		**Coverage**	
	No.	Value (₹ Lakh)	No.	Value (₹ Lakh)	No. (%)	Value (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
₹200/100/50 lakh or More						
Less than ₹200 /100/50 lakh						
Total						

(c) **Payment Vouchers (PVs):**

Award Value	**Total No. of PVs generated during the Audit Period**		**Total No. of PVs examined during the Audit**		**Coverage**	
	No.	Value (₹ Lakh)	No.	Value (₹ Lakh)	No. (%)	Value (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
₹200/100/50 lakh or More						
Less than ₹200 /100/50 lakh						
Total						

(d) **Journal Vouchers (JVs):**

Award Value	**Total No. of JVs generated during the Audit Period**	**Total No. of JVs examined during the Audit**	**Coverage**

	No.	Value (₹ Lakh)	No.	Value (₹ Lakh)	No. (%)	Value (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
₹200/100/50 lakh or More						
Less than ₹200 /100/50 lakh						
Total						

(e) **Sales Invoices / Debit Notes / Credit Notes:**

Award Value	**Total Nos. generated during the Audit Period**		**Total Nos. examined during the Audit**		**Coverage Percentage**	
	No.	Value (₹ Lakh)	No.	Value (₹ Lakh)	No. (%)	Value (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Sales Invoices						
Debit Notes						
Credit Notes						

13.3 Checklist for Continuous Audits:-

13.3.1 Continuous Audit of Contracts & Purchase Orders:-

Detailed check list for Audit of different sections under Materials Management Department is given at **Annexure XII**. However, while conducting Continuous Audits related to Contracts & Purchase Orders, at least the following minimum information must be checked:-

1. Whether the indent contains all the necessary information (as per the prescribed format) and is signed by the Head of indenting department.
2. Whether the indented item relates to any equipment or Plant which has been declared idle or obsolete, particularly in case of closed mills.
3. Each indent should be routed through the Stock Control / Stores and the indented quantity should take into account the existing stock, pending orders, the rate of consumption and the lead time for procurement.
4. Each indent should be cleared by the relevant Screening Committee.
5. The mode of tendering i.e. OTE/LTE/STE are approved by the Competent Authority and convincing reasons are given while opting for LTE or STE.
6. In the case of LTE, the Firms should be of comparable status with regard to their financial and technical capabilities.

7. Enquiries complete in all respects while conforming to the requirements, specifications & delivery schedules are issued expeditiously.
8. Number of parties to whom enquiry is issued should be adequate considering the competition and sources of supply needed.
9. Reasonable time is given to the tenderers for submission of quotations.
10. The comparative statements should take into account all elements like quantity, freight, GST, cash discounts and exchange variation etc. and should be examined by a person other than the one who prepared it.
11. Abnormal differences between estimated cost and the L1 price should be analyzed in detail.
12. Reasons for emergency purchases are appropriately recorded and are convincing.
13. Items purchased in emergency are not lying unused in stores for long.
14. If any party is rejected at Techno-Commercial discussion, whether rejection is justified.
15. Whether negotiation was carried out with the L-1 party.
16. The Order is placed with approval of Competent Authority and if required so, it is duly concurred by Finance.

13.3.2 Continuous Audit of Payment Vouchers & Journal Vouchers:

Detailed check list for Audit of different sections under Finance Department is given at **Annexure XII**. However, while vouching financial records, the following minimum information must be checked:-

13.3.2.1 Payment Vouchers

2. Vouchers contain evidence that there is clear segregation of duties among the person authorising the bill payments, the person loading payments on bank portals and the person authorizing payments.
3. The cheque is signed by two signatories if it requires authorization from more than one signatory as per DOP.
4. Vouchers contain the correct ledger account codes.
5. The amount in payment voucher matches with the amount passed by the bill passing authority.
6. Details of payment are in accordance to the terms of PO, WO, Contract, Goods Acceptance / Rejection Note (GARN), Job Completion Report, Inspection Certificate, etc.
7. Whether all the supporting documents / enclosures attached along with the vouchers are in order and as per as per the terms of PO / WO / Contract.
8. All taxes and duties including GST amount has been charged correctly and concessional rates wherever applicable have been availed as per the terms of PO/WO/Contract.

9. Whether all deductions have been applied as per the PO / WO / Contract terms and conditions like imposition of LD, Penalty, Performance Bonus, Risk Purchase, etc.
10. Income Tax has been deducted at source and deposited as per provisions of Income Tax Act. In addition, check for GST, etc.
11. In case of Works Contract / Labour Supply / Job Contract, all statutory compliances related to EPF / ESI / GST etc. complied by the contractor and challans / certificate of deposit of taxes enclosed along with the vouchers.
12. The BG submitted by the party if so required, as per the terms of PO / WO, is still valid and in order as on the date of payment.
13. In case of full & final payment, whether all the clearances and satisfactory completion of work / job / project have been duly approved by the Executing Officer as per DOP and PCP-2024.

13.3.2.2 **Journal Vouchers**

1. JVs are authorized by a responsible person.
2. JVs are supported with appropriate bills invoices / documents.
3. The supporting documents are duly approved by an appropriate authority.
4. Vouchers contain the correct ledger account codes.
5. Capital and revenue items are properly recognized in the accounts.
6. Whether provision for liabilities, interest accrued and due is considered correctly in the Books of Accounts.
7. Entries for write-back of liabilities, write-off of recoverables, depreciation are correctly accounted in the Books of Accounts.
8. Entries for where Asset and Liabilities Codes are operated correctly.

13.3.2.3 **Plant Sales**

1 Auction Sales are being done as per the laid down terms and conditions.
2 The amount of EMD taken from the bidders is as per PCP-2024.
3 Whether EMD to un-successful bidders has been timely refunded.
4 In case of deviation, if any, approval of Competent Authority as per DOP and PCP-2024 has been obtained.
5 In case of auction sales, whether interest on account of late payment, ground rent, penalty, etc. are being charged from customers. In case of waiver of penalty / late fee, etc. whether approval of Competent Authority has been obtained and retained in the file.
6 Whether approval for credit to scrap / secondary buyers has been complied.
7 The accounting entries for Secondary / Scrap sale have been correctly accounted for.
8 All the taxes and duties including GST have been captured correctly.

13.3.2.4 **Note:-**

1. The list given above is only illustrative. The Auditor has to extensively review

all financial and commercial transactions of the unit and is expected to be innovative in evaluation of efficacy of internal control systems; compliance of delegation of powers, assess judicious spending, look into wastages, pilferages, theft and fraud prone areas. Sudden check, physical verification, integrity check and suspicious transactions all need to be tracked by the Internal Auditor. Thus, the scope of the audit work would cover the entire functions and operations of Finance & Accounts Department and Materials Management from all angles.

2. The selected Internal Audit Firm shall independently carry out all aspects of the internal audit function for Finance and Materials Management, including information gathering, responding to queries, conducting meetings with auditee departments, and preparing and submitting both Preliminary and Final Audit Reports.

3. Company undertakes audit activities of various areas and a sample guideline / broad scope of work has been shown above. The above areas are illustrative for guidance of the auditor. SAIL follows a list of detailed functions / activities against the above auditable areas which is placed at **Annexure XII** for reference. The audit firm is expected to follow the procedure and decide the relevant coverage areas of the above broad functions as per the provision of the auditing standards developed by ICAI. The bidders are expected to go through the sample process of auditing and draw audit plan in consonance with Companies Act / Indian Audit Standards / relevant provisions.

14 Broadly, deliverables are as under:-

1. Preliminary Audit Report
2. Monthly / quarterly compliance report (w.r.t. Annual Internal Audit Plan (AIAP))
3. Monthly MIS of gist of observations
4. Final Audit Report

Annexure X

Format for the Audit Reports

A sample Format of the Preliminary Audit Report (PAR) / Final Audit Report (FAR) / Preliminary-cum-Final Audit Report (PFAR) is given below:-

सेल SAIL

Steel Authority of India Limited
Internal Audit Department
(Name of the Plant/Unit)
(Location)
<u>Preliminary/Final/Preliminary-Cum-Final Audit Report</u>
<u>(PAR/FAR/PFAR)</u>
(Strike Off Whichever Is Not Applicable)

<table>
<tr><th>SL.NO.</th><th>Particulars</th><th>Details</th></tr>
<tr><td>1.</td><td>Audit Plan Reference</td><td></td></tr>
<tr><td rowspan="3">2.
(Refer Note no. v)</td><td>2.1 Preliminary Audit Report (PAR) No. & Date</td><td></td></tr>
<tr><td>2.2 Final Audit Report (FAR) No. & Date</td><td></td></tr>
<tr><td>2.3 Preliminary Cum Final Audit Report (PFAR) No. & Date</td><td></td></tr>
<tr><td>3.</td><td>Name of Auditee Department & Plant / Unit</td><td></td></tr>
<tr><td>4</td><td>Name and Designation of HoD of Auditee</td><td></td></tr>
<tr><td>5.</td><td>Period of Audit Covered (Month / Quarter / Year)</td><td></td></tr>
<tr><td>6.</td><td>Duration of Audit Conducted By Audit Team (With Dates)</td><td></td></tr>
<tr><td>7.</td><td>Mandays - Actual</td><td></td></tr>
<tr><td>8.</td><td>Last Information Received From Auditee on</td><td></td></tr>
<tr><td rowspan="2">9.</td><td>9.1 Reply of Auditee due on PAR</td><td></td></tr>
<tr><td>9.2 ATR From Auditee on FAR/PFAR due on</td><td></td></tr>
<tr><td>10.</td><td>Reply of Auditee on PAR Received on</td><td></td></tr>
<tr><td>11.</td><td colspan="2">Audit Team Members
<table>
<tr><th>Sl. no.</th><th>Name</th><th>Designation</th><th>Plant/Unit</th><th></th></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td></td><td></td><td></td></tr>
</table></td></tr>
<tr><td>12.</td><td>Areas of Audit Covered</td><td></td></tr>
<tr><td>13.</td><td>Documents / Records Scrutinized by Audit Team</td><td></td></tr>
<tr><td>14.</td><td>Brief Functioning / Working of Auditee Department</td><td></td></tr>
<tr><td>15.</td><td>Organization Chart / Structure of Auditee Department</td><td></td></tr>
<tr><td>16.</td><td>Appreciable / Good Points of Auditee (Indicate only the Sl.no. of Audit Observations / Suggestions)</td><td></td></tr>
<tr><td>17.</td><td>Limitations, if any</td><td></td></tr>
</table>

18.	Audit Observations / Suggestions / Recommendations	As Per Annexure X-I (In Part A, B & C)

Annexure X-I

Auditee Plant/Unit: ____________________

I. Audit Observations / Suggestions / Recommendations (Other than settled) As per last Audit Report (i.e., FAR/PFAR)

Last Audit Report no. & Date:

Part - A

(observations which are of least importance, routine in nature, for record purpose etc.)

Part - B

(Observations which are of medium importance)

Part - C

(observations which are of highest importance & material in nature)

Summary of Last Audit Observations

Type	No.
Part - A	
Part - B	
Part - C	
Total	

II. Audit Observations / Suggestions / Recommendations of Current Audit Report

Part - A

(observations which are of least importance, routine in nature, for record purpose etc.)

Part - B

(Observations which are of medium importance)

Part - C

(Observations which are of highest importance & material in nature)

Summary of current audit observations

Type	No.

Part - A	
Part - B	
Part - C	
Total	

Note:-

i. Report to be signed by each member of the audit team.
ii. Format to be followed strictly.
iii. Nature of all the observations under Type A, B & C are to be broadly categorized at the beginning / top of the observations as under:-
   - Cost saving and revenue generation
   - System improvement
   - Non-compliance of policies & procedures
   - Inventory and idle assets
   - Accounting adjustment
   - Other miscellaneous
iv. Suitable heading in brief to be given for each observation reflecting the subject matter / issue raised in the observation.
v. Refer sl. no. 2 of sample format. The PAR/FAR/PFAR will be indicated in the following sequence of plant or unit name / audit ref. no. as per monthly audit plan / FY / date of issue.

   For example:

   1) COIA/PAR-F-03/2019-20/20.4.2019
   2) BSP/FAR-T-14/2019-20/20.4.2019
   3) CMO-NR/PFAR-F-06/2019-20/20.05.2019
vi. Mandays for audit to include preparation, travel, report writing time etc.

Signature:	Signature:	Signature:
Date:	Date:	Date :
Name of the Auditor:	Name of the Auditor:	Name of the Auditor:
Designation:	Designation:	Designation:
Plant / Unit:	Plant / Unit:	Plant / Unit:
Email id:	Email id:	Email id:

-

Finance Audit Universe Detail

Sl. No.	Auditable Areas	Annexure XII reference
1	**Concurrent Audit (Yearly & Quarterly)**	
1.1	Preparation, Maintenance and Scrutiny of Books of Accounts	2.13.1
1.2	Compliance and Follow-Up of all Statutory & other requirements in connection with Accounts, Audit and TDS	2.13.2
1.3	Monthly Actual Working Results and MIS Report	2.13.3
1.4	Quarterly/Annual Accounts Audit	2.13.4
1.5	**Checklist for Quarterly Closing of Accounts**	2.13.5
1.5.1	a) Codes and its grouping account is as per authorized Chart of Accounts	
1.5.2	b) Compliance of the cut-off date	
1.5.3	c) All the closing entries have been passed	
1.5.4	d) Provisions created for its accuracy i.e., over provision/under provision and reasonableness of the estimate.	
1.5.5	e) Party-wise/Age-wise analysis of Sundry Debtors, Advances, Claims Recoverable, etc. Analysis of Advance from Customers (AFC), Sundry Creditors, EMD, SD, etc.	
1.5.6	f) Stock reconciliation with respect to purchase, Production consumption, Sales etc	
1.5.7	g) Consumption entries passed and the calculation thereof with the weighment	
1.5.8	h) Physical verification report of inventory (and its process), coverage and adjustment of shortage/excess	
1.5.9	i) Expenses have been booked as per the policy/guidelines	
1.5.10	j) Fixed Assets Schedule, Capital WIP, Physical Verification Report and Calculation of depreciation are in order	
1.5.11	k) Inventory valuation of Goods-in-transit, non-moving inventory, etc	
1.5.12	l) Review of odd balances, if any	

Sl. No.	Auditable Areas	Annexure XII reference
1.5.13	m) Certificates of stock lying with Third Parties are available	
1.5.14	n) Outstanding undisputed liabilities in respect of statutory dues are properly accounted and reconciled	
1.5.15	o) Notes on Accounts including accounting policies, contingent liabilities are complete	
1.5.16	p) Interest on cash credit, bonds, loans	
1.5.17	q) Fixed deposit schedules & physical verification of FDRs	
1.5.18	r) Dividend accounts and its operation	
1.5.19	s) Bank reconciliation	
1.5.20	t) System of e-payments and it internal control	
1.5.21	u) Contingent liabilities	
1.5.22	v) Acceptance/origination of all Debit Advices, Credit Advices and IUCA reconciliation.	
1.5.23	w) Customer and vendor account confirmations are sought quarterly as per the policy and whether the variances are properly reviewed and reconciled	
1.5.24	x) Bank reconciliation statement is prepared on monthly basis and correct Bank balances are reflected in the Books of Accounts	
1.5.25	y) Balances have been confirmed from the Bank	
1.5.26	z) All the intermediary suspense accounts have been cleared and the balances are correctly reflected in the Books of Accounts	

2	**Personal Payments (Pay Accounts)**	
2.1	Time Office	2.11.1
2.2	Salaries & Wages	2.11.2
2.3	Leave Encashment	2.11.3
2.4	Tax Deducted at Source (TDS)	2.11.4
2.5	Remittable Deductions	2.11.5

Sl. No.	Auditable Areas	Annexure XII reference
2.6	Final Settlement	2.11.6
2.7	Tour Advance for Undertaking Official Tour / On Transfer	2.11.7
2.8	Tour Bills	2.11.8
2.9	LTC/LLTC Advance/Final Bil	2.11.9
2.10	Medical Advance / Medical Reimbursement	2.11.10
2.11	House Building Advance/Advance for Purchase of Vehicle	2.11.11
2.12	Records and Provision	2.11.12
2.13	Centralized Pay Roll System (CPRS)	2.11.13
3	**Sales Invoicing and Accounting**	
3.1	Sales Invoicing	2.8.1
3.2	Other points	2.8.2
3.3	Goods & Services Tax (GST)	2.8.3
3.4	Sales Accounting	2.8.4
4	**Stores Accounts**	
4.1	Priced Stores Ledger (PSL)	2.6.1
4.2	Provisional Adjustment Vouchers (PAV)	2.6.2
4.3	Secondary Products (End Cuttings, Arisings, etc.) transferred from shops to store for sale/consumption	2.6.3
4.4	Material-at-Site (MAS)	2.6.4
4.5	Slow Moving/Non-Moving/Surplus/Obsolete Items of Stores	2.6.5

Sl. No.	Auditable Areas	Annexure XII reference
4.6	Dispatch Notes	2.6.6
4.7	Items Treated as Consumed on Receipt	2.6.7
4.8	Items not included in Priced Stores Ledger (PSL)	2.6.8
4.9	Absorption of Overheads	2.6.9
4.10	Consumption Feed Back	2.6.10
5	**Works Bills & Accounts (including CSR)**	
5.1	Running bills of contractors	2.7.1
5.2	Final Bills	2.7.2
5.3	Security Deposit Refunds	2.7.3
5.4	Accounting	2.7.4
5.5	Fixation of Hire Charges, etc.	2.7.5
5.6	Temporary Advance	2.7.6
5.7	Deposits (Advance) against work done by others for SAIL	2.7.7
5.8	Deposits for work done by SAIL for others	2.7.8
5.9	Capitalization of Expenditure	2.7.9
5.10	Other Items	2.7.10
6	**Purchase Accounts Section, Raw Material Accounts, Freight Payment, Insurance**	
6.1	**Purchase Accounts Section**	2.4
6.1.1	Suppliers' Bills	2.4.1

Sl. No.	Auditable Areas	Annexure XII reference
6.1.2	Goods Received Notes (GRNs)	2.4.2
6.1.3	Payments	2.4.3
6.1.4	Trade Advance	2.4.4
6.1.5	Review of Sundry Creditor	2.4.5
6.1.6	Stores-in-Transit (SIT)	2.4.6
6.1.7	Liabilities	2.4.7
6.1.8	Material with Fabricators	2.4.8
6.1.9	Claims	2.4.9
6.1.10	Bank Guarantee (BG)	2.4.10
6.2	**Raw Materials Accounts**	2.5
6.2.1	Suppliers' Bills / Debit Advices	2.5.1
6.2.2	Issues	2.5.2
6.2.3	Unlinked Wagons	2.5.3
6.2.4	Raw Material Stocks	2.5.4
6.3	**Freight Payments**	2.9
6.3.1	General	2.9.1
6.3.2	Demurrage Payments	2.9.2
6.3.4	Freight Bills	2.9.3
6.3.5	Freight Claims	2.9.4
6.3.6	Road Transport Contracts	2.9.5
6.4	**Insurance**	2.10

Sl. No.	Auditable Areas	Annexure XII reference
6.4.1	Check Points	2.10.1
6.4.2	Insurance Values	2.10.2
6.4.3	Discount on Premium	2.10.3
6.4.4	Claims	2.10.4
7	**Project Finance**	
7.1	Project Finance	2.16
8	**Operation Budget and Cost Accounts Section (including suggestions & observations of Cost Auditor)**	
8.1	Budgetary and Cost Control	2.14.1
8.2	Stock Valuation	2.14.2
8.3	Profitability Analysis and MIS Reports	2.14.3
9	**Estate Accounts (including Medical)**	
9.1	Raising of Bills & Accounting	2.12.1
9.2	Collections	2.12.2
10	**Central Accounts**	
10.1	**All references under Sl.no. 1 Concurrent Audit (Yearly & Quarterly)**	
10.2	Maintenance of Assets Register	2.13.6
10.3	Depreciation accounting	2.13.7

Sl. No.	Auditable Areas	Annexure XII reference
10.4	Impairment of Assets	2.13.8
10.5	Disposal of Assets	2.13.9
11	**Cash & Bank Section**	
11.1	Cash Receipts/Payments	2.3.1
11.2	Cheque/DD Receipt	2.3.2
11.3	e-Receipts	2.3.3
11.4	Bank Payments	2.3.4
11.5	e-payments	2.3.5
11.6	Accounting	2.3.6
11.7	Funds Management	2.3.7
12	**Vouchers (Payment, Journal & Invoices)**	
12.1	**All the aspects under 1 to 11 above**	
12.2	Checklist for Direct Taxation	2.15.1

Annexure XII

Checklist for Audit

1. MATERIALS MANAGEMENT

1.1 Introduction

The Internal Auditor should lay emphasis on examination of Internal Control Systems prevalent and their adherence. The check should be exercised on the basis of elaborated Purchase and Stores Procedures of respective Plant/Unit. A few important points are, however, listed below for guidance. The guidance notes for examination of inspection, receipts, custody, issues, inventory, handling and transportation contracts and disposal of surplus and non-moving stores etc. have also been given.

1.2 Compliance with Purchase and Contract Procedure (PCP) Guidelines

With the objective of ensuring transparency, fairness, uniformity and efficiency in the Procurement / Contract / Tendering Process across all Plants and Units, SAIL has adopted the PCP. Presently it is PCP-2024. This procedure is applicable to all Purchases / Contracts for Goods or Services / Works and Job Contracts / Project Cases / Conversion and Outsourcing of all types, unless specified otherwise.

For Import of Coal and Coke, '*SAIL Policy for Import of Coal and Coke*' shall be followed. For Projects cases, in case of conflict between provision of PCP-2024 and Standard Bidding Document (SBD), the provisions of SBD shall prevail.

Compliance with PCP-2024 Guidelines is to ensure procurement of materials / services of desired quality, at desired time, in desired quantity and at minimum or reasonable cost and that transparency is maintained while buying materials or engaging the contractors.

1.3 Mode of Tendering

The recommended modes of tendering for placement of orders are as under:-

- Open Tender Enquiry (OTE) / Global Tender Enquiry (GTE).
- Limited Tender Enquiry (LTE).
- Single Tender Enquiry (STE) (for proprietary cases or Items from Original Equipment Manufacturer (OEM) / Supplier).
- Single Tender (other than Proprietary cases).

As a substitute to frequent tendering, for facilitating timely availability of any goods or service, Order placement may also be considered on the basis of the following:-

- Repeat Orders.
- Rate Contract (RC) / Long Term Agreement (LTA) / Memorandum of Understanding (MOU) of SAIL.
- Government e-Marketplace (GeM) (governed by the General Terms and Condition as available on GeM and Guidelines issued by Corporate Materials Management Group (CMMG).

In addition to the above, there may be occasions when the Plant / Unit may have to resort to Emergency purchase / Job Contract.

1.3.1 **Open / Global Tenders** are considered, when reliable manufacturers / suppliers / traders / contractors as well as latest technology are not clearly known.

- All Open / Global tender notices shall be published on SAIL Tender website and will get reflected / published on Central Public Procurement (CPP) portal as well as GeM portal.
- No notice is required to be given in newspapers for such tenders. Addendum / corrigendum / extension of bid submission / bid opening date, if any, shall also be published on the above mentioned sites only, clearly.
- Additionally, for import cases, the tender notices should also be published in Indian Trade Journal (ITJ) of Directorate General of Commercial Intelligence & Statistics (DGCI&S), Ministry of Commerce & Industry.

1.3.2 **LTE should be issued only** when reliable manufacturers / suppliers / traders / contractors are known.

- A list of such registered manufacturers / supplier / traders / contractors shall be maintained by Material Management (MM) Department / Contract Cell / Contracting Department.
- When the decision is to adopt LTE as a mode of tendering, the whole indent should be treated as one and no split up thereof should be made to reduce the value of tender enquiries.
- The selection of firms for LTE shall be done by the MM Department / Contract Cell / Contracting Department in a judicious manner to ensure that:-
    - The firms are financially and technically sound.
    - The past performance of the firms with regard to quality and adherence to time schedule.
    - The supplier / contractor who has successfully made the last supply / executed the last job should be considered for issuance of LTE.
    - The firms registered for a particular category are all given coverage by rotation.
    - No registered party should be considered for LTE for the second time unless all the registered parties in the list have been considered at least once in each cycle.
    - Wherever sub-category-wise registration exists, enquiry should be issued to all such registered parties.
    - Any deviation should be recorded with reasons.

1.3.3 **Single Tender Enquiry (only Proprietary Items)**

- Enquiries for Proprietary Items / Services / Contracts (Original Equipment Manufacturer / Suppliers / Job Contracts) should be issued with the approval of Competent Authority as per the Delegation of Power (DOP).
- Proprietary Items / Services / Contracts should be taken from / awarded to their manufacturers or their authorized dealers (where the manufacturer does not supply the equipment directly) or the technology / service provider or contractor only.
- In case there is more than one dealer / partner authorized to sell a particular proprietary item / services to Plant / Units, LTE may be issued to the authorized dealers / partners.

1.3.4 **Single Tender Enquiry (Other than Proprietary)**

Cases where the enquiry is restricted to only one source, though many sources / suppliers / contractors / agencies exist, such procurement / contract is on Nomination basis, are as under:-

- Such STEs should be issued as an exception only and processed, after recording reasons.
- The indenter should take approval of Director in charge / Head of the Plant / Unit as the case may be in all cases except procurement / service contract from Public Sector Undertakings (PSUs) / Central Government / State Government Undertakings where approval of Competent Authority shall be obtained as per the applicable DOP.
- A list of items procured, contract awarded on STE basis should be hosted on SAIL

Tender Website to enhance vendor base of such items / job as per the provisions in the notification published in CPP Portal at URL:: http// www.eprocure.gov.in.

1.3.5 **Repeat Orders**

Repeat orders on existing party / contractor are placed to maintain continuity of supply of essential items. The proposal for repeat order on same terms, conditions and specifications may be considered after recording the reasons on the following:-

- The original order must have been placed in the usual course after issue of LTE or OTE / GTE.
- Not more than two years have elapsed since placement of the original order.
- Not more than two Repeat orders should be placed.
- The quantity / scope considered for ordering is not more than 100% of the original ordered quantity / scope, for each repeat order.
- No price escalation for firm price orders shall be given.
- No Repeat Order shall be placed, if there is downward trend in prices.
- In exceptional cases, a third Repeat order can be placed with the approval of Director in charge / CEO / Head of the Plants / Units, after recording justification.

1.3.6 **Rate Contract (Own)**

- The Rate contract is finalized where the total annual requirement of such items / quantum of such jobs is large but not fixed.
- For entering into Rate contract / Long Term Contract, the mode of tendering to be followed may be decided as per the nature of the job item, the available sources, etc. Thus, Rate contract enquiries may be either by OTE / LTE / STE depending upon the nature of item / job.

1.3.7 **Government e-Marketplace (GeM)**

Check and comment on the following:-

- Whether GeM portal was explored to see the availability of the material / services.
- Whether placement of Orders on GeM, has been done as per DOP as applicable for procurement of goods / services through OTE.
- Whether procurement of any Goods or Services on GeM portal has been made as per SAIL Procedure for Procurement of Goods and Services on Government e-Marketplace (SP-GeM: 2018) and the extant guidelines issued by the GOI.

1.4 **Reverse Auction (RA)**

- RA is a negotiation process used in Strategic Sourcing.
- RA is competitive bidding, which is suitable when PRICE is the only point being negotiated between the Buyer and the Supplier.
- RA is conducted with techno-commercially acceptable bidders where quality parameters and financial competency, etc. have already been confirmed as per Request for Quote / Tender.

RA has the following advantages over traditional bidding:-

- Reduction in Procurement Lead Time.
- Increased Transparency in the Negotiation process.
- Validates that pricing from the current supplier, which is competitive.

1.4.1 **Stages:** The RA process begins only after the bidders have become techno-commercially acceptable. Mandate letter is sent to the service provider to conduct RA as detailed in the RA guidelines issued by CMMG.

a. Pre-tendering Stage

The following activities are covered in pre-tendering stage:-

- Selection, Collection and Compilation of items.
- Forwarding of data to Service Provider (SP).
- Forwarding Draft Request for Quotations (RFQ).
- To conduct Market Survey / Analysis.
- To forward Vendors Data to Commodity Champion of Central Procurement Agency and Nodal Agency.
- To organise Core Group Meeting for finalization of lot formation.
- To finalise Vendor List, Bidding Strategy.
- To finalise Schedule for RA, Start Bid Price & Decrement.
- To obtain approval of Request for Quotation (RFQ) and Vendor list finalization.

b. Tendering Stage

The following activities are covered in tendering stage:-

- Issuance of RFQ.
- To interact and issue necessary clarifications to Vendors.
- Receipt, Opening and Evaluation of Techno-Commercial Bids.
- Selection of eligible vendors,
- Handing over list of eligible vendors to SP for participation in RA.
- Agreement with eligible vendors for participation in RA.
- Intimation of schedule of RA to vendors.
- Vendors enablement / facilitation and conduct of on-line RA.
- Facilitation of on-line cost breakup by L1 vendor.
- To forward Audit Trail, Auction report and cost breakup to Commodity Champion (CC).
- Facilitating price matching by vendors other than L1.
- To finalise proposal and recommendation for order placement.
- To obtain approval for order placement.
- Placement of Letter of Indent (LOI) / main order by Central Procurement Agency (CPA).
- Placement of backup orders by respective Plants /Units.

c. Post Tendering Stage

The post-tendering stage involves the following activities:-

- Recommendation for payment of fees to SP based on information from CPA and release of fee to SP.
- To provide delivery schedule and monitoring supply.
- To resolve common as well as specific issues for each Plant / Unit.
- To initiate action against defaulting suppliers etc.
- Culminating in supply of material need by Plant / Unit.

1.5 Checklist for Materials Management Department

1.5.1 Vendor Management / Selection System

Check and comment on the following:-

a) Whether Vendor Development Cell has been constituted under Head of Materials Management (HOMM) in Plants / Units to find out / locate and develop substitutes / sources of supply with a view to reduce cost of input materials / services.

b) Whether a Vendor for an item / services identified by MM Department / concerned shop was approved by concerned Head of Department (HOD).

c) Whether policy for vendor registration has been followed for all the new registrations.

d) Whether vendor rating system has been updated in regular intervals.
e) Whether the replacement specifications, summary details of banned Suppliers / Contractors with reasons and period of banning was uploaded by the respective Plant / Unit on SAIL Tender Website before issuance of tender enquiry.
f) Whether under-performing vendors have been delisted, wherever required.
g) Efforts made for development of new vendors especially for proprietary items.
h) Whether the order for critical production linked items have been split into more than one vendor.

1.5.2 Indenting System

Check and comment on the following:-

a) Whether indents for procurement of goods or services or both or proposal for job / operational / works contracts have been raised by the Departments concerned or designated centralized agencies and have been prepared in the prescribed format designed by respective Plant / Unit.
b) Whether the indents have been signed / e-signed / cleared online in SAP by the HOD.
c) Whether the Plant / Unit is having a proper system of numbering the indents and their processing reference at different stages to facilitate cross-reference. Whether such records are being maintained electronically and reference numbers are generated on-line.
d) For Contract cases related to Projects / Capital / Addition, Modification and Replacement (AMR) schemes, whether the proposal is initiated by Indenter and processed by MM Department / Contract Cell / Project Department / Contract operating authority / designated centralized agency based on the scheme sanctioned by the Management.
e) Whether the names of the suggested registered manufacturers / suppliers / traders / contractors have been indicated by the Indenter in the indent on the basis of past experience of parties along with order references, if any.
f) Where orders are placed on more than one source, whether the Indenter has specified in the indent the maximum number of suppliers / contractors to be engaged and justified the reasons for the same.
g) Wherever quantifiable factors are considered / loaded while evaluating the prices quoted by the tenderers, whether the same have been clearly mentioned in the indent by the Indenter.
h) Wherever tenderers are required to submit samples along with the quotation, whether the same have been clearly mentioned in the Indent itself. No sample should be called for the items for which detailed / standard specifications are available. For procurement of clothing and textile items, detailed specifications may be mentioned and no sample shall be called. Though, if required, provision for submission of an advance sample by successful bidders may be stipulated for indeterminable parameters such as, shade / tone, size, make-up, feel, finish and workmanship, before giving clearance for bulk production of the supply.
i) Whether indenter have given full and complete information regarding the description and specification of the material to be procured. To the extent possible, specifications given should be standard specifications conforming to Inter-Plant Standards in Steel Industry (IPSS), PS, ISS or DIN, etc. The cut-off points for performance / acceptance and the points for bonus and penalties should be indicated, wherever feasible.
j) Whether digitized / scanned copies of manufacturing drawings, wherever required, have been provided with latest revision along with the physical copies in adequate numbers, if the drawings are not available in electronic form.
k) Wherever the indent is for new items, whether a check-list (in the prescribed proforma designed by respective Plant / Unit) justifying the indented quantity, with recorded

reasons, duly signed by the HOD have been made available.

l) Whether due diligence have been made for Proprietary items. In case of a Proprietary item, a certificate to the effect that no other technically acceptable substitutes are available should be recorded by the Competent Authority as per latest PCP / DOP.

m) Whether criteria for technical eligibility and acceptance are specific, exhaustive and there is fair competition. Criteria should neither be made very stringent nor very relaxed to restrict / facilitate entry of bidders. It should be ensured that the eligibility criteria are clearly stipulated in unambiguous terms.

n) Whether the requirements of special inspection / quality assurance plan / special packing instructions have been clearly defined in the indent, depending upon the nature of the item indented.

o) Whether Plants / Units have maintained an Annual Plan for 'Make' items duly approved by the Competent Authority so as to optimize the utilization of internal facilities. Each Plant / Unit has to prepare an Annual Plan for 'Make' items in increasing numbers on cost-effective basis, one month before the beginning of each Financial Year. Where part quantity is identified as ‘Make’ and balance as ’Buy’; indents for ‘Buy’ quantity only shall be raised. For ’Make’ items, the Department shall raise Work Order in the prescribed form, to be placed on the shops.

p) Whether indents have been routed through the Stock Control / Stores. The indented quantity should take into account the pending orders i.e. the dues in, existing stocks including that of substitutes at main stores, sub-stores and at Shop floor, the rate of consumption and the lead time for procurement and production / maintenance plans. Items not used in last three years should be bought with justification and due approval.

q) Whether certification to budget availability have been ensured.

1.5.3 Purchase Ordering and Procurement System

Check and comment on the following:-

a) Whether the indents for purchase of material have been scrutinized by the Screening Committee constituted by the Competent Authority for the nature of the items concerned, comprising the representatives of the related departments such as Centralized Maintenance, Central Workshop, Indenter, MM Department., Finance, etc.

b) Whether Indents with value of ₹5 lakh or more (excluding Proprietary items and Non-Proprietary STE items) covering the annual requirement and items are duly cleared by empowered committee constituted with the approval of Director in-charge / Head of Unit and have been cleared by the Head of Indenting Department for processing by the MM Department / concerned Department.

c) Whether approval of Competent Authority as per the DOP has been obtained for additional / readjustment / re-appropriation of the budget, if any indent goes beyond the approved overall budget of the Department concerned.

d) Whether proper entry in the Indent Register / Computer (separate Indent Registers for purchase of material and for Job contracts) has been made on receipt of all indents by the Contracting Department (be it MM, Contract Cell (CC) or any other Contracting Department).

e) Whether the indents have been processed by the Contracting Department within 3 working days and 7 working days respectively for Purchase and job contract, on receipt of the indent from respective Screening Committee.

f) Whether the estimated value has been prepared by following the guidelines of PCP.

g) Whether the proposal seeking the approval of the Competent Authority for procurement / contracting has envisaged the terms and conditions of the tender with deviations, if any, mode of tendering, the cost of tender documents and the starting and closing date for sale of tender documents (in case of OTE / GTE) along with the name of the office of the Plants / Units of SAIL for issue of the tender documents.

h) Whether the mode of tendering for tenders of ₹ 5 lakh and above is ratified by the respective Screening Committee after considering the nature of item / job, its value / cost involved, knowledge of suppliers / contractors, prevailing market scenario, etc.

i) Whether the mode of tendering has the approval of the Competent Authority.

j) Whether the reasons recorded for choosing LTE or STE mode are convincing.

k) Whether the Enquiry for the purchase of materials / job contracts has been issued by the Contracting Department within seven working days from the date of the approval accorded by the Competent Authority for mode of tendering.

l) In case of LTE or STE, whether the names of tenderers from whom tender is invited, is approved by the Competent Authority.

m) Whether the Contracting Department have fixed a reasonable time for considering the validity of the bids. Reasonable time is required while issuing tender enquiries, keeping in view the complexity of the tender, time required for processing the tender and seeking approval of the Competent Authority etc. and ensuring finalization of tender within the stipulated original validity, as far as possible.

n) Whether reasonable time is given to the tenderers for submission of quotations.

o) If the number of suppliers is large, whether all parties are being given coverage by rotation, other things being competitive.

p) Whether Proprietary items are being purchased from manufacturers only and LTE are being issued to manufacturers / authorized wholesalers only, as far as possible.

q) Wherever Rate Contracts exist, whether advantage of the same is being taken.

r) Whether the quotations have been opened in the presence of a Finance representative or by a duly constituted Committee or by the concerned purchase officer in case the purchase does not require financial concurrence and in the presence of suppliers choosing to be present.

s) Whether reasons for opening the quotations in private are recorded and approval of Competent Authority obtained.

t) Whether the comparative statement show a comparison between parties on uniform pattern.

u) Whether the comparative statements have considered all elements like freight, GST, quantity, cash discounts, escalation clauses, exchange variation, etc. and is examined by a person other than the one who prepared it.

v) Whether all corrections, erasings and over writings in the tender papers and in the comparative statement are duly authenticated.

w) Whether there are justifiable reasons for abnormal differences between estimated cost and the L1 price.

x) Wherever an L1 technically acceptable offer is not accepted, whether reasons for the same are recorded and approved by the Competent Authority.

y) Whether all unopened price bids are returned to vendors within 10 days of finalization of tender and a report on such cases is submitted to HOMM.

z) Whether all invalid, unsolicited and late offers are returned to vendors within 10 days of tender opening.

aa) Before initiating the process for placement of alternate order on risk purchase or for cancellation of original order on the defaulting party, whether approval of the next higher authority has been taken.

ab) Whether the defaulting party was given a notice of 15 days or such period as advised by Law Department to effect the supply / to complete the work, before deciding on the cancellation of his order or for alternate procurement through risk purchase. What was the response of the defaulting party?

ac) Whether there were any deviations in the terms & condition of the alternate PO / WO for the left over/un-serviced quantity vis-à-vis the original PO / WO?

ad) Whether there is sufficient internal control to ensure that the offers are opened on dates prescribed in the enquiry and placement of orders is not unduly delayed after approval to purchase has been accorded.

ae) Whether proper records and custody of receipts for claiming back refunds are being maintained, where refundable advances are deposited by the Company.

af) Cases of extra payment / increase in offered rate due to delayed decision should be looked into in-depth.

ag) Whether escalation is paid for period up to the agreed delivery schedule only.

ah) If negotiations were done, whether the reasons for the same are recorded and done with the approval of Competent Authority. Whether the Company approved guidelines for holding negotiations were adhered to.

ai) Whether the deliveries are properly staggered, particularly for all high value purchases and refractories, to avoid increase in inventory / deterioration in storage.

aj) Whether the nomenclature for imported items in the PO is such that it leaves not scope for ambiguity in determination of customs duty payable at the time of clearance.

ak) As far as possible, whether Letter of Credits (LCs) against imports were opened for each consignment and on receiving notice of readiness of materials.

al) Whether any irregularity is noticed on test checking of cases where the orders have been placed without financial concurrence particularly so on procurement of spares and general articles.

am) Whether prices of newly developed products have come down with repeat and bulk orders.

an) What are the contentions of the unsuccessful / aggrieved parties?

ao) Whether liquidated damages have been levied on every breach of Contract. Whether specific reasons are recorded and approval of competent authority is obtained for subsequent waiver / refund of Liquidated Damages (LD).

ap) In the case of premature failure of the product within the warranty period, whether the matter has been taken up immediately with the suppliers.

aq) Whether the admissible credit of GST has been availed to the maximum and comparative advantage in this regard has been appropriately considered in evaluation of offers.

ar) Whether the GST payable by Small Scale Industries (SSI) Units or small service providers on attaining prescribed level of turnover is being passed on to SAIL as a matter of routine.

as) Whether essentiality of the case has been justified for airlifting of supplies as the cost involved would be high.

at) Whether reasons recorded for emergency purchases are justified so as to ensure that emergency purchases are resorted to in really emergent situations. Items purchased on grounds of emergency should not remain unused in stores for long.

au) Whether any item is procured from outside which can economically be sourced from Sister Plants / Units and other in-house facilities.

av) Whether there is any major variation / deviation to the agreed terms of the supply orders, particularly in the terms of payment, and the same should be examined thoroughly.

aw) Whether POs are issued within the agreed time and delays, if any, should be analyzed.

ax) Whether there is a system for a periodic review of POs not serviced in time and cancellation / extension of validity thereof.

ay) Whether exceptionally high cost procurements have been approved by the Competent Authority and reasons for the same are properly recorded.

az) The mechanism of tracking the Contract / PO terms to ensure compliance by the vendor.

1.5.4 Inspection System

Check and comment on the following:-

a) Whether inspection is carried out as per prescribed coverage of different categories of materials.
b) Whether the consignments of refractory items are inspected promptly and unloading report sent to stores without delay.
c) Whether the reasons for delays in inspection are justified.
d) Whether the backlog of inspection is regularly reviewed and controlled and reasons for delay justified.
e) Whether there are any cases of imported materials where un-serviceability and unacceptability was not noticed in time due to delay in inspection.
f) Whether feedback on inspection results is provided to the Purchase Department regularly for taking up with the suppliers (Record of materials accepted at supplier's works but rejected on receipt should be maintained by the department. Proper justification in such cases may be examined).
g) In cases involving inspection at supplier's works, whether it has put the company to a loss.
h) Cases of sub-standard materials accepted through Material Review Board (MRB).
i) Cases where the suppliers reduced their prices for sub-standard material to see that the material was suitable for end use and the price reduction was commensurate with quality.
j) Whether there are any cases of inspection by Purchase Section / end users.
k) Cases where inspection charges have been paid by the supplier, especially since normally inspection charges are paid by the purchaser when inspection is done through any recognized outside agency.
l) Whether instructions contained in the order for packing, insurance, etc. have been complied with by the suppliers. Any cases of loss due to non-compliance should be looked into.
m) Cases of rejections of material conforming to specifications but not conforming to samples or vice versa.
n) Action taken for material rejected on inspection but where full / part payment has already been made.
o) Whether the extent of responsibility fixed on transporters for materials (refractories etc.) rejected on receipt is reasonable.
p) Whether there is any delay on account of inspection as it may be a measure to control inventory.
q) Whether there are any cases of variation in the nomenclature of supplies which have resulted in demurrages / port charges etc.
r) Whether the cost of inspection is more than the prevailing market rate or is it very high vis-à-vis the value of goods.

1.5.5 Receipt System

Following may be considered in random sampling of documents picked up for test check in

Receipt System:-

a) Whether Railway Receipts (RRs) are entered in the RR Register and sent for clearance immediately.
b) Posting of Receipt notes for all materials received.
c) Is there any Delay in preparation of Receipt Notes, reason thereof.
d) Entry of Receipts in respective Bin Cards / Stores Ledger so that no false stock outs are reported.
e) Whether scales and measures are checked periodically for calibration.
f) Whether the system of reporting the shortages, rejections and non-receipt of consignments to Purchase Department and Accounts Department is adequate. Whether the claims are lodged promptly with the suppliers, transporters and insurance companies.
g) Whether any avoidable demurrage has been incurred.
h) Are there any cases of materials not as per Acceptance of Tender (A/T) quality and / or quantity but accepted and full payment made? Whether such cases have been approved by Competent Authority (CA).
i) The list of pending A/Ts with reasons thereof.
j) Whether the materials received in the yard stores have been opened and posted in Bins immediately and not kept under Stores-in-Transit (SIT) for a longer period i.e. six months or more.
k) Identification and segregation of place for quality check as well as placement of rejected material and dispatch management.
l) Analysis of delays in performing internal quality checks and exceptions.
m) Quality checking procedures and their adequacy in compliance as per the vendor documentation and approved terms and conditions.

1.5.6 **Custody / Storage System**

Examine the storage and protection of materials and check the adequacy of insurance coverage wherever applicable.

a) Whether there is any mix-up of materials.
b) Findings on deterioration of stock due to improper storage.
c) Justification for procurement of slow moving and dormant items.
d) Whether items are physically verified as per programme and discrepancies investigated.
e) Whether the write-off action, wherever required, is being taken promptly.
f) Methodology and process of declaring / considering Slow-moving, Non-moving, Obsolete / Surplus and their accounting adjustments made in the system. Check the frequency of write-off and adjustment process followed.

1.5.7 **Issue System**

Check and comment on the following:-

a) Numbering of Store Issue Notes (SIN) / Stores Issue Vouchers (SIV) in SAP or legacy system to establish control.

b) Whether the materials are issued / transferred as per the indent received only against documents signed by authorized signatories or valid approval of Competent Authority as per DOP.

c) Whether the SIN / SIV are promptly posted in the Bin Cards.

d) Whether items drawn against SIN / SIV are stored and over-stocked in Sub-Stores or Shop Floor.

e) Whether the SIN / SIV are sent expeditiously for accounting and that first and last number of issue notes is intimated to accounts and Information Technology (IT) Department on monthly basis.

f) Where SAP system exists, check whether SINs / SIVs are uploaded in SAP system regularly without any delay.

g) Monitoring of reorder and minimum levels at issue stage and generation of trigger for supply of critical items.

h) How the system in built in SAP for numbering of Issue Notes is reflected in Store Ledger.

i) List of authorized signatories uploaded in SAP system for issue of material.

1.5.8 **Inventory Management**

Check and comment on the following:-

a) Management Information System (MIS) / Reports.

b) Action taken on reports on stock shortages and excesses and Slow / Non-moving items with reference to the criteria laid down.

c) Surprise physical check on inventories of a few selected items of high value.

d) Whether the Stock Verification Reports give an assurance that the stock verifiers as well as store-keepers have followed the procedure and the norms laid down by the Management.

e) Whether the stores records are maintained up to date. Whether all entries of receipts, issues and adjustments in the stock records are authenticated and supported by authorized documents like Goods Receipts Note (GRN), SIN, SIV, (STV), etc. in the case of Stores and Spares and Raw materials; and production reports, dispatch advices etc. in the case of semi / Finished goods.

f) Al the materials drawn from Main Stores or otherwise procured on emergent basis have been duly recorded on day to day basis.

g) Whether the principle of 'first in first out' is followed in the physical issue of stores, as far as possible.

h) Whether the stock sheets particularly of high value items and whose quantity or value appears to be unreasonable.

i) Whether the stores etc. are declared surplus for disposal only after thorough check on feasibility of alternate use within the Plant or in Sinter Plants / Units.

j) Whether surplus materials are being transferred / returned to Stores after completion of jobs.

1.5.9 **Handling and Transportation Contracts**

Check and comment on the following:-

a) Whether the guidelines on tendering / ordering for purchase of material (as elaborated in the earlier paragraphs) are being followed in Handling and Transportation Contracts also.
b) Whether the terms of the Handling and Transportation Contracts are legally vetted.
c) Extent of cartels or monopoly among the contractors and the steps adopted by the Departments to break the rings or for elimination of vested interest among the contractors.
d) Whether the increase in rate in comparison to immediate preceding Contract rate is normal / justified.
e) Whether the administrative lead time to finalize the contract is reasonable.
f) Whether timely action is taken for extension of an existing Contract or for floating of new tender.
g) Whether extensions to running Contracts have been allowed after a thorough examination of the existing market conditions and keeping in view the Organization's interests.
h) Whether advances have been paid to the contractor only as per Contract provisions in line with the custom of the trade.
i) Whether the procedure for certification of bills has inbuilt controls for avoiding over payment / double payments or entry of fake bills / payments on duplicate copy of bills & other documents.
j) Whether demurrage, wharfage, damages to materials caused due to the negligence of the contractor etc. are deducted from his bills.
k) Whether any claim on supplier / insurer / transporter has been lost due to default.

1.5.10 Disposal of Surplus / Non-moving Stores

Check and comment on the following:-

a) Whether the procedure for identifying Surplus, Non-moving and Obsolete Stores and Spares for re-use / disposal is effective.
b) The system of stocking and accounting of scrapped and written off Stores and Spares may be looked into.
c) Whether prompt action has been taken for re-use / disposal of Surplus Stores and Spares / items liable to faster deterioration.
d) Whether there is enough Audit trails to ensure that materials disposed off as Surplus / Obsolete are not repurchased.
e) Whether the materials for disposal through auction is segregated, quality and size-wise to the extent possible, to get a proper price.
f) The procedure for determining reserve prices.
g) Whether adequate publicity is given for disposal through auction.
h) Whether the auctioned material is lifted promptly or ground rent is recovered for delay in removal.
i) In case of failure to lift the material within the prescribed time, whether deposit was forfeited.
j) Whether the applicable Sales Tax / GST has been recovered in all cases.
k) Whether there is a system to collect all the salvaged goods from the town maintenance

and how such goods are disposed off.

1.5.11 **Information Technology (IT) Controls**

Check and comment on the following:-

a) Periodicity of review of access rights assigned to authorized persons.
b) Rights assigned to ascertain their appropriateness w.r.t. job / work allocation.
c) Whether any conflicting rights have been assigned.
d) Whether access to the master data is restricted to super users only.

1.5.12 **Reverse Auction (RA) System**

Check and comment on the following:-

a) Whether Standard Procedure for RA issued by CMMG and amendments made thereto, if any, is followed.
b) Whether the clause with regard to SAIL having the option to discover prices through RA is mentioned in the tender document.
c) Whether the auction rules are explained in the tender document.
d) Whether the general rules and regulations for conduct of RA are being adhered to which special focus on the role of SP, role of bidders, bidding rules, conduct of RA and problems faced and solved during conduct of RA.
e) The delegation of authority and responsibility structure vis-à-vis established norms.
f) The control and reporting mechanism for RA and feed-back / follow up on previous RAs.

1.5.13 **Emergency Contracts / Purchases**

As per PCP, provisions for emergency Purchase /Job Contract have to be kept to meet the emergency needs of the Plants / Units. It is essential to delegate powers to meet such situations particularly in maintenance, Commissioning and break down jobs so as to keep the flow of production / services uninterrupted.

- In case of Purchase, emergency arises when there is inadequate or no stock in the Stores and chances of getting supplies against pending orders within the stipulated time schedule are remote.
- In case of Job Contracts, emergency arises when break-down of equipment occurs and internal resources are not adequate to take timely action or there is likelihood of discontinuation of services, which are required on continuous basis.
- Emergency indents should be accompanied by non-availability & criticality certificates issued by the concerned HOD on prescribed format (to be designed by each Plant/Unit).
- The materials may be procured from best possible source and jobs be awarded to the reliable Contractor for such Emergency procurement / Job Contract respectively. Formal POs should be issued / Contracts entered into, in due course for regularizing the emergent action taken.

1.5.14 **Checklist for Emergency Contracts / Purchases**

Check and comment on the following:-

a) Whether approval of competent authority has been obtained for the specific mode of purchase / award of Contract and finalization of order.
b) Whether norms / provisions of PCP for Spot Quotation / STE followed in such cases.
c) Whether emergency indents are accompanied by non-availability and criticality certificates issued by concerned HOD, in the prescribed format.
d) Whether post-facto approvals and formal Contracts entered into / POs issued, in due course for regularizing emergent action taken.

e) Whether the materials purchased on Emergency basis have actually been consumed / put to use fully and immediately to warrant such urgent order.

f) Whether proper records / documents are maintained in support of Emergency Contracts.

2. FINANCE AND ACCOUNTS

2.1 Introduction

The functions of Finance Directorate in SAIL primarily include the following:-

a) Raising financial resources at minimum possible cost.

b) Utilizing the Company's finances optimally and in the best interests of the Company through budgetary control, cost control, laying down proper systems and methods for speedy and correct decision making etc.

c) Rendering financial advice to the top and other levels of Management.

d) Preparation and submission of quarterly / half yearly / annual accounts and getting the same audited in accordance with the Companies Act.

e) Compliance with direct and indirect tax laws and other statutory legislations.

f) Different sections of Finance Directorate at Corporate Office discharge the above functions and also co-ordinate with other Directorates, Finance & Accounts Departments (FAD) of the Plants / Units and various Government agencies related to financial matters.

g) Co-ordination with the Government agencies in Disinvestment activities.

2.2 Organization

At the Corporate Office the above finance functions are sub-divided into different sections. The Head of Finance in Corporate Office reports functionally to Director (Finance). Each Plant / Unit Director In-charge (DIC) is assisted by an associate Finance. The Heads of these departments are functionally responsible to Director (Finance).

FAD at the Steel Plants and Units are fully responsible for all payments, accounting, budgeting, invoicing, auditing, financial concurrence, instituting cost and financial control and compliance with direct and indirect tax laws and other statutory legislations. The work in the department is divided into a number of sections for a systematic and smooth functioning as well as for assigning specific responsibilities to the officers and staff manning them. The work in the sections is organized with in-built internal checks and controls and laid down systems and procedures. The Cost Audit Manual, Accounts Manual and the Chart of Accounts are followed uniformly throughout the Company.

The Internal Audit Department (IAD) conducts the Audit of various sections in the FAD. There are elaborate procedures and work practices incorporated in the sectional manuals in relation to various finance functions of the Plant / Unit. Thus, the detailed guidelines for Audit of various activities of FAD have been drawn up in the subsequent paras below. Most of the activities of the Finance Departments at Plants / Units are common. However, there are certain functions like resource planning / mobilization, Centralized Cash Management, Bonds, etc., which are managed at Corporate Office only.

2.3 Audit of Cash & Bank Section

2.3.1 Cash Receipts / Payments

a) Cash is neither received nor paid by SAIL Plants/ Units.

b) Identify areas where cash receipt / payment is made and report the same to Management.

c) In cases, where cash receipt is made in emergency areas like Medical / Hospital, check that the cash receipts are deposited the same day into the bank and accounted properly.

d) In cases where petty receipts are received from general public like in case of collections from Zoo, etc., check that the receipts are deposited into the bank the same day and accounted properly.

2.3.2 Cheque / DD Receipts

Verify that adequate controls exist to ensure that:

a) All receipts through post / courier at Finance are properly diarized.
b) All cheques / drafts / postal orders are checked w.r.t. payee’s name. Ensure crossing of cheques, if not already done.
c) Government cheques are discharged properly on the reverse.
d) All receipt vouchers are serially numbered and filed serially, and serially numbered official receipts, affixing revenue stamps, wherever necessary, are issued for each transaction on the same day by an authorized signatory.
e) Cheques / drafts received are deposited in the bank account on the same day / next bank working day and are kept in safe custody until deposited.
f) Every receipt by cheque / draft, received through sections other than Cash Section is accompanied by a serially numbered receipt voucher/challan from the concerned Accounts Section indicating the Head of Accounts / Specific Account Code to which the money is to be credited.
g) Examine whether the timely crediting of cheque / draft, etc. is verified from the bank statement and appropriate action taken where credit is not forthcoming expeditiously. The terms of agreement with the bankers are to be kept in view.
h) Check that the cheques are deposited timely into the bank to save interest. Track the time taken at each point of handling, starting from the user Department, the user Finance Section, the Cash / Treasury Section and then by the Bank, in that order to save interest.

2.3.3 **e-Receipts**

a) As far as possible, electronic mode of receipts (e-Receipts) should be insisted and encouraged through net-banking, RTGS, NEFT, etc.
b) Check that amount collected under e-Receipt mode has been promptly accounted under the appropriate head in the Books of Accounts
c) Check to explore the possibility of using automated Payment Gate Way for e-Receipts.

2.3.4 **Bank Payments**

Check that adequate control exists to ensure that:-

a) Cheques are signed only by authorized signatories as per prescribed limit and are accompanied with vouchers when presented for signature. It may be ensured that any changes on account of retirement, joining, transfer, etc. are immediately updated / taken care of in the system and also communicated to the Bank.
b) As per CVC’s Circular no. 98/Ord/1 dated 20.04.2004, all the payments to employees and suppliers / vendors are made online through RTGS / ECS / NEFT instead of payment through cheques.
c) Vouchers contain evidence of examination by persons signing the cheque.
d) Signature of bill passing officer is verified by the persons authorized for this purpose with the specimen signature.
e) Under no circumstance, the cheques are signed in advance.
f) Bills are approved for payment by an officer other than the one signing the cheque, to the extent possible.
g) Payments are made within due dates to get the maximum benefit of rebates and avoid penalties, wherever applicable.
h) Vouchers contain the correct account codes.
i) Cheque number and date has been noted on the body of the vouchers.
j) Unused cheques are kept under proper safe custody and cancelled cheques are mutilated and properly noted.
k) Charges debited by the bank are correct as per the agreed arrangement and the vouchers for bank commission etc. are correctly and promptly prepared.

l) All debits / credits raised by bank on its own are examined and adjusted.

m) GST invoices are obtained from the respective banks for various types of bank charges / commission levied by the banks.

n) Fixed Deposit Receipts / Call Deposit Receipts held by Plant / Unit as earnest money / security deposit with the respective records and their validity.

o) The number of cheques as per the Cheque Inventory Tracker / Cheque Issue Register is reconciled with the number of cheques in the vault.

p) Delegation of Authority (DoA) is clearly defined for signing of cheques and to verify cases where any cheque requires authorization from more than one signatory.

q) All void cheques are cancelled and are attached with the payment vouchers and also a separate register is maintained for the inventory of void cheques to ensure that the same are adequately monitored and safeguarded.

2.3.5 **e-payments**

Check and comment on the following:-

a) The payment file generated from SAP is an encrypted file and no changes can be made in that file.

b) There has been clear segregation of duties among the users authorized for bill processing, user loading payments on bank portals and users authorizing e-payments.

c) Whether all e-payment transactions are authorized based on the approval limits and with approved authorization.

d) The changes in authorized signatories are informed to the bank on timely basis.

e) The list of users of SBI portal consist of only on-roll employees and that their authorization rights are as per the roles & responsibilities assigned and approved by the Management (Administrator, Maker, Uploader etc.).

f) Whether the system of login-id is being used from multiple machines or even from outside of SAIL offices. Check this from security angle.

g) Whether a single user-id is being used by multiple users. Check this from security angle.

h) Whether return credit is realized, in case of failed transactions due to link failure and server issues etc.

2.3.6 **Accounting**

Check and comment on the following:-

a) Adequacy of system for timely receipt and maintenance of bank statements.

b) Bank Reconciliation statements are prepared every month.

c) The system for clearing discrepant items, if any, appearing in Bank Reconciliation statement is adequate and special efforts are made to clear the old items.

d) Special care and follow up with the Bank is taken on cheques / drafts, etc. deposited in the bank but not credited timely in bank statement.

e) Articles like scripts of cooperative societies, shares, securities and bank guarantees, etc. are duly recorded and kept safely.

f) In cases where Bank Guarantee (BG) has been given by the Company, whether proper records are maintained and that the expired BGs are surrendered to the bank without delay.

g) No originating vouchers are prepared by Cash Section except the prescribed type of vouchers.

h) All reports and returns to be prepared by Cash Section are timely prepared.

i) Stale cheques are properly accounted for as per guidelines in the Accounts Manual after review of stale cheque schedules.

j) Whether confirmation of the BG has been obtained from the issuing Bank and its controlling office~~.~~

k) Whether proper controls exist for tracking the current status of the BG, right from the receipt till its final disposal.

l) The flags properly indicate the document status regarding the updation details like confirmation sent to Bank, Acceptance / Rejection of BG by bank, etc.

2.3.7 **Funds Management**

a) Review the existing banking facilities being utilized and whether the number and type of bank accounts are adequate for the present needs.

b) Examine the existing system of funds planning and allocation to Steel Plants / Units. Also comment on the non-adherence of prescribed limits.

2.4 **Purchase Accounts Section**

2.4.1 **Suppliers' Bills**

Check and comment on the following:-

a) Purchase orders are received as per control serial numbers of issue and signed by the authorized officers whose specimen signatures are kept in bill passing section.

b) Suppliers' bills are passed without delay and on FIFO basis and within due dates. Also, examine the control exercised in this regard.

c) All recoveries are properly adjusted by verifying the demand register.

d) When payment on supplier's bills is released against proof of dispatch, then all applicable terms and conditions are complied with or not.

e) Whether quantity supplied and rates charged are as per purchase order (PO).

f) Correctness of GST rate and amount with documentary evidence. Whether transfer of GST amount to GST section is taken timely for availing Input Tax Credit (ITC).

g) Correctness of GST charged and whether concessional rate of GST wherever applicable, has been availed.

h) Other charges, if any, are according to PO terms.

i) Liquidated damages, wherever leviable, have been deducted and accounted properly.

j) Rebates / discounts have been fully availed as per the PO terms and conditions.

k) Escalation claims have been admitted only in accordance with PO terms, including amendments

l) Whether proof of dispatch (RR / Challan, etc.), inspection certificates and other documentary evidence as per PO terms have been attached with the bills. Dispatch documents, if received in Accounts, are to be transferred to stores immediately for taking delivery.

m) Whether requirement, if any, on packing, insurance etc. have been complied with.

n) If due to delay in dispatch / submission of documents by the supplier, any demurrage has been incurred, whether the same has been recovered.

o) Proper reports / controls are available to the Management for tracking the status of processing of Bills.

p) Whether SAP allows processing of invoice more than the GRN / PO value.

q) Whether the invoice is not parked and posted by the same person.

r) Whether each invoice processed is backed by the quality certificate and other documents as required by the Purchase order and for other statutory compliances.

s) Whether all deductions have been applied as per the PO terms and conditions like LD / Penalty, Bonus against performance, Risk Purchase etc.

t) Whether advices for recoveries received from other Sister Plants or Central and State Governmental agencies like GST, IT, etc., the same are accordingly effected.

u) Whether any early payment was made to vendors without utilization of credit period as provided in the PO resulting in blockage of working capital and interest loss.

2.4.2 Goods Received Notes (GRNs)

Check and comment on the following:-

a) All GRNs have been correctly classified as per catalogue and received / generated as per the last control number and whether necessary action has been taken to obtain the missing serials.

b) All GRNs have been valued as per the PO.

c) All valued GRNs are sent to IT / concerned department within the prescribed time schedule and the edit runs are received and checked for correctness.

d) Unprocessed GRNs have been provisionally accounted for.

e) GRNs are regularly posted in a ledger and control serials maintained for all GRNs and whether necessary correspondence is made with Raw Material Department to get the GRNs not received.

f) The methodology adopted in determining the average weight in the GRNs raised on average weight basis is in accordance with the relevant contract.

g) Valuation of GRNs are correctly made as per terms of the relevant PO / Agreement / Govt. notification or as per rates and necessary credit is being given to either advance / sundry creditors or Inter Unit Current Account (IUCA), as the case may be.

h) Goods received are posted in stock ledger.

i) Generation and reversal of GRN with respect to specified storage location, material etc., is done by authorized users only.

j) Whether any payment has been made against cancelled GRNs to be verified from the list of cancelled GRNs.

k) Accounting of GRNs is linked with the availment of ITC.

l) GRNs have been accounted for the materials received and accepted till the end of last day of each quarter while finalizing the accounts for the quarter.

2.4.3 Payments

Check and comment on the following:-

a) The final bill was cleared only on receipt of GRN and if any amount including advances were recoverable, the same were adjusted.

b) Recovery for shortages / damaged goods was made.

c) Checks as per Para 2.4.1 above were applied to the extent relevant.

d) The payment is done after adjusting the recovery advices, if any, from government agencies / SAIL Plants / Units.

e) Proper authorization is assigned for making payments.

f) Whether bank account details of vendors are updated with proper authorization.

g) Whether the rights for amendment in vendor master are available only to Central Master Data Maintenance (MDM) team or not.

h) Whether the rights to update alternate payee is restricted to specific users finalized after discussions with key stakeholders.

i) Additional alternative risk mitigating controls are there in the form of maker and checker for each transaction.

j) No payments are made on photocopy / duplicate copy of required documents.

2.4.4 **Trade Advance**

Check and comment on the following:-

a) Payment of trade advance, if any, is as per PO terms.

b) Recovery / adjustment was made regularly as per PO terms.

c) If the trade advance was payable against Bank Guarantee (BG), whether such BG is obtained and the same is in order and in the prescribed Performa. Whether BG is kept & reviewed for renewal / encashment as per the prescribed system. Whether CMMG Guidelines on BG are followed.

d) On review advance ledger, the balances in the individual's accounts are not outstanding for long periods and that there is adequate follow up for expeditious settlement. Balances lying outstanding beyond the delivery schedule and also credit balances should be examined in depth.

e) There exists a system for periodical review of advance ledgers and balances are reconciled with the control accounts.

f) Confirmation of balance is obtained from different parties quarterly.

g) Trade advance, if any, is sanctioned by a Competent Authority and recovery is made at regular intervals as per terms.

h) Whether opening balances are duly posted in Advance Ledger and Sundry Creditors Ledger and the total of balances as per these ledgers tally with corresponding control account of General Ledger. If not, whether the differences are identified and reconciled.

i) Whether the balances in the Advance Ledger and Sundry Creditors Ledger are at a reasonable level. If the balances are high or show a continuous rising trend or can be co-related with certain supplies, the reasons for the same may be analysed and commented upon.

j) Whether correct Special GL indicators are used while accounting the advances.

k) Whether Special GL line items against the suppliers are regularly cleared at the time of making adjustments.

l) Balances which have not moved for more than the specified period as indicated in the policy. Audit may also suggest for Management action to approve and clear the balances.

2.4.5 **Review of Sundry Creditors**

Check and comment on the following:-

a) Whether there is a system of periodic review of Sundry Creditors Ledger. Reasons for debit balances appearing in Sundry Creditors Ledger should be asked for and unexplained debit balances should be scrutinized in depth.

b) Whether the Sundry Creditor Ledger balances are periodically reconciled with that of control account in General Ledger.

c) Whether confirmation of balance is obtained from parties quarterly.

d) Balances which have not moved for more than the specified period as indicated in the policy. Audit may also suggest for Management action to approve and clear the balances.

2.4.6 **Stores-in-Transit (SIT)**

Check and comment on the following:-

a) Whether the liability in respect of stores-in-transit is correctly provided for.

b) Whether the SIT has been regularized in the subsequent period after linking with the proof of dispatch / GRN.

c) Whether there is a system to lodge claims for uncleared SITs within the period prescribed by the carriers / insurance, to analyze the unlinked cases of SIT, for sorting of rejections and recovery of the amounts paid as advance or otherwise.

d) Whether very old and unexplained items of SIT are adequately provided for as per guidelines.

e) Whether all the materials received but GRN not prepared by the end of each quarter are taken as SIT.

f) Whether all materials for which advance has been paid are also taken as SIT at the end of each quarter.

2.4.7 **Liabilities**

Scrutinize the system of ascertaining the year end liabilities and verify that year end liabilities on account of escalation provided as per terms of contract like diesel, petrol etc. are properly accounted for.

2.4.8 **Material with Fabricators**

In case of materials sent to fabricators free of cost for fabrication, check and comment on the following:-

a) Whether regular debits are being received from Stores Accounts and are properly posted in the ledger.

b) Regular adjustments on the basis of receipt of such material after fabrication are being carried out.

c) Whether timely return of balance materials, scrap etc. has been ensured and properly accounted for.

d) Whether confirmation is obtained from the fabricators for the material lying with them at the end of each quarter and reconciled with the ledger balances.

e) Whether inventory held by a third party has been included in the inventory in the books of accounts.

f) Whether BG adequately covering the value of materials sent outside, is obtained with proper validity period as per the terms of the Purchase orders.

g) Whether relevant provisions of the GST Act and Rules are complied with while issuing and receiving the material.

2.4.9 **Claims**

Check and comment on the following:-

a) The system of lodging the claims to Insurance company due to any insurable event and review whether all the claims are lodged timely and with proper valuation.

b) Whether claims are lodged for all the discrepancies reported within the prescribed period to avoid their becoming time barred.

c) Whether amount received on settlement are properly accounted for.

d) Whether individual cases linked with advances to suppliers and necessary transfer entry passed, wherever required.

e) Where amount received in settlement of claim is less than the claim, whether disallowance of claim is examined and accepted under proper authority.

f) All relevant documents for settlement of claims have been sent and matter is followed up for settlement.

2.4.10 **Bank Guarantee (BG)**

Check and comment on the following:-

a) Prescribed Format for submission of BG along with list of banks from which BG is to be issued has been included in the Tender Documents. Tender terms to clearly indicate the value, validity period of BG and the name, designation, address, phone number of the officer in Ordering / Contractor Department to whom the BG is to be sent by the bank. BG to be sent by the issuing bank through registered post / courier.

b) BGs are received directly from the bank except in exigencies, when it can be received by hand to avoid delay.
c) Claim period is at least 2 months after the expiry of the original validity of BG or as per terms of the contract.
d) BG value & date are to be verified from the order / contract and whether CMMG Guidelines on BG are followed.
e) BGs and its amendments, if any, are sent by the Ordering / Contracting Department to the person designated for BGs in Finance Department.
f) Whether the Ordering / Contracting Department have kept complete records of the BGs pertaining to their respective department even though BGs are kept with Finance Department.
g) Person designated for BGs in Finance Department have kept computerized detailed record of all the BGs.
h) Finance Department have obtained written confirmation directly from the issuing Bank and the controlling office of the bank issuing the BGs / amendments, if any, with regard to the genuineness of the BGs / extension / amendments. Such confirmation to be informed to Ordering / Contracting Department.
i) Ordering / Contract Department have given clearance for supply / opening of LC only after information of verification of BG / amendment to BG is received from Finance Department.
j) Ordering / Contracting Department in consultation with Finance Department to indicate in the first week of every month the action to be taken for BGs expiring in the next 30 days. Actions include discharge / extension / encashment of the BGs.
k) In case Finance Department does not receive any specific advice from Ordering / Contracting Department for release / extension / encashment of BGs, the Finance Department without waiting for any further indication shall forward the BGs to the respective bank advising for extension of validity date, failing which encashment thereof.
l) Finance Department to tender BG for its extension / encashment at least 21 days before its expiry. Ordering / Contracting Department to take up for extension / encashment within one day of such intimation from Finance Department and on receiving the extension, the same should be forwarded to the person designated in Finance Department
m) In case the BG is to be encashed, Ordering / Contract Department should advice the Finance Department to encash the BG, indicating the amount to be recovered and the reasons thereof. Finance Department should lodge the claim for encashment of the BG with the bank within 5 days of receiving the advice. BGs to be submitted in person to the Head of the issuing branch of the bank for encashment and acknowledgement obtained. On encashment of the BG, Finance Department to inform the Ordering / Contracting Department.
n) On completion of the order / contract and clearance of all dues, Ordering / Contracting Department to advise the Finance Department to discharge the BGs.

2.5 Raw Material Accounts

2.5.1 Suppliers' Bills / Debit Advices

Check and comment on the following:-

a) Whether all suppliers' bills / debit advices are entered in separate register before passing.

b) Whether the quantity supplied and the rates charged are as per the Govt. Notification / Agreement / Purchase Order (PO), etc.
c) That quantity for which amount is paid is reconciled with GRN quantity.
d) That GST amount has been charged correctly and concessional rates wherever applicable have been availed.
e) Escalation claims have been admitted only on receipt of necessary proof. In case such claims relate to prior period supplies, proper accounting treatment has been given.
f) That liquidated damages wherever leviable, have been recovered.
g) Whether proof of dispatch (RR / Challan etc.), raw material analysis report and other documentary evidence as per terms of PO / agreement have been attached with the bills.
h) Whether advances already paid are adjusted against the bills.
i) In case of raw materials supplied e.g. raw coal, washed coal, boiler coal, Ferro manganese, Ferro silicon etc. bonus / penalty clauses are operated as per terms of the PO / Agreement.
j) Rebates / discounts have been fully availed as per the PO terms and conditions.
k) Proper reports / controls available for the Management to track the status of processing of Bills.
l) Whether SAP allows processing of invoice more than the GRN / PO value.
m) Whether the invoice is not parked and posted by same person.
n) Whether each invoice processed is backed by the quality certificate and other documents as required by the Purchase order and for other legal compliances
o) Whether all deductions have been applied as per the terms and conditions in PO like LD / Penalty, Bonus against Performance, Risk Purchase etc.
p) Whether advices for recoveries received from other Sister Plants or Central and State Governmental agencies like GST, IT, etc., the same are accordingly effected.
q) Whether any early payment was made to vendors without utilization of credit period as provided in the Purchase Order (PO) resulting in blockage of working capital and interest loss.
r) Whether suppliers' bills are passed without delay and on FIFO basis and as per the due dates, examine the control exercised in this regard.

2.5.2 **Issues**

Check and comment on the following:-

a) Whether issues are priced correctly on weighted average basis and reviewed periodically to avoid year-end adjustments. Examine treatment given to un-priced Store Issue Vouchers (SIVs).
b) Whether the absorption of raw material overheads is as per the relevant guidelines of the Accounts Manual.
c) Whether issue vouchers are received regularly from Raw Material Department, control serials are properly maintained and missing serials are taken up.
d) Whether postings in stock ledger in the system is complete.

2.5.3 **Unlinked Wagons**

Check and comment on the following:-

a) Whether the statement given by Traffic Department include cases where advance was paid, but GRN not raised.
b) Documentation and valuation of unlinked cases and its accounting is in order.
c) Entry in the unlinked wagons ledger and subsequent set off with either GRN or settlement with Sister Plants / Railways has been done.

d) Correctness of Journal Entries (JEs) passed for creation of liability on account of remaining unlinked wagons.
e) The system of clearance of liability for unlinked wagons is being followed.
f) Whether provisional Goods Received Note (GRNs) prepared against unlinked wagons have been reversed at the time of regularization with RR information.

2.5.4 Raw Material Stocks

Check and comment on the following:-

a) Refer to the stock verification reports and ascertain as to how differences between the balances as per the Raw Material Accounts Section records and the physical verification reports are adjusted. Check and comment on abnormal discrepancies, if any.
b) Whether raw material stocks are physically verified on quarterly basis and adjustments are done as per the timelines defined by Head office for period end closing.
c) Whether inventory held by a third party Conversion Agents (CAs) has been included in the inventory in the Books of Accounts.

2.6 Stores Accounts

2.6.1 Priced Stores Ledger (PSL)

Check and comment on the following:-

a) Normally there should be no credit balances in PSL. Examine and comment if there are any such credit balances.
b) All stores documents (i.e., GRNs, Issue Notes, Dispatch Notes, Material Return Notes, Provisional Adjustment Vouchers, Store Adjustment Vouchers, Book Transfer Vouchers) raised during the period are processed and accounted for.
c) Codification of Heads of account is correctly done.
d) Some cases of stores issued to one department, but subsequently transferred to other department. Verify whether proper Store Transfer Vouchers (STVs) are received from Stores in such cases.
e) Monthly PSL is updated and valuation of GRN is correctly done. Scrutinize some of the corrected entries, if any, where valuation was incorrectly done and check how effect is being given to PSL / consumption.
f) Total of PSL tallies with the control account in General Ledger. In case of difference check whether proper reconciliation has been done.
g) The method of pricing in vogue is correct and whether it is as per the Accounts Manual and is correctly followed.
h) Raw materials and non-ferrous metals included in price stores ledger are separated and transferred to appropriate Account heads.
i) If any differences are there between Bin Card balances, as per stock verifier’s report and PSL balances. Verify the age of such differences. Ascertain whether these are identified and reconciled periodically.
j) Weighted average rate price indicator is maintained against store material codes in the system
k) Standard price indicator is maintained against raw material codes in the system.
l) Appropriate GL codes are assigned against materials in the Material Master based on the classification of materials like stores, raw materials, etc.

2.6.2 **Provisional Adjustment Vouchers (PAV)**

Check and comment on the following:-

a) Necessary adjustment entries are passed in consultation with physical verification cell when PAVs are regularized by Stores Adjustment Voucher (SAV) or Book Transfer Voucher (BTV) duly approved by Competent Authority.

b) Lists of PAVs pending for regularization are available.

c) The values of pending PAVs tally with that of control account in General Ledger.

2.6.3 **Secondary Products (End Cuttings, Arisings, etc.) transferred from shops to store for sale / consumption**

Check and comment on the following:-

a) Necessary debit advice for transfer of secondary products from a shop to stores is received from sales accounts based on dispatch advice sent by the shop.

b) GRNs have been received for the entire quantity of debit advice. In case GRNs have been received for less or excess quantity, ascertain the reasons for such variations and the action to regularize the same.

c) Valuation of GRNs is made as per rates given in debit advice.

d) The balance in the suspense head through which the debits are passed by sales accounts and adjusted through GRNs becomes 'nil' at the year end. In case there is balance in the suspense head, the same is reconciled.

e) For transfers for internal consumption, transfer memos are prepared and copies sent to sales accounts, GST and costing sections with duty paid / unpaid remark as the case may be.

f) Reports are available to identify pending cases viz. materials sent by shop through Dispatch Advice but GRN not yet prepared by stores against those consignments.

2.6.4 **Material-at-Site (MAS)**

Check and comment on the following:-

a) MAS statements are received from all departments.

b) Compare the MAS statements with that of the previous year to ascertain that no new items have been added in the list other than the current year's materials, which were not shown in the earlier statement. In case some items have been added, ascertain the reasons for non-inclusion of such items in the previous year's list.

c) Check the system of reconciliation between physical and book balances and look into major discrepancies.

d) Check valuation of MAS and that items appearing in the MAS statement are physically verified by the stock verifiers.

e) In case shop subs-stores are configured as storage locations, ensure that consumption is booked at their end and materials are transferred from Main Stores to sub-stores through Stock Transfer Orders (STO).

2.6.5 **Slow Moving / Non-Moving / Surplus / Obsolete Items of Stores**

Check and comment on the following:-

a) List of such items with the help of CMMG guidelines and circulars issued by the Committee, constituted for declaring surplus items, from time to time to ascertain that all such items are included in the list.

b) Select a few high value items and trace the lacunae in the system and procedure which led to purchase of such stores and examine why these have become slow / non-moving / surplus or obsolete.

c) Adequate provision as per prevailing Accounting Policy has been made in the

Accounts for such items.

d) The age of the Non-moving items based on the classification as required in the accounting policy.

e) The provision against obsolete and non-moving inventory is done as per the periodicity defined in the policy and accounted to ensure accurate valuation of stock.

f) Suggest changes in the policy for providing against Obsolete and Non-moving inventory taking into account condition of inventory, storage facilities, usability and change in technology.

2.6.6 Dispatch Notes

Check and comment on the following:-

a) Various types of dispatches i.e. transfer of material to Sister Plants, transfer of material on loan, material sent to fabricators, material sent to supplier for repair / replacement etc. have been properly accounted for.

b) Valuation of dispatch notes and the corresponding accounting entries are done correctly.

2.6.7 Items Treated as Consumed on Receipt

Check and comment on the following:-

a) Whether necessary accounting entries are made as soon as GRNs are raised in case of items like Hospital Stores, medicines purchased, printing & stationery and other miscellaneous items which are treated as consumed on receipt.

b) Stock Verifier's Reports of such items and examine salient observations therein.

2.6.8 Items not included in Priced Stores Ledger (PSL)

In case certain items (Like items procured for construction or processed as an Investment Proposal Unit (IPU) case etc.) are not included in the regular PSL, test check that a separate stores ledger is maintained and apply the checks at para 2.6.1 above as may be relevant.

2.6.9 Absorption of Overheads

Check and comment on the following:-

a) Whether the stores overhead expenses are allocated at a rate pre-determined at the beginning of the year based on last year overheads and likely changes in the current year.

b) Working of such pre-determined rate and compare with actuals. Relevant guidelines in the Accounts Manual in this regard are followed.

2.6.10 Consumption Feedback

Check and comment on the following:-

a) Whether the statements of comparison of budgeted and actual consumption are prepared and sent by Stores Accounts to the concerned authorities.

b) Whether any abnormalities are pointed out for taking corrective action in regard to inventory limits and further planning for purchases / deliveries. Also check that the corrective action for the same has been taken.

2.7 Works Bills & Accounts

2.7.1 Running bills of contractors

Check and comment on the following:-

a) Examine the relevant contracts.
b) Security deposit has been furnished in advance in the form of a BG or any other form acceptable to the Company. Wherever such deposit has not been made, necessary deduction of security deposit is made from the running bills.
c) Hire charges of equipment lent on hire / cost of materials issued on recoverable basis are recovered as per contract terms and conditions. Examine that the system in this regard has inbuilt checks.
d) Income tax has been deducted at source and deposited as per provisions of Income Tax Act. In addition, check for GST etc.
e) Other statutory requirements like PF credit etc. have been fulfilled & required certificates are enclosed with the bill.
f) Payment for extra items is made after approval by the Competent Authority.
g) Mobilization advance / secured advance and advance for unmeasured bills are paid as per rules / provisions of contract.
h) Advance payment is not made on consecutive unmeasured bills.
i) Advances are duly adjusted from the subsequent payments.
j) Examine that the materials consumption statement submitted with each bill does not show any excess consumption with respect to estimates, all the materials issued have been accounted for and that the surplus or salvages are duly returned and accounted for.
k) All the empties are accounted for and returned to stores.
l) Test check the measurement books for the works measured.
m) Recoveries for any other facility / services rendered / stores and spares issued to contractor are duly effected as per the terms of the contract.
n) The essential requirements as per agreement have been observed. In cases of non-fulfillment / breach of the contract, such cases are properly pursued as per legal advice.
o) Escalation as per agreement is normally allowed up to the agreed delivery schedule unless specifically sanctioned for the extended period.
p) Measurement certificate has been given by the site engineer and test checked by competent authority as the case may be.
q) All deductions have been made as per the PO terms and conditions like LD / Penalty, Risk Purchase etc.
r) Certain recoveries are effected as per the advice received from other sister plants, Central and state government agencies like GST, IT etc.,
s) The bills are passed without delay and on FIFO basis and as per the due dates, examine the control exercised in this regard.

2.7.2 Final Bills

Check and comment on the following:-

a) Whether the work has been completed within time allowed and the Completion certificate and “No Claim” certificate from the contractor have been obtained.
b) Whether progressive payments have been accounted for and the final bill is in line with the agreement.
c) Liquidated Damages, if any, imposed are as per the agreement have been recovered in the final bill.

d) Completed work is within the approval & technical sanction.
e) Whether the contractor has vacated and handed over the Company's land given to him for use during execution of work.

2.7.3 **Security Deposit Refunds**

Check and comment on the following:-

a) The refund has been made after obtaining "no claim certificate" from the contractor and "no demand certificate" from the zone and as per zonal recommendation.
b) Refund has been made strictly in terms of the provisions of the contract.
c) Refund and adjustment of balances are executed and cleared through vendor accounts and vendor Sub-ledgers are updated accordingly.

2.7.4 **Accounting**

Check and comment on the following:-

a) Postings in contractor's ledger and works register are correct and records are up-to-date.
b) For departmental work proper records of materials and labour are maintained.
c) Check the following for purpose of quarterly and yearly closing of accounts:-
    (i) Promptness of receipt of documents and information.
    (ii) Verification of codes, heads of accounts, arithmetical accuracy of debits and credits.
    (iii) Regular reconciliation of Works Register with total of Contractors Ledger.
    (iv) Accuracy in posting of ledgers, sub-ledgers.
    (v) Basis of provision of outstanding liability at the quarter and year -ends.
    (vi) Provisional liability created during the quarter ends are reversed during the next period.
    (vii) Liabilities are reviewed regularly and old liabilities are written back as per the accounting policy after management approvals.
    (viii) Expenditures of a non-capital nature (e.g., repairs and maintenance) incurred against a capital project have been correctly capitalized and accounted in the books of accounts as per extent accounting policy.
    (ix) Period end liabilities are provided based on the cut off dates indicated in the account closing circular issued by the department.

2.7.5 **Fixation of Hire Charges, etc.**

Check and comment on the following:-

a) Fixation and periodical review of hire charges of vehicles / machinery are carried out.
b) Recovery rates for materials issued to contractors.
c) Fixation of rent of buildings is in order.
d) Accounting of recoveries and income against the above.

2.7.6 **Temporary Advances**

Check and comment on the following:-

a) There is no delay in the adjustment of advances taken by the employees.
b) Proper follow up is made for overdue outstanding advances, especially old lying unadjusted.
c) All the payment against advances are made to bank accounts.

d) Expenses are properly booked based on the bills.
e) Temporary advance is made to employees as per the DOP.
f) Monthly and annual limits.
g) Adjustments are cleared through employee accounts and system of recovery, if bills are not submitted.

2.7.7 **Deposits (Advance) against work done by others for SAIL**

Check and comment on the following:-

a) The deposit has been made with the approval of Competent Authority and is in line with estimates / agreement.
b) Expenditure details are being received regularly.
c) Unspent amount is refunded promptly.
d) The completion certificate authenticated by the concerned senior officer is obtained before clearance of the advances.

2.7.8 **Deposits for work done by SAIL for others**

Check and comment on the following:-

a) The deposit work has been undertaken with the approval of Competent Authority.
b) Deposit has been received in advance before the start of the work.
c) Departmental charges at prescribed rates have been levied and recovered.
d) Expenditure incurred is not more than the deposit received at any time.
e) Details of expenditure incurred are sent to the project owners regularly.

2.7.9 **Capitalization of Expenditure**

Check and comment on the following:-

a) Capitalization statements based on the Commissioning Schedule of the Project.
b) 'Work-in-progress' account head of each stage and comment on adverse / old balances, if any.
c) If project estimate is revised during the year, see that the adjustments to capitalized value of the Assets have been carried out as per the prescribed procedure.
d) Guidelines given in the Accounts Manual in regard to Capitalization, EDC and unallocated expenditure are complied with.
e) Any running projects against which expenditure is not incurred during the year, examine the status of the same.
f) Revenue expenses incurred against Major Capital repairs are capitalized as per the accounting policy and IND AS requirements.

2.7.10 **Other Items**

Check and comment on the following:-

a) BG are kept validated and claims, if any, are lodged / settled before their expiry.
b) The information received from other sections like Estate Accounts for recovery of rent, electricity, medical charges etc. from contractors is being recovered and adjusted.
c) The list of pending final bills is being prepared periodically and pursued with the zone for information and final settlement.
d) Whether following records are being maintained properly:
   (i) Contractors' ledger and Works register.
   (ii) Earnest money deposit register.

(iii) Security deposits register.
(iv) Bank guarantees register.
(v) Party-wise recovery ledger.
(vi) Ledger for materials issued to contractor.
(vii) Hire charges recovery ledger.
(viii) Miscellaneous recoveries register.

2.8 Sales Invoicing and Accounting

2.8.1 Sales Invoicing

Check and comment on the following:-

a) Release Orders (ROs) / Movement Plans (MPs) received are:-
   (i) Serially numbered;
   (ii) Received in time;
   (iii) Containing the crucial details such as Technical Delivery Conditions (TDC), Order Validity, Delivery Schedule & Finance Arrangements, Liquidated Damages etc.

b) Dispatch Advices (DAs) (preferably for each product) for verifying following points:-
   (i) The product, size (all dimensions), quantity, quality and other specifications are as per Movement Plan (MP).
   (ii) Product code, quality code, price code, name of the party, nature of transaction, GST code etc. are correct.
   (iii) It should be verified whether DAs for each product are separate and serially numbered and that invoices are raised for all DAs. A monthly reconciliation is to be done. Any missing DA be properly investigated to ascertain reasons.
   (iv) The annual dispatch plan is to be compared with the actual dispatches (monthly and year to date) & identify the reasons of variation (with special emphasis on special grade products).

c) Check Invoices along with DA's and MP's to verify the following:-
   (i) Name of the party, product specification, quality, quantity, nature of sales and GST category like IGST, CGST, SGST etc.
   (ii) That base prices are as per latest announcement
   (iii) (Unless otherwise provided for in RO) and extras charged correspond to DAs & Movement Plan.
   (iv) That rebates are as authorized by the Ros / concerned authority in CMO.
   (v) That invoices are serially numbered and bunched.
   (vi) Cancellation of invoices.
   (vii) Cancelled invoices are accounted for and be ensured that all copies of the cancelled challan-cum-invoices are kept at the originating place.

d) Invoice is to be prepared and sent out to customers / branches within the prescribed time limit from the dispatch of materials. Verify any delays in generation and posting / dispatching of invoices with reasons.

e) The test certificates and inspection certificates are noted in a register and linked with the DA. Also ensure that they are sent to the customer / branches with the invoices.

Exceptions, if any, to be examined.

f) Prices ruling on the day of dispatch (unless negotiated otherwise) are applicable. Examine the system of updating the Price Master. Cases of retrospective revision of prices may be looked into to satisfy that supplementary invoices have been raised without delay.
g) Changes, if any, in GST rates are given effect to promptly.
h) The dispatch and invoiced quantity to be compared with production to check for any unusual holding period. Check for any delays in dispatch after production.
i) There is a system of periodic reconciliation of total quantity invoiced with total quantity dispatched. Regular reconciliation amongst Shipping, Invoicing and GST Sections should also be there.
j) Reasons for raising supplementary invoices / credit notes should be properly investigated. DAs of BSOs for returned goods should be cross checked with Material Diversion Stockyard Advices (MDSA) / Credit Notes. Analyze MDSAs w.r.t. the reasons for diversions. Accounting accuracy of sales returns to be checked.
k) Reasons for sales returns to be analyzed along with its reasonableness. Check whether the sales return will have any adverse impact on SAIL brand image. System for maintaining & updating the price Master / circulars / office orders / clarification etc., be looked into for its effectiveness.
l) The system for acknowledgement of material dispatched to Sister Plants is in order.
m) Verify the journal entries passed by the section for sales.
n) Credit Notes to ensure accuracy and verify whether they are authorized by Competent Authority as per norms.
o) All the cheques / drafts received by the Sales Section are promptly sent to the concerned section.
p) Advance register run-outs are to be test checked to verify the posting of receipts, refunds and adjustment in regard to invoices raised. Tests check a few cases of refunds.
q) Monthly Stock-Cum-Sales Statements (SCSS) received from branch sales offices. Opening balances of stock should be cross checked with previous month’s statement. Receipt of materials should be cross checked with respective dispatch statements. Reasons for any abnormal excess / shortage of materials should be analyzed and check that these are properly accounted for.
r) Debit Advices in respect of transfers to Sister Plants are cross checked with Credit Advices received from Sister Plants.
s) Following points in respect of sundry debtors account are to be verified:-
    (i) Payments are received without delay. In case of delay, interest is to be charged as per MOU terms, wherever applicable.
    (ii) Payments for invoices negotiated through bank have been received within stipulated time.
    (iii) Sundry debtors account is reviewed and reconciled with the subsidiary ledger regularly and action for realization of outstanding is taken with parties / branches.
    (iv) Balance confirmation is taken from Sundry Debtors on quarterly basis.
    (v) Examine cases where earlier invoices are outstanding while latter ones have been cleared.
    (vi) Journal entries passed crediting or debiting the sundry debtor accounts have been duly authorized and supported by proper documents.
t) Short receipts against any of the invoices have been properly investigated and requisite action taken.
u) Provision made for doubtful debts is adequate and as per accounting guidelines

issued by Corporate Office. Any abnormal change with respect to previous years should be examined. Ascertain whether write-off action for bad debts is taken after proper authorization and on exhausting all possibilities of collection.

v) Review the status of customers' complaints.
w) The payments for statutory levies are made correctly and proper accounts thereof maintained.
x) Claim for missing wagons / trucks dispatched to customers / stockyards are lodged in time and the accounting thereof is as per SAIL Accounts Manual.
y) Material Diversion Stockyard Advice (MDSA) along with SCSS and ensure that proper accounting has been done.
z) Accounts of auction sales are maintained regularly. Ensure that interest on account of late payment, ground rent, penalty, etc. are being charged from customers. Ensure that terms and conditions of auction sale are being followed. Check a few cases of refunds to ensure correctness and authenticity.
aa) Valuation of closing stock and ensure that it is in accordance with SAIL Accounts Manual. Also check the valuation of internal consumption to ensure correctness.
ab) If advance is not received from buyers for secondary / scrap sale, whether approval for credit sale is there and they have been correctly accounted for.
ac) MIS on claims filed as well as recoveries and settlements with documented follow up action.
ad) The extent of manual intervention in Sales / Auction is minimal.

2.8.2 **Other points**

Check and comment on the following:-

a) Materials sent outside are fully covered by BG etc.
b) The system to ensure that Invoice is linked to the price master.
c) The system to ensure that rates cannot be altered while creating invoices.
d) Whether rights of amendment to price masters and to generate invoices are not with the same user.
e) Invoicing is linked to Sales Order and no changes are permitted at the time of invoice generation.
f) All materials moving out of plant is backed by a GST invoice and security validates the invoice / E-way bill before allowing the vehicle to move out or release the material through rail dispatches.
g) Rights for cancellation / deletion of invoices are restricted to authorized users only
h) Debit and Credit Notes in case of retrospective price circulars received from CMO.
i) The rights of posting Debit and Credit Notes are restricted to selected user groups.
j) Debit and Credit Notes are posted only against advice from CMO in case of prime products and Marketing in case of Non-prime products.
k) Memo received from CMO for price revision and compare the date of memo and price charged on sales order.
l) Price Master and Audit log for changes made in rates in the system.
m) The Authorization to update the rates in the sale order and invoice preparation is assigned to different agencies to avoid conflict of interest in their roles and have proper control.
n) Credit controls are available in the system prior to invoice generation.
o) Invoice could not be generated without required balance in the customer account either in the form of advance or credit terms in the agreement or through BG as updated in the credit control Area.
p) Rights for maintaining customer master and its amendment is available with the centralized Team and with proper authorization.

q) Receipts from customers are allocated accurately to their respective sale orders at the time of recording collections in the system.

2.8.3 Goods & Services Tax (GST)

1) General

Check and comment on the following:-

a) Customer is having valid GST Registration Certificate.

b) The rates of GST are charged correctly. Any change in rates of GST should be properly and promptly taken into account by updating in ERP / Accounting Module.

c) GST is not being charged in case of exempted parties / suppliers. Check such cases to verify terms and conditions and continuance of exemption.

d) GST amount is being deposited in time and correctly by way of filing monthly returns.

e) Particulars of GST deducted at source from contractors on works contracts are collected from different sections and deposited with GST authorities in time and correctly by way of filing of monthly TDS return.

f) In case of material diversion to stockyards, Credit Note is issued against the customer and fresh invoice is generated against the stockyard.

g) All the monthly / yearly returns of GST are submitted in time and are correct.

h) Review GST returns, assessment orders and pending assessments. Any abnormalities should be enquired into.

i) Refund of GST based on final assessment orders, export sales, etc., if any, has been adjusted and accounted for.

j) Adequacy of the internal control w.r.t. compliance / adherence to GST rules and procedures.

k) GST payable has been correctly computed with reference to Plant records and GST tariff.

l) Deposit of GST is made on monthly basis i.e. by the 20th day of succeeding month.

m) Total system of claiming of Input Tax Credit (ITC) and shortcomings, if any. Verify that all possible inputs services, capital goods are covered by declaration to GST authorities.

n) In all purchase orders and supplier invoices for items covered by ITC scheme, the applicable GST rate with relevant HSN / SAC tariff item is distinctly shown.

o) The input credits are being claimed correctly and without delay. Also, the details of all the inputs on which GST has been paid are received from Raw Material / Stores Departments and the figures are cross-checked by obtaining figures from the concerned Accounting Sections based on Goods Receipt Note (GRNs) raised / Services Tax etc., note.

p) Utilization statement of ITC against GST payable on finished goods and its reconciliation with control account balances.

q) Pending show-cause notices / adjudication cases and see that adequate attention is being paid to them.

r) Payment of GST is made through Cash Ledger Account (Electronic Cash Ledger).

s) In case of exports, preparation of Export Invoice under NIL GST / concessional GST, their control and submission etc. may be verified with LUT filed with GST Authority.

aa) Reconciliation of control account for duty drawback benefits on export sales is done.

ab) Payment of GST / through E-Treasury challan on due dates w.r.t deposits under protest, pre-deposits, export surplus diversion to home sales, etc..

ac) Reversal report for rejections, returns, internal consumption.

ad) The GST / customs duty element is not capitalized and accordingly no depreciation is charged on the GST / customs duty element wherever ITC is availed.

ae) In the cases where ITC is claimable, it is claimed and GST is not charged to revenue.

af) Filing of return of material issued for job work and return back are done on monthly basis.

2) Control

Check and comment on the following:-

a) Correct GST rates are applied for correct computation of GST payable.

b) All transactions where GST credit is available is captured completely and accurately to ensure correctness in computation of GST payable.

c) ITC applicability indicators are maintained against the material codes / service codes and the cost centers in the system.

d) Materials sent outside Unit on returnable basis (testing / job work, repair etc.) are backed by GST invoices and treatment of GST payable over non-receipt of the same within the due date.

3) Compliance

Check and comment on the following:-

a) Total summary figures as per GSTR-3B are reconciled with the total of the Outward Invoices as per GSTR-1 for a particular month.

b) The amount of ITC as per GSTR-3B is reconciled with details mentioned in GSTR-2A / GSTR-2B to ensure that the Plant / Unit is not claiming excess ITC.

c) Particulars and format of Invoice is in compliance with the requirements as per GST Invoice Rules / E-Invoice Rules.

d) Invoice payment date against the invoice issue date and ensure that payment of Invoice and GST amount is made within 180 days from the date of Invoice. If the payment amount is less than invoice amount plus GST, then ITC to the extent of short payment has been reversed on timely manner.

e) Details mentioned in the e-way bill match with the details of sales or purchase invoice as the case may be.

f) Amendment of invoices at summary level in GSTR-1 by filing GSTR-1A, in case of mismatch between the GSTR-3B and GSTR-2A / GSTR-2B.

g) Correct application of abatement, if any, under GST rules and verify the correctness of vendor tax code master to ensure correct payment of GST to vendor.

h) Correct application of Reverse Charge Mechanism (RCM) under GST rules and verify the correctness of vendor tax code master to ensure correct payment of GST.

i) Various returns are filed as per respective due dates.

In addition, the GST audit check list issued by ICAI, from time to time may be referred during the course of Audit on GST transactions. GST being in evolving and stabilization mode, changes in the law and the corresponding rules would be frequent necessitating continuous review of check list.

2.8.4 **Sales Accounting**

Check and comment on the following:-

a) Monthly sales allocation calculation from CMO and its related accounting at the Plant level.
b) The Report for "Post Goods Issue (PGI) / dispatches done but invoicing not done" at the end of each quarter for proper accounting at the Plant level.
c) The last invoice based on the date captured on the lorry receipt or railway report.

2.9 Freight Payments

There are three types of payment of Railway freight as under:-

a) Freight "to-pay" i.e. freight is paid for inward consignments at the receiving end.
b) Freight "pre-paid" – consignors pay the freight at the time of dispatch of consignment and
c) "Weight only" freight is billed by Railways. Surcharge at the rate of 5% on the basic freight is not payable in the case of consignment booked under "pre-paid" and "weight only" systems.

All the materials booked including inward and outward dispatches are on Freight "pre-paid" basis. For smooth functioning of system, a tripartite agreement between different Railways, SAIL and bank is made under which a dedicated bank account is opened to handle inward and outward dispatches separately.

2.9.1 General

Check and comment on the following:-

a) Each purchase order is specific in respect of stipulations relating to onus of payment of freight, the mode of transport, size and types of material etc.
b) Full capacity of a wagon / truck is utilized to avoid dead freight.

2.9.2 Demurrage Payments

Check and comment on the following:-

a) Demurrage payment should not be a regular feature in case of consignments of a particular location. If so, whether the matter has been examined by the Traffic Department to see that demurrage is not incurred due to operational deficiency. Examine the corrective action taken.
b) Demurrage payment should be made only after adjustment of free time for loading / unloading of wagons, for cleaning of tank wagons and other allowances like terminal allowance, bunching allowance, consistent good performance allowance, credit / debit hours etc.
c) Demurrage payment is correct with reference to available data and made within the stipulated time by Railways.
d) The records concerning detention of wagons are scrutinized to see if any avoidable demurrage has been incurred.
e) Whether waiver of demurrage has been taken up with CA in Railways.

2.9.3 Freight Bills

Check and comment on the following:-

a) Freight bills received from the Traffic / Raw Materials Department are verified promptly and the discrepant bills are returned to departments listing the discrepancies in rates, quantity, etc.

b) After the implementation of tri-partite agreement for payment of inward and outward freight, all the discrepancy with respect to freight charges are identified through Freight Operation Information System (FOIS) and subsequent claim against respective Railways is lodged within the stipulated time allowed for lodging the claims with Railways.
c) Bills are checked and passed for payment by the Competent Authority within the allotted time.
d) Freight is paid by shortest route / rationalized route.
e) Reference has been made to Zonal Railways for disputed amount of bills within stipulated period of submission of bills.
f) Freight is booked on Train Load basis, wherever applicable, instead of on Wagon Load basis as freight rates for Train Loads are cheaper compared to Wagon Loads.
g) Railway tariff classification is correctly adopted.
h) Clubbing of the Wagon Loads and clubbing of different commodities are resorted to with a view to avail freight payment on Train Load basis as far as possible without involvement of demurrage.
i) Incidence of dead freight, if any, with reasons thereof.
j) Total of the credit notes-cum-cheques issued in a particular month tallies with the cash abstract.
k) Total of the freight appearing in FOIS system reconcile with the debit against the dedicated bank accounts opened separately for inward and outward dispatches. Railways has authorized SAIL to access the FOIS system to extract all the details of RR, Bank reference no. against which freight is received by Railways etc.,
l) Mistake in bills under "weight only" freight system are pointed out to Railway Authorities for making adjustment in subsequent bills and whether these have been done.
m) In case of outward consignments, Railway prepares freight demand note for dispatch of consignment on freight paid basis and hands it over to Traffic Department. Traffic Department in turn checks the demand note and certifies that the amount of freight billed is as per RRs handed over to PPC / SC and booked as paid. It has to be checked whether this certificate is recorded on the demand note before payment.
n) As per the requirement of dispatches, traffic department raises forwarding note on Railways. regarding number of wagons, destination details and type of commodities etc.,
o) Demand notes are paid after verifying distance, rate, chargeable weight, etc.

2.9.4 **Freight Claims**

Check and comment on the following:-

a) Consistent efforts are made to eliminate / minimize losses / demurrages and overcharges.
b) All claims with Railways have been lodged within stipulated time and are properly pursued till their final settlement.
c) Amount of claim lodged is based on the supporting data and the requisite documents are attached to the claim in the first instance itself.
d) Pending and unsettled claims reflected in the records of Traffic Department and reconcile them with the schedule of claims in Accounts Department.
e) Fully / partly rejected claims are put up to higher Management for decision to drop the claim or to pursue further.
f) Trend of outstanding claims and evaluate the adequacy of follow up action in respect of pending claims. Verify the status of claim with Railway Claim Tribunal (RCT).

g) Accounting entries of claims at the time of their lodgment / settlement / rejection.

2.9.5 Road Transport Contracts

Check and comment on the following:-

a) Whether records are being maintained properly in respect of each transport contractor.

b) Few of the major Road Transport contracts from the invitation of tenders to finalization are in order.

c) Proper records of shortage of material in transit are kept and recovery of the cost of material is effected from the transport contractor, wherever applicable.

2.10 Insurance

Following types of insurance coverage are generally taken by SAIL:-

a) Marine-cum-Erection Insurance Policy: It covers risk against loss from the point of dispatch of Plant & Machinery as well as equipment by supplier at abroad as well as in India till its erection and trial run.

b) Storage-cum-Erection Insurance Policy: It covers the risk against loss in storage at Plant till erection, in case stores & equipment has been supplied on F.O.R. destination basis duly insured and also where part of the stores & equipment are to be made available for erection from own stores.

c) Fire Insurance Policy: It covers risk of loss / damage of Plant & Machinery and Stores of operation wing against fire.

d) Explosion Insurance Policy: It covers Plant & Machinery as well as equipment against the risk of loss due to explosion.

e) Break down Insurance Policy: It covers Plant & Machinery as well as equipment against the risk of loss due to premature / abnormal break down.

f) Transit Insurance Policy: It covers all risk of loss due to theft, pilferage, fire, damage, accidents etc. from dispatch at supplier’s premises till destination (at Plant stores).

g) Electronics Insurance Policy: It covers risk against damage of electronic equipment of plant particularly C&IT Department and Plant Process Control.

2.10.1 Check Points

Check and comment on the following:-

a) The policy of the Company / Plant / Unit in regard to insurance coverage.

b) Study the contract files, lease files and relevant correspondence files of claims section to ascertain that the section is aware of the risk which the assets being dealt with are exposed to and also knowing the extent of insurance coverage. Some of the policies / insurance covers be test checked to ascertain that their types, limits etc. are in agreement with the Company’s policy.

c) The amount of cover should commensurate with the value of insured assets so that average clause or pro-rata clause is not invoked in case of claim.

d) Review and test check the procedures / practices being followed by the section to ensure that:-

   (i) There is proper control on renewal of policies.

   (ii) System exists for declaration to insurance companies for in-transit items.

   (iii) Action for renewal of policies is taken well in advance to permit changes, whenever and wherever necessary.

   (iv) Invoices for premiums are reviewed and approved by the Competent

Authority before payment.

e) Check the amount of premium and its treatment in accounts.
f) Check whether all insurable assets acquired have been duly covered by insurance and similarly assets written off during the year are excluded from the list.
g) Check that all assets under construction are duly covered by insurance either by SAIL or contractor as the case may be.

2.10.2 Insurance Values

a) Check the procedure being followed and forms being used to collect details of insurable coverage / values from concerned departments.
b) Examine some of the reports submitted to Insurance Companies to:-
   (i) Ascertain the manner of linking the original cost of assets with the insurable value.
   (ii) Ascertain change in insurable value is adjusted in the insurance.

2.10.3 Discount on Premium

Insurance companies pay some discount on complying with Tariff Advisory Committee's requirements. Examine whether that discount is being availed or not.

2.10.4 Claims

Check a few cases of current and complete claim files beginning with original reports of loss and following through the final settlement of claims which are closed. Due attention is to be given to compliance with policy and procedures with regard to:-

a) Promptness in reporting of loss by the concerned department.
b) Completeness and accuracy of documentation.
c) Values claimed in relation to terms of insurance policy.
d) Reduction of losses through recovery of salvaged material.
e) Accountal of realized claims.
f) Accounting treatment of pending and closed claims.
g) Accounting treatment of rejected / partially rejected claims.
h) Follow up action on pending claims.
i) Appraise the procedures for the reporting of accident and losses by operating departments to claims section.
j) Provisions of insurance company are being complied with.

2.11 Personnel Payments

2.11.1 Time Office

Check and comment on the following:-

a) All punching machines at Time Office function properly in as much as clocks show correct time and printing of the machine is clearly visible.
b) Service contract for maintenance of Punching machines are in place.
c) Daily Attendance Reports (DARs) are coming regularly from the concerned departments and test check sample cases w.r.t. their correct entry and advice for correct payment of salary and wages.

d) The leave of employees, as advised by the department through DAR, is correctly recorded.
e) The incidence of supplementary attendance in exceptional cases is satisfactory.
f) The leave of an employee is intimated to Time Office within the prescribed time limit from the date of sanction of leave.
g) Presentee statement is prepared properly and over writings, crossing, corrections are genuine and duly authenticated.
h) There is control over all duplicate cards issued in place of missing ones, the word DUPLICATE is clearly written on it and a separate register is maintained for such cards.
i) Cards punched starting with the presentee statement and note if there is any case where a presence was recorded but the card was not punched.

2.11.2 **Salaries & Wages**

Check and comment on the following:-

a) The system of preparation of salary bills is foolproof and satisfy that there is no lacuna in it.
b) Salary bills for a month, particularly the variable data for the month and its incorporation is in order.
c) Internal controls exists to eliminate any unauthorized entry in the salary bills and changes in the salary with reference to the previous month. All incentives and increase in salary should be traced with the original orders / service records.
d) Accounting of the salary bills and salary suspense accounts are carried out for prompt clearance.
e) Correctness of payment of annual bonus / ex-gratia / PRP.
f) Delay in recovery or non-recovery of employee advances by checking with the Schedule for recurring deductions and Adhoc additions / recoveries from Payroll Team
g) The attendance sheet received from time office is reconciled with the input made in the system.
h) Salary input and computation sheet as per system are accurate and correct w.r.t. of computation.
i) Salary payroll sheet received from payroll team is reconciled with salary cost booked in SAP.

2.11.3 **Leave Encashment**

Check and comment on the following:-

a) No employee is allowed leave encashment more than once in a financial year.
b) Leave applied for encashment does not exceed the permissible limit.
c) Leave encashment records have been properly maintained and entries have been recorded in proper form.

2.11.4 **Tax Deducted at Source (TDS)**

Check and comment on the following:-

a) Deposit of TDS is in agreement with the total of the schedule of TDS.
b) TDS is deposited within the time prescribed under the Income Tax Rules from time to time.
c) All the returns to the tax authorities are submitted in time as per the Income Tax Act / Rules.

2.11.5 **Remittable Deductions**

Check and comment on the following:-

a) Deductions from salary are correctly classified and remittable deductions viz. Provident Fund, Pension Fund etc., are remitted to the concerned agencies as per the relevant provisions / agreements.
b) Deductions against Company advances / loans are intimated to the Central Accounts Section along with the schedules promptly and regularly.
c) Verify that claims for commission on deduction / deposits of money under the Cumulative Time Deposit (CTD) / Recurring Deposit Schemes are lodged with the National Savings Commissioner, realized promptly and correctly accounted for.

2.11.6 **Final Settlement**

Check and comment on the following:-

a) Correctness of calculations including voluntary retirement compensation, gratuity, leave encashment etc.
b) The file contains "no dues" declaration from all the departments mentioned in the separation order.
c) All dues, as intimated by the departments, are deducted from the final settlement.
d) In all cases of final settlement, presentee statement has been received by the Pay Section. If the file was processed without such statement, whether the same was linked later on at the time of finalizing the case.

2.11.7 **Tour Advance for Undertaking Official Tour / On Transfer**

Check and comment on the following:-

a) TA advance applications are accompanied by an approval by the competent authority in the required format.
b) Examine that normally the advance drawn does not exceed the actual entitlement and that second advance is not given unless account of the previous advance is rendered.
c) TA advances for journey on transfer to another station should be linked with the transfer order and the dependents list filed by the employee and accepted by the competent authority.

2.11.8 **Tour Bills**

Check and comment on the following:-

a) All TA bills are submitted within a month from the date of completion of journey. In case there is any TA advance outstanding for more than a month (more than six months in the case of transfer), check whether necessary action has been taken to deduct the advance from the salary of the employee.
b) Statement of advances drawn by the employees from other Units of SAIL while on tour is available on time. Verify that all such advances have been properly adjusted in TA bills.
c) If the actual claim in the TA Bill is less than the TA advance drawn, the unspent amount has been deposited in Cheque / DD / Online immediately along with the bill.
d) In cases where advance was drawn but tour / transfer could not materialize, see that the amount of advance was deposited back without delay.
e) TA bills are correctly passed as per the current TA Rules.
f) Schedule of TA advances are scrutinized regularly. Inquire into the reasons for credit balance, if any.

g) Advances outstanding against employees transferred to other Units of SAIL are transferred to transferee Unit with full details immediately after the transfer.

2.11.9 **LTC / LLTC Advance / Final Bill**

Check and comment on the following:-

a) The orders are issued as per Rules.
b) In a few cases that the employees have not enjoyed the facility more than what is available as per rules.
c) Employee has taken leave for a period of not less than 6 days inclusive of weekly off and closed holidays as per LTC application form.
d) LTC / LLTC is availed for only those family members who have been declared as dependents and accepted by the competent authority in accordance with rules.
e) The taxable amount of LTC / LLTC availed by an employee is correctly considered for inclusion as perquisite for the purpose of normal tax computation.

2.11.10 **Medical Advance / Medical Reimbursement**

Check and comment on the following:-

a) Advance for medical treatment is given only in accordance with the recommendation of the Plant Hospital and sanction of the Competent Authority.
b) Medical advances of over ₹5,000/- to satisfy that in no such case advance is released without medical advance order issued by coordination department, communicating approval of Competent Authority.
c) Final medical reimbursement bills are submitted within three months from the date of drawl of advance. Scrutinize the medical advance ledger maintained to make sure that no advance is outstanding for more than three months, unless, otherwise approved by Competent Authority.
d) Final bills are countersigned by the controlling officer of the claimant, wherever called for, and that the claim for consultation, laboratory and pathological tests, room rent etc. have been admitted as per applicable rules in the Plant / Unit.
e) The cost of treatment of non-entitled patients, under guarantee of SAIL employees, is being recovered regularly from the salary of guarantor, wherever applicable.

2.11.11 **House Building Advance / Advance for Purchase of Vehicle**

Check and comment on the following:-

a) Existing advances, if any, have been sanctioned by the Competent Authority in accordance with the rules.
b) Sanctions are specific as to the amount of advance, conditions to be fulfilled, rate of interest applicable, number of installments in which to be recovered, date of commencement of recovery and the last recovery month / period.
c) Recoveries are being made in accordance with the terms of sanction.
d) Internal controls for timely recoveries are adequate.
e) Computation of interest on advances and recovery thereof are in order.

2.11.12 **Records and Provisions**

a) Verify that balances in subsidiary ledger / register tally with general ledger.
b) Check the accounting of payment of compensation for voluntary retirements.

2.11.13 Centralized Pay Roll System (CPRS)

Ensure that all Payment / remittance to various agencies under the CPRS system is made as per their respective due dates and accounting thereof has been done within the reasonable time.

2.12 Estate Accounts

2.12.1 Raising of Bills & Accounting

Check and comment on the following:-

a) Bills are raised for rent, electricity charges, service charges, water charges etc. for all quarters allotted to outside agencies, like non-employees, public sector undertakings, Govt agencies, etc. and compare the invoices with list of such quarters.
b) Serial number of bills raised is maintained and bills are raised correctly.
c) Monthly IT print out totals of all bills match with sundry debtor's ledger.
d) Monthly receipts are as per the bills raised to ensure that the amount realized is as per bills.
e) Review the sundry debtors with regard to the following:-
    - That total of sundry debtor's ledger tallies with that of control account in general ledger.
    - That the realization position is satisfactory.
    - In case of delays in realization, system and extent of follow-up should be looked into.
    - The age-wise balance of sundry debtors should be checked to have a comparative analysis of outstanding dues of bills.
    - Whether appropriate bad debts provision has been made in the accounts as per the extant guidelines.

2.12.2 Collections

Check and comment on the following:-

a) All collections from outsiders are deposited in to the bank at regular intervals as per prescribed time schedule.
b) Security deposit / caution money, wherever required, is deposited in time and as per the rules.
c) Refund of security deposit / caution money is made only on fulfillment of the terms and conditions of the agreement / contract and on advice from the concerned agency.
d) Review of old balances lying in EMD / Security Deposit and action for follow up.

2.13 Central Accounts

Central Accounts Section deals with the following activities:-

a) Preparation, maintenance and scrutiny of Books of Accounts.
b) Compliance and follow up of all statutory and other requirements in connection with Accounts, Audit and TDS.
c) Monthly actual working results and MIS reports.
d) Compilation of Quarterly / Annual Accounts and getting it reviewed / audited by

Statutory and Government Auditors.

2.13.1 **Preparation, Maintenance and Scrutiny of Books of Accounts**

Check and comment on the following:-

a) All Books of Accounts are maintained as per the provisions of the Companies Act.
b) All manual JVs from different sections are controlled through the serial numbers before sending them for punching. Examine the internal control for accounting of all manual and computerized JVs for the relevant month.
c) Edit lists are checked and necessary corrections got done by the sections concerned.
d) Appropriate steps have been taken to clear balances in Suspense Account.
e) The system to get all JV's accounted for in the ledger is perfect.

2.13.2 **Compliance and Follow-Up of all Statutory & other requirements in connection with Accounts, Audit and TDS**

Check and comment on the following:-

a) Provisions of Schedule-III of the Companies Act, 2013 & SEBI Act, 1992 have been complied with in the compilation of accounts.
b) The systems and procedures laid down for preparation of quarterly / annual accounts including schedules thereto and notes forming part of the Accounts are adequate.
c) The fixed assets registers and relevant details have been maintained as per requirements of Companies Auditor's Report Order (CARO), 2020 notified by the Ministry of Corporate Affairs (MCA) on 25.02.2020.
d) Procedures for physical verification of Fixed Assets are adhered to and ensure that this has been complied with. Ensure that the discrepancies are adequately and properly adjusted within reasonable time and with due approvals.
e) Depreciation on tangible assets and investment property is provided on straight line method considering residual value of 5% of the cost of asset, over the useful life of assets, as specified in Schedule-II of Companies Act, 2013, except in the case of Factory Buildings, Plant & Machinery, Water Supply & Sewerage, Railway Lines & Sidings and components thereof, where useful life is determined by technical experts considering the Company's policy and note disclosed in the financial statement in this regard.
f) Technical evaluation reports carried out by external technical experts, if the useful life adopted are different than the useful life prescribed under Part C of schedule II of the Companies Act, 2013 and the same is disclosed in the notes to financial statements.
g) Whether the obsolete and idle fixed assets are taken out of fixed assets register and transferred to current assets at lower of written down or assessed realizable value. Also ascertain whether difference between depreciated book value and the assessed realizable value is adjusted as terminal depreciation.
h) Provisions made on account of Gratuity Payable.
i) Applicable Accounting Standards are being followed consistently.
j) Adequate steps have been taken to comply with the requirements of Section-44AB of the Income Tax Act.
k) With respect to TDS, the following may be checked:-
    (i) Whether correct TDS rates are applied for ensuring correct computation of tax. This review includes concessional TDS rate applications also.
    (ii) Whether TDS rate master is maintained at vendor master level correctly classified, based on the nature of deduction.

(iii) Whether tax master is updated as per the latest rules and amendments.
(iv) Whether all transactions where TDS payable is applicable is captured completely and accurately to ensure correctness in computation of TDS liability.
(v) Whether all transactions where TDS receivable is applicable is captured completely and accurately to ensure correctness in computation of Advance Tax liability.
(vi) Compliance to due dates for all statutory payments.
(vii) Timely filing of TDS returns
(viii) Litigation tracker is maintained for the timely filing of submissions

2.13.3 **Monthly Actual Working Results and MIS Reports**

Check and comment on the following:-

a) The basis of calculation is reasonable. Are all the figures on actual booking as per ledger? If not, on what basis estimates are made? Check the efficacy of assumptions / estimates.
b) System of reconciling the monthly actual working results with profit and loss as per Cost Accounts is existing.
c) Debits / credits on other Plants / Units are raised / responded expeditiously.
d) There exists a continuous process of reconciliation of Operational Remittance (OR) / Inter Unit Control Account (IUCA) balances with that of other Plants / Units.
e) Any balances lying in suspense account due to non-acceptance of advices by other Plants / Units or for any other reason and steps taken to get them cleared.

2.13.4 **Quarterly / Annual Accounts Audit**

a) Review the minutes of Heads of Finance meeting and ascertain the decisions on accounting treatments and policies. Check that these have been consistently followed.
b) Study the reports of Statutory and Govt. Auditors on the accounts of the Plant / Unit and the Company. Ascertain that follow up actions have been taken to avoid repetition of such observations.
c) Study the reports issued by the Auditors under Section 143 of the Companies Act, 2013 and check that the assurance given to Statutory and Government Audit have been properly followed up.

2.13.5 **Illustrative Checklist for Quarterly Closing of Accounts – Test**

Check and comment on the following:-

a) Codes and its grouping account is as per authorized Chart of Accounts.
b) Compliance of the cut-off date.
c) All the closing entries have been passed.
d) Provisions created for its accuracy i.e., over provision / under provision and reasonableness of the estimate.
e) Party-wise / Age-wise analysis of Sundry Debtors, Advances, Claims Recoverable, etc. Analysis of Advance from Customers (AFC), Sundry Creditors, EMD, SD, etc.
f) Stock reconciliation with respect to purchase, Production consumption, Sales etc.
g) Consumption entries passed and the calculation thereof with the weighment.
h) Physical verification report of inventory (and its process), coverage and adjustment of shortage / excess.
i) Expenses have been booked as per the policy / guidelines.
j) Fixed Assets Schedule, Capital WIP, Physical Verification Report and Calculation of

depreciation are in order.

k) Inventory valuation of Goods-in-transit, non-moving inventory, etc., are in order.
l) Review of odd balances, if any.
m) Certificates of stock lying with Third Parties are available.
n) Outstanding undisputed liabilities in respect of statutory dues are properly accounted and reconciled.
o) Notes on Accounts including accounting policies, contingent liabilities are complete.
p) Interest on cash credit, bonds, loans.
q) Fixed deposit schedules & physical verification of FDRs.
r) Dividend accounts and its operation.
s) Bank reconciliation.
t) System of e-payments and it internal control.
u) Contingent liabilities.
v) Acceptance / origination of all Debit Advices, Credit Advices and IUCA reconciliation.
w) Customer and vendor account confirmations are sought quarterly as per the policy and whether the variances are properly reviewed and reconciled.
x) Bank reconciliation statement is prepared on monthly basis and correct Bank balances are reflected in the Books of Accounts.
y) Balances have been confirmed from the Bank.
z) All the intermediary suspense accounts have been cleared and the balances are correctly reflected in the Books of Accounts.

2.13.6 **Maintenance of Assets Register**

Check and comment on the following:-

a) Assets are classified under correct categorization as per the Companies Act, 2013.
b) Locations are updated against each capital asset in the asset register.
c) Physical verification is done to cover all assets once in 3 years or as per the policy as amended from time to time.
d) Necessary corrections are made in the Asset register as per the observations of the physical verification report.
e) Access to create assets are restricted only to user groups authorized for this purpose.
f) Access to decapitalize and retire assets are restricted to only to user groups authorized for this purpose.
g) Movement of assets with change in the location has been properly recorded in the Asset register.

2.13.7 **Depreciation accounting**

Check and comment on the following:-

a) Depreciation / Amortization is charged in accordance with the Companies Act, 2013 and IND AS 16 (Property, Plant and Equipment) and the Company policy disclosed in this regard.
b) Correct useful life and scarp value is assigned to respective assets.
c) Depreciation run is being done periodically at the end of every month.

2.13.8 **Impairment of Assets**

Check and comment on the following:-

a) Impairment of Assets is done in accordance IND AS 36 (Impairment of Assets) issued by the Institute of Chartered Accountants of India.
b) Guideline for Impairment framed by the Management and the Minutes of the Impairment Committee
c) Meetings of Impairment committee are regularly conducted to identify idle assets

and decide on impairment value based on policy.

d) Whether mention of IND AS 105 is required.

2.13.9 **Disposal of Assets**

Check and comment on the following:-

a) Disposal of assets and their related adjustments are correctly recorded in the relevant asset accounts and Fixed Asset Register.
b) Approval is obtained from Write-off committee for any asset put into disposal.
c) Write-off amount based on Assessed Value and the book value as indicated in the write-off report.

2.14 **Operation Budget and Cost Accounts Section**

2.14.1 **Budgetary and Cost Control**

Check and comment on the following:-

a) Procedures laid down for collection of data, collation and preparation of Operation Budget as laid down in the Operation Budget Guidelines issued by Corporate Budget group are being followed.
b) Budgetary allocation vis-à-vis actual expenditure on various items. Approval as per DOP to be checked in cases where budget allocation has been exceeded.
c) Standard, monthly and annual cost statements have been prepared in accordance with the provisions of Cost Manual.
d) Variance analysis reports with reference to the standard cost and actual cost have been provided to the concerned HODs promptly and discussed for identification of corrective action. Verify the follow up action taken.
e) Basis of allocation of overheads are consistent.
f) Procedure for budget revision, documentation and approval.
g) Preparation of cost sheet.
h) Reconciliation between the cost and financial accounts is correctly made periodically.

2.14.2 **Stock Valuation**

Check valuation as per prevailing accounting policy detailed below:-

Raw materials, stores & spares and finished / semi-finished products (including process scrap) are valued at lower of cost and net realizable value of the respective Plants / Units. In case of identified obsolete / surplus non-moving items, necessary provision is made and charged to revenue. The net realizable value of semi-finished special products, which have realizable value at finished stage only, is estimated for the purpose of comparison with cost.

a) Review whether the inventory is valued as per the accounting policy and as per IND AS 2.

Residue products and other scrap are valued at estimated net realizable value.

The basis of determining cost is as under:-

Raw materials – Periodical weighted average cost.

Minor raw materials – Moving weighted average cost.

Stores & spares – Moving weighted average cost.

Materials in transit – at cost.

Finished / semi-finished products – material cost plus appropriate share of labour, related overheads and duties.

b) The latest accounting policy in this respect may be followed.

2.14.3 Profitability Analysis and MIS Reports

a) Review the products profitability statements prepared based on standard cost and actual cost and their reconciliation with the operations budget / financial accounts.
b) Ascertain the basis of calculation of daily profitability and ensure that all known adjustments have been taken into consideration in arriving at the profit / loss. Check the extent of variation between the forecast cumulative daily profit and the actual profit on monthly basis.
c) Appraise the adequacy of interfacing of the costing and financial accounting system, method of reconciliation between the two systems and the use of one as a cross check on the other.
d) Evaluate the effectiveness of cost control measures in production, administration and other areas.
e) Ascertain the correctness of different financial and cost data submitted to Management and suggest on possible improvements.
f) Verify that the requirement of Cost Accounting Records Rules as applicable to the company under Section 209 (1) (d) of the Companies Act, 1956 (Section 128 of the Companies Act, 2013) have been duly complied with. Also, ensure that the detailed information which is required to be included in the Annexures to the Cost Audit Report under Section 233 B of the Companies Act (Section 148 of the Companies Act, 2013) has been duly maintained.

2.15 Direct Taxation

The main functions of the Taxation Group at the Corporate Office are as under:-

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a) Co-ordination, consolidation, getting Tax Audit done where required and filing of income tax / wealth tax returns.
b) Obtaining ‘no objection certificate’ from income tax department, wherever necessary, for making remittances of fees for technical services / documentation / royalty etc. and arranging tax payments.
c) Getting assessments of income tax finalized.
d) Filing and pursuing appeals against Income Tax Assessments as may be required.
e) Estimating the income tax liability and making advance tax deposit including Minimum Alternate Tax.
f) Rendering advice on income tax etc.

2.15.1 Checklist for Direct Taxation

a) Whether the returns of income tax / wealth tax have been submitted as per prescribed formats and time schedule.
b) Check the tax computations.
c) Whether appeals in income tax / wealth have been filed in time, wherever necessary.
d) Appraise the follow up on appeal cases.
e) Check that refunds allowed, if any, have been collected expeditiously.

2.16 Project Finance

Check and comment on the following:-

a) All the expenses related to a project are being identified accurately and accounted correctly including advance, if any.

b) If there is adequate control over project payments (specially where the invoice verification process is not automated i.e. there is no three way check between the PO, GRN and Invoice).
c) Whether there is adequate control over the running bills.
d) Whether all the payments are approved as per the DOP.
e) Check whether the process for monitoring the progress is adequate.
f) Whether the methodology for capturing the capex / captial expenditure and its reporting is appropriate and Capex reporting of the schemes / projects is done regularly.

2.17.3 **Checklist for Resource Mobilisation**

Check and comment on the following:-

a) FSG functions, areas & activities needing further improvement / modifications w.r.t.
   (i) Interface with Plants / CMO for daily transfer of collection data.
   (ii) Interface with SBI for real-time transfer of data.
   (iii) Daily funds parking / allocation in Plants / Units for meeting expenses.
   (iv) Real-time two-way interactive module with Cash Section of Plants / Units and also with other Directorates / Deptts. of CO.
   (v) Automatic linkage with Accounting Schedules reflecting the various transactions, as and when they occur.
b) Accuracy in computing the balance position (surplus / deficit) at the end of the previous day in the CCC A/c of SBI on the basis of which borrowings are made on the next day.
c) Methodology of Borrowings in financing activities involving management of Funds for Short Term / Working Capital needs as well as Long-Term requirements of the Company.
d) Whether all guidelines (Internal / External) framed by the Company for raising and utilization of funds were followed while making investments / borrowings.
e) Whether proper process was followed for raising funds and the system was transparent and fool-proof.
f) Whether accounting of borrowings / investment are in order and supported with completed documentation.
g) Calculation of interest on foreign currency loans, short-term bank loans, Bonds and Commercial papers and their accounting.
h) Reconciliation Statement as part of the elaborate Accounting Schedules for verification by Audit along with other Schedules.
i) Various enactments, rules and regulations governing the different lines of credit - both domestic and overseas after familiarising oneself with them.
j) Scrutiny of contracts entered into by SAIL for mobilizing resources and systems and procedures practiced for operation of these contracts including records maintained.
k) Transactions with respect to the related contract provisions.
l) Plans worked out for timely debt servicing / re-payment of principal.
m) Whether the investment on Debenture Redemption Reserve (DRR) is as per Companies Rules, 2014 (Share Capital and Debenture).
n) Status of computerization / digitization of the Loan Agreements with all approvals.
o) Record retention policy / guidelines prevailing in the Group.
p) Possible improvements on contracting, documentation, cost-effectiveness and accounting.

3. PLANT MARKETING

3.1	**Secondary and Scrap Marketing Management** a) Control over non-identification / delay in identification of scrap items. b) Check the procedure for collection of scrap. c) Check the procedure for recordings / documentation of scrap generated and sold. d) Adherence to procedures laid down by the Company in relation to tendering process. e) Adequacy of the pricing methodology and adequate authorizations in case of discounts or rebates and issue of credit notes. f) Adequacy of the collection system and recording of the transactions.
3.2	**Booking and Customer Relationship Management** a) Adequacy of control over order booking system and analysis of the same in relation to timely order fulfillment, old unfulfilled orders and cancellation of orders. b) Analysis of customer rating and satisfaction index and reporting of exceptions thereof.
3.3	**Dispatch Monitoring System** a) Adequacy of follow up mechanism for slow and non-moving stock. b) Basis of preparation of movement plan and its compliance monitoring mechanism. c) Serial control over issue of dispatch advice (DA) and its reconciliation with invoices issued on regular basis. d) Adherence to provisions relating to GST etc. e) Control over sales related documents, adequate support and the document movement system. f) Check the environmental compliance for disposal of scrap.
3.4	**Forward Auction (FA) at Plants / Units** In order to keep pace with the changing market scenario and introduction of e-sales, a procedure for sale of materials from Plants / Units through FA has been adopted by SAIL. This process refers to sale of materials through on-line bidding on internet and covers steel items, idle assets, obsolete / surplus items and any goods and services from Plants / Units in its scope. E-auction had several advantages over the traditional one, such as more competition; higher revenue generation; reduced selling cycle time and transparent system without human intervention. Unlike physical auction, FA neither requires a specific location nor physical presence of the bidders in auction. There is no limit to the number of participants and the bidders can be from any place. Also, the bidders can bid for longer time, say, 2-3 days as against fixed time of 6-7 hours in case of physical auction.

3.5	**Checklist for Plant Marketing** a) Examine the criteria for selection of Service Provider (SP). b) Scrutiniz MOU with SP w.r.t. specific provisions viz. scope of work, tenure of contract, service fee, etc. c) Critically assess the decisions and procedural formalities involved in FA including finalizing item selection, lot formation, vendor selection, bidding strategy, start bid price, minimum increment, role and authority of various agencies involved in FA. d) Examine the level of interaction / education / enablement / SP for carrying out FA. e) Evaluate the control and reporting mechanism built into FA and also the problems faced and resolved, feedback and follow up w.r.t. previous FAs. f) Verify the extent of compliance vis-à-vis general rules and regulations governing conduct of on-line FAs. For further details, the elaborate guidelines / procedures issued by Corporate Materials Management Group (CMMG) and other concerned agencies periodically may be referred.

ANNEXURE XX

GENERAL CONDITIONS OF

CONTRACT

FOR

PROCUREMENT OF SERVICES

(SAIL – S1)

STEEL AUTHORITY OF INDIA LIMITED

Issue date: 01/06/2024

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DEFINITIONS & INTERPRETATIONS

1.1DEFINITION OF TERMS:

In this General Conditions of Contract (as defined here-in-after), the following words and expressions shall have the meanings hereby assigned to it except where the context otherwise requires:

a) “Company” means Steel Authority of India Limited (SAIL), a company registered under Indian Companies Act 1956 and having its Registered office at IspatBhawan, Lodhi Road, New Delhi – 110003, its Plants / Units / Mines / Offices and includes its successors and assignees.

b) “Purchaser/Employer/Buyer” means the Plants / Units / Mines / Offices of SAIL and includes its successors and assignees

c) "Bid" (including the term ‘tender’, ‘offer’, ‘quotation’ or ‘proposal’ in certain contexts) means an offer to supply goods, services or execution of works made in accordance with the terms and conditions set out in a document inviting such offers.

d) Bidder" (including the term ‘tenderer’, ‘consultant’ or ‘service provider’ in certain contexts) means any eligible person or firm or company, including a consortium (that is an association of several persons and/or firms and/or companies) if allowed, participating in the procurement process.

e) "Contractor/Supplier/Vendor/Service Provider" means the “Successful Bidder”/ “Successful Tenderer” i.e. the individual, firm or company etc. whose Bid has been accepted and on whom LOA/Purchase Order has been placed OR who enters into the Contract/ Agreement to supply the service. The term includes the Contractor’s authorized representatives, legal successors and permitted assignees.

f) "Contract" means the Contract agreement between Company/ Employer and the Contractor or the Letter of Acceptance (LOA)/Purchase Order/Work Order/Service Order issued by the Company/ Employer together with all documents from the invitation of tender to issue of LOA, for execution of the Service(s) and its subsequent amendment(s), if any.

g) "Engineer Incharge/ Engineer/ Executing Authority" means the person designated from time to time by the Company/ Employer and shall include those who are expressly authorized by him(Engineer’s representative) to act for and on his behalf for operation/execution of this Contract for Services. In the context of this document, wherever “Engineer” has been mentioned, it shall also include the Engineer Incharge, Executing Authority and Engineer’s representative.

h) "Service(s)/ Work(s)" means and include all services/works/activities/jobs to be performed by the Contractor pursuant to and in accordance with Contract or part thereof as the case may be and shall include all extra, additional, altered or substituted services and approvals from any agency/third party & license(s)/permissions from statutory authorities (if any), as required for purpose of the Contract.

i) “Contractor’s/ Bidder’s Representative” means such person(s) duly authorized by the Bidder/Contractor in writing to the Employer as having authority to act for and on behalf the Contractor /Bidder in matters affecting the Services and to provide the requisite services to the Employer.

j) "Contract Documents" means collectively the Tender Documents, Designs, Drawings, Scope of Services, Specifications, Schedule of Rates (SOR), Letter of Acceptance and agreed variations/amendments if any, and such other documents constituting the tender and acceptance thereof.

k) "Contract Price" means the sum accepted or the sum calculated in accordance with the prices accepted in the Contract as payable to the Contractor for the execution of the service/works, including Amendment(s) to Contract, if any.

l) "Constructional Plant" means all appliances or things of whatsoever nature as required in or about the execution, completion or maintenance of the Works or Temporary Works (as hereafter defined) but does not include materials or other things intended to form or forming part of the permanent work or temporary housing, hutting, offices & Stores etc.

m) "Temporary Works" means all temporary works of every kind required in or about the execution, completion or maintenance of the works.

n) "Drawings" means the drawings referred to in the Specification together with approved modification and revision thereto.

o) “Specifications” means and include detailed description, statements to technical data, performance characteristics and standards as applicable and as specified in the Contract.
p) “Site” means the place(s) provided by the Employer where the Services/work(s) are to be carried out/executed and any other place(s) as maybe specifically designated in the Contract as forming part of the site.
q) "Approved" means approved in writing including subsequent written confirmation of previous verbal approval(s) and "approval" means approval in writing including aforesaid.

General Disclaimer: Unless otherwise specified in the RFQ/tender, the terms and conditions stipulated herein shall be applicable. In case of any mismatch/conflict between provisions stated herein and that appearing in RFQ/tender/contract, the provisions of RFQ/tender/contract shall prevail.

1.2**INTERPRETATIONS**

1.2.1 Headings and Marginal Notes: All headings and marginal notes to the clauses of these General Conditions of Contract or to the Specifications or to any other Tender Document are solely for the purpose of giving a concise indication and not a summary of the contents thereof, and they shall never be deemed to be part thereof or be used in the interpretation thereof the Contract.

1.2.2 Singular and Plural: In Contract Documents unless otherwise stated specifically, the singular shall include the plural and vice versa wherever the context so requires.

1.2.3 Severability: Should any provision of the Contract be found to be invalid, illegal or otherwise not enforceable by any court of law, such finding shall not affect the remaining provision(s)/clause(s) hereto and they shall remain binding on the parties hereto.

1. ORDER OF PRECEDENCE:

1.1 The documents forming the Contract are to be read together and interpreted as mutually explanatory of one another. In the event of any ambiguity or conflict between the Contract Documents, unless otherwise provided in the Contract, the order of precedence shall be in accordance with following sequence:

i) Contract Agreement
ii) Letter of Acceptance along with its enclosures
iii) Special Conditions of Contract (SCC)
iv) Technical Specifications (wherever applicable)
v) Instructions to Bidders (ITB)
vi) General Conditions of Contract (GCC)

2. AUTHORITY OF PERSON SIGNING DOCUMENTS:

a) A person signing the Tender Form or any document forming part of the contract on behalf of the supplier shall be deemed to warrant that he has authority to sign such documents.
b) In case of e-procurement, the submission of On-Line Quotation / Bid through the e-Procurement System by any authorized representative of the Tenderer who logs on to the system with the valid ID and password and/or uses digital signature to sign tender or submitted documents shall be taken as valid and the Tenderer shall be fully responsible for the execution of the Contract arising there from.

3. EXTENT AND SCOPE OF CONTRACT

3.1 The Contract comprises the services/works/activities/jobs and except in so far as the contract otherwise provides the provision for all labour, materials constructional Plant, Temporary Works and everything whether of a temporary or permanent nature required in and for such execution/completion of services/works/activities/jobs.

3.2 The Contractor shall carry out and complete the works/services in every respect in accordance with the Contract and in accordance with directions and to the satisfaction of the Engineer in respect of scope of work. The Engineer within the terms of the contract, may, in his discretion from time-to-time issue further drawings and/or written instructions, details, directions and explanations which are hereafter collectively referred as the Engineer's Instruction in regard to:

(i) The variation or modification of the design, quality or quantity of works or the addition or omission or substitution of any work.

(ii) Any discrepancy in the drawings or between the Tenderer Schedule and / or Drawings and / or Specifications.
(iii) The removal from the site of any materials brought thereon by the Contractor and the substitution of any other materials there from.
(iv) The removal and/or re-execution of any work executed by the Contractor.
(v) The removal/replacement of any person from the works/services employed by the contractor thereupon.
(vi) The opening up for inspection of any work covered up.
(vii) The amending and making good of any defects.

3.3 The Contractor shall forthwith comply with and duly execute any work/service comprised in such Engineer's instructions provided always that verbal directions and explanations given to the Contractor or his agent upon the works/services by the Engineer shall if involving a variation be confirmed in writing by the Contractor to the Employer within seven days and if not dissented from in writing within a further period of seven days by the Engineer, shall be deemed to be Engineer's instructions within the scope of the Contract.

3.4 If compliance with the Engineer's instructions as aforesaid involves work beyond that contemplated by the Contract, then unless the same were issued owing to some breach of this Contract by the Contractor, the Employer shall pay to the Contractor the price of the additional work as mutually agreed in writing between Company/Employer and the Contractor.

4. CONTRACT DOCUMENTS

4.1 The documents forming the Contract are to be read as mutually explanatory of one another and in case of ambiguities or discrepancies the same shall be explained and adjusted by the Engineer who shall thereupon issue to the Contractor, the directions/ instructions in what manner the work is to be carried out.

4.2 The original drawings shall remain in the sole custody of the Engineer but two copies thereof shall be furnished to the Contractor free of cost. The Contractor shall provide and make at his own expense any further copies required by him. At the completion of the contract the Contractor shall return to the Engineer all drawings provided under the contract.

4.3 The Contractor shall give notice of reasonable period in writing to the Engineer of any further drawings or specifications that may be required for the execution of the works or otherwise under the contract.

4.4 One copy of the drawings furnished to the Contractor as aforesaid shall be kept by the Contractor on the site and the same shall at all time be available for inspection and use by the Engineer and by any other person authorized by the Engineer in writing.

4.5 The Engineer shall have full power and authority to supply to the Contractor from time to time during the progress of the works such further drawings and instructions as shall be necessary for the purpose of the proper and adequate execution and maintenance of the works/services and the Contractor shall carry out and be bound by the same.

5. GENERAL INSTRUCTIONS & OBLIGATIONS

5.1 **Backing out by bidder / withdrawal of offer:**

If the bidder withdraws or modifies their bid during the period of its validity or if bidder is awarded the contract but fails to submit performance security within the specified time period mentioned in RFQ, the bidder may be suspended from being eligible to participate in future tenders of sail as per the prevalent guidelines of sail.

5.2 **Award of Contract:**

5.2.1 Employer will be the sole judge in the matter of award of Contract and the decision of Company/ Employer shall be final and binding.

5.2.2 The award of Contract will be intimated to the successful Bidder by the Employer and the same shall be binding on the Employer and the Contractor.

5.3 **Addenda/Corrigenda:**

5.3.1 Addenda/ Corrigenda to the Tender Documents incorporating modification(s) and clarification(s) to the Tender Document issued prior to the due date of bid submission shall become integral part of the Contract.

5.4 **Contract Agreement**

5.4.1 The successful Tenderer/Contractor shall be required to execute an Agreement, if stipulated in the tender/contract, within the specified time and in the specified format. In the event of failure on the part of the contractor to sign the Agreement within the aforesaid stipulated period, the employer may take suitable action as stipulated in tender including forfeiture of the Earnest Money Deposit / Security Deposit and other Legal actions.

5.5 **Assignment and Subletting:**

5.5.1 The Contractor shall not, save with previous written consent of the Employer, transfer or assign the Contract or any part thereof or interest therein or benefit or advantage thereof in any manner whatsoever (other than a charge in favour of the Contractor's Bankers of any moneys due or to become due under this contract). Provided, nevertheless, that any such consent shall not relieve the Contractor from any obligation, liability, duty or responsibility under the Contract.

5.5.2 The Contractor shall not sub-let/ sub-contract the whole or part of the Works/services except where otherwise provided by the Contract, and even then only with the prior written consent of the Employer and such consent if given shall not relieve the Contractor from any liability or obligation under the contract and the Contractor shall be responsible for the acts, defaults and neglects of any Sub-contractor, his agents or workmen as fully as if they were the acts, defaults or neglects of the Contractor, his agents or workmen, provided always that the provision of labour on a piecework basis and the sub-contracting of any part of the work/service for which the sub-contractor is named in the contract, shall not be deemed to be a sub- letting/sub-contracting under this clause.

5.6 **Waiver:**

5.6.1 Failure to operate or to enforce any condition under these General conditions of Contract shall not operate as a waiver of the condition itself or any subsequent breach thereof.

5.7 **Language and measures:**

5.7.1 All documents pertaining to the tender/Contract including Specifications, Schedules, Notices, Correspondence, operating and maintenance Instructions or by whatever name called shall be written in English/Hindi language. Any printed literature furnished by the Tenderer may be written in another language so long as it is accompanied by a duly certified English/Hindi translation in which case, for the purposes of interpretation of the offer, the English/Hindi translation shall govern.

The Metric System of measurement shall be used in the tender/ Contract unless otherwise specified.

5.8 **Inspection of site**

5.8.1 The Bidder/Tenderer shall, wherever required, inspect and examine the site and its surroundings and shall satisfy himself before submitting his bid as to the nature of ground and subsoil (so far as is practicable) the form and nature of the site, the quantities and nature of the work/services and materials necessary for the completion of the works/services and the means of access to the site, the accommodation he may require and in general shall himself obtain all necessary information as to risks, contingencies and other circumstances which may influence or affect his bid.

5.8.2 The Bidder/Contractor shall be deemed to have visited the Site(s)/work centre(s), wherever required, and familiarized themselves before submitting the bid. Non-familiarity with the Site conditions by the Bidder/ Contractor will not be considered a reason either for extra claim(s) or for any delay in performance or any other claim in this regard.

5.9 **Sufficiency of Tender**

5.9.1 The Tenderer/ Contractor shall be deemed to have satisfied himself before submitting its offer as to the correctness and sufficiency of his tender for the works and of the rates and prices stated in the tender Schedule which rates and price shall (except in so far it is hereinafter otherwise provided) cover all his obligations under the Contract and all matters and things necessary for the proper completion and maintenance of the works.

5.10 **Abnormal Rates:**

5.10.1 If a bidder quotes unworkable rates, i.e., if the quoted rate appears unworkable, such that it raises material concerns as to the capability of the Bidder to perform the contract at the offered rate, the bidder will be asked to justify the rate quoted. After evaluating the justification provided, if it is felt that the bidder has failed to substantially demonstrate its capability to deliver the contract at the offered rate, the bid/ quote may be rejected.

5.10.2 However, under compelling circumstances, where the bidder is considered for placement of order despite having quoted abnormally low rates, the Bidder may be required to give Performance Guarantee (in addition to the Security Deposit, if applicable) in the form of Bank Guarantee/ Demand Draft/ Banker's Cheque/ FDR/ online transfer. The amount of this Performance Guarantee will be decided by Employer (SAIL) at the time of placement of order.

5.10.3 In case the Bidder refuses to give the Performance Guarantee, the following action may be taken against it by the Employer/Company:

(i) Earnest Money Deposit will be forfeited and the Bidder will not be considered in re-tendering if order/ contract is not finalized from the present tender,

(ii) Action(s) as stipulated in the Bid Securing Declaration.

5.11 **Rejection of Bid / Tender**: in case of any specific adverse report received against a bidder by employer, in respect of capabilities and / or performance of the tenderer during last three years preceding to the last day of the previous month in which applications (nit) are invited, the bid of such bidder is liable to be rejected.

5.12 **Reverse Auction:** in case price discovery through reverse auction has been envisaged in a tender, employer may or may not resort to reverse auction as a part of its procurement strategy, or for any other reason. Decision of employer, in this regard, will be final & binding.

5.13 **Security Deposit (SD)**

5.13.1 The contractor shall within the time specified in the Contract, deposit with the Employer Security Deposit in form of Bank Guarantee from any Scheduled Commercial Bank except Co-operative and Gramin Bank in the specified format or demand draft or Banker's Cheque or Fixed Deposit Receipt in the name of Employer or online transfer. Security Deposit shall not be accepted in cash.

5.13.2 In the of event of non- deposit of Security, within the period specified in the Contract or as allowed by the Employer, the earnest money may stand forfeited or action will be taken against Bidder as stipulated in the tender/ Contract/ Bid Securing Declaration.

5.13.3 The Security Deposit shall remain at the disposal of the Employer as security for the satisfactory execution and completion of the works/services including defect liability period, if applicable in accordance with the conditions of the contract. The employer shall be at liberty to deduct and appropriate from the security deposit any amount to its satisfaction, in case of any breach/failure on part of the Contractor in relation to the terms & conditions to the Contract.

5.13.4 On satisfactory performance and completion of the contract in all respects, the Security Deposit will be returned to the Contractor without any interest thereupon, on presentation of a no demand certificate by the Engineer and upon return in good condition of any specifications, drawings, samples, or other property belonging to the Employer which may have been issued to the/ in possession of the Contractor.

5.14 **Work to be executed to the satisfaction of Engineer**

5.14.1 The Contractor shall execute, complete and maintain the service in strict accordance with the Contract to the satisfaction of the Engineer and shall comply with and adhere strictly to the Engineer's instructions and directions. The Contractor shall take instructions and directions only from the Engineer or Engineer's Representative.

5.15 **Programme to be Furnished**

5.15.1 The Contractor shall as soon as practicable after the acceptance of his Bid, if required, submit to the Engineer for approval a program showing the order of procedure and methodology in which contractor proposes to carry out the works/services and shall whenever required by the Engineer furnish in writing, the information/particulars of the Contractors arrangements for the carrying out of the work/service and of the constructional Plant and temporary works which the Contractor intends to supply, use or construct as the case may be. The submission to and the approval by the Engineer of such program or the furnishing of such particulars shall not relieve the Contractor of any duties or responsibilities under the Contract.

5.16 **Contractor's Representative & Personnel:**

5.16.1.1The Contractor shall appoint a person ("Contractor's Representative") who shall be responsible for and authorized to represent it at all times during the progress of the Service and to receive and to act on any instructions/ direction made by Employer in the performance of the Service pursuant to the terms of this Contract.

5.16.1.2Contractor's Representative shall have full authority to represent and bind the Contractor in relation to any matter concerning the Contractor's performance of the services under the Contract and Employer shall be entitled to rely on all the decisions of the Contractors Representative as if they were the decisions of the Contractor.

5.16.1.3Contractor's Representative shall supervise, coordinate and ensure the quality of all aspects of his obligations under this Contract. Contractor shall not change its Representative without the prior approval of Employer.

5.16.1.4Contractor's Representative shall liaise with Employer for the proper coordination and timely completion of the Services and on any matter pertaining to the same.

5.16.1.5Contractor's Representative shall extend full cooperation to Engineer/Inspector in the manner required by it for supervision /inspection/ observation of equipment, material, procedures, performance, reports and records pertaining to Services.

5.16.1.6Contractor's Representative shall have complete charge of his personnel engaged in the performance of the Service and to ensure compliance of rules and regulations and safety practice.

5.16.1.7If the Contractor's Representative is found not acceptable to the Engineer for reasons to be recorded in writing, the Contractor shall, as soon as practicable, having regard to the requirement of replacing him, after receiving notice of such withdrawal, remove the representative and shall not thereafter employ him again for the present contract in any capacity and shall replace him by another representative. Substitute shall meet all the laid down qualification and other eligibility criterion as laid down in the contract.

5.17 **Contractor's Employees / Personnel:**

The Contractor in connection with performing the Services and remedying of any defects shall in accordance with the provisions of the Contract provide:

(a) only such technical assistants and other staff as are skilled and experienced in their respective callings and such agents, foreman and loading hands as are competent to give proper supervision to the work/service they are required to supervise.

(b) such skilled, semi-skilled and un-skilled labour as is necessary for the proper and timely fulfilling of the Contractor's obligations under the Contract.

The Engineer shall be at liberty to object to and require the Contractor to remove forthwith from the Works/services any person employed by the Contractor in or about the execution of the Works/services who in the opinion of the Engineer is guilty of misconduct or incompetent or negligent in the proper performance of his duties or whose employment is other-wise considered by the Engineer to be undesirable and such person shall not be again employed upon the present contract for services without the written permission of the Engineer. Any person so removed from the Works shall be replaced without delay by a competent substitute. Substitute shall meet all the laid down qualification and other eligibility criterion as laid down in the contract.

5.18 **Contractor's Superintendence**

5.18.1 The Contractor shall give or provide all necessary superintendence during the execution of the works/services and as long thereafter as the Engineer may consider necessary for Contract. The Contractor or one of his competent and authorized agents, approved in Writing by the Engineer (which approval may at any time be withdrawn), is to be constantly on the site/works and shall give his whole-time to the superintendence of the same. If such approval shall be withdrawn by the Engineer, the Contractor shall as soon as be practicable (having regard to the requirement of replacing him as hereinafter mentioned) after receiving written notice of such withdrawal remove the agent from the site and shall not thereafter employ him again on the site in any capacity for the present contract and shall replace him by another agent. Where mentioned in the contract, substitute shall be approved by the Engineer. Such authorized agent shall receive, on behalf of the contractor, directions and instruction from the Engineer or the Engineer's Representative.

The Contractor shall deliver to the Engineer or the Engineer's Representative returns in such forms as required and at such intervals as the Engineer may prescribe showing details of the supervisory staff and the numbers of the several classes of labour from time to time employed by the Contractor on the site and such other information as are deemed necessary for the purpose of ensuring that the provisions of this contract in so far employees are concerned, are being duly complied with by Contractor.

5.19 **Extra Supervision**

5.19.1 If in the opinion of the Engineer, due progress is not made with the Contract and/ or the execution thereof becomes contrary to specifications, and/or bad work is executed and/or bad materials are used or supplied by the Contractor, and/or any directions given by the Engineer are not properly complied with or attended to, the Engineer may, if he considers it necessary or proper for the due execution of works/ services in accordance with the Contract (of which his certificates in writing will be sufficient evidence), order the employment of extra supervising staff to supervise the work and the expenses of such employment including the salary of the supervising staff shall be borne by the Contractor.

The Engineer shall give to the Contractor not less than seven (7) days previous notice in writing of his intention to exercise this power.

5.20 **Setting-out of the Works/Services**

5.20.1 The Contractor shall be responsible for the true and proper and for the correctness of the Position, levels, dimensions and alignment of all parts of the works and for the provision of all necessary instruments, appliances and labour in connection therewith. If at any time during the progress of the Works, any error shall appear or arise in the position, levels, dimensions or alignment of any part of the works the Contractor on being required to do so by the Engineer, shall at his own expense, rectify such error to the satisfaction of the Engineer unless such error is based on incorrect data supplied in writing by the Engineer in which case the expense of rectifying the same shall be borne by the Employer. The checking of any setting out or of any line or level by the Engineer shall not in any way relieve the Contractor of his responsibility for the correctness thereof and the Contractor shall carefully protect and preserve all bench marks, site rails, pegs and other things used in setting out the Works.

5.21 **Use of Explosives**

5.21.1 Explosives shall not be used on the work/services or on the Site by the Contractor without the previous permission of the Engineer in writing and that only in the manner and to the extent permitted by the Engineer. When explosives are required for any work/services, the same shall be stored in a special magazine to be provided by and at the cost of the Contractor in accordance with the laws relating to the possession and storage of explosive for the time being in force and the Contractor shall be liable for all damages, loss or injury to any person or property & shall be responsible for complying with all the statutory obligations in these respects.

The Contractor shall forthwith obtain a license required by such law for the storage and use of explosives and all operations in which or for which explosives are employed shall be at the sole risk and responsibility of the Contractor and the Contractor shall fully and effectually indemnity the Employer in respect thereof.

5.22 **Watch & Ward and Lighting**

5.22.1 The Contractor shall in connection with the Works/services provide and maintain at his own cost all lights, guards, fencing and watching when and where necessary or required by the Engineer or by a duly constituted authority for the protection of the works or for the safety and convenience of the public or others.

5.23 **Care of works**

5.23.1 From the commencement to the completion of the works/services, the Contractor shall take full responsibility for the care thereof and of all Temporary Works and in case any damage loss or injury shall happen to the works/premises or to any part thereof or to any Temporary Works from any cause whatsoever (save and except Force majeure as defined in sub-clause 6.23.1.1 of this clause) shall at his own cost repair and make good the same so that at completion the Works/premises shall be in good order and condition and in conformity In every respect with the requirement of the Contract and the Engineer's Instruction. In the event of any such damage loss or injury happening from any of the excepted risks the Contractor shall if and to the extent required by the Engineer repair and make good the same as aforesaid at the cost of the Employer. The Contractor shall also be liable for any damage to the works occasioned by him in the course of any operations carried out by him for the purpose of complying with his obligations under Clause 13.1 to 13.5.

5.23.1.1**Force Majeure:**

(i) If, at any time, during the currency of this Contract, the performance in whole or in part, by either party, or any obligation under this Contract, is prevented or delayed by reason(s) of war, hostility, acts of public enemy, civil commotion, sabotage, fires, floods explosions, epidemic, pandemic , quarantine restrictions, Acts of State or other Acts of God, hereinafter referred to as eventualities, then, provided notice of the happenings of any such eventuality is given by either party to the other, within 15 days from the date of occurrence thereof , neither party shall by reason of such eventuality be entitled to terminate this Contract, nor shall either party have any claim for damages against the other, in respect of such non-performance or delay in performance. Work/services under this Contract shall resume as soon as practicable but within 15 days after such eventuality has come to an end or ceased to exist and the decision of the Employer as to whether the work has to be resumed shall be final and conclusive.

(ii) The Notice of declaration of aforesaid Force Majeure eventualities must be supported by the Certificate of relevant Railway / Port Authority/Chamber of Commerce/Government or Quasi Government body as the case may be. If the said certificate is not available, the Affected Party must provide a certificate signed by the Affected Party’s Company Secretary and one of the Directors on the Board of the Affected Company. In addition, the Affected Party shall also promptly intimate the cessation of such Force Majeure. The said intimation of cessation of Force Majeure shall be accompanied by a certificate, from the authorities as stated hereinabove.

(iii) In case one or both parties are prevented from fulfilling their contractual obligations by state of Force Majeure lasting continuously for a period of three months, the parties may consult each other regarding further continuation of the Contract

5.24 **Immunity to Government of India:**

5.24.1 It is expressly understood and agreed by and between Employer (SAIL) and Bidder /Contractor that Employer is entering into this agreement solely on its own behalf and not on behalf of any other person or entity. In particular, it is expressly understood and agreed that the Government of India is not a party to this agreement and has no liabilities, obligations or rights hereunder. It is expressly understood and agreed that Employer (SAIL) is an independent legal entity with power and authority to enter into Contracts solely on its own behalf under the applicable Laws of India and general principles of Contract Law. The Bidder/Contractor expressly agrees, acknowledges and understands that Employer is not an agent, representative or delegate of the Government of India. It is further understood and agreed that the Government of India is not and shall not be liable for any acts, omissions, commissions, breaches or other wrongs arising out of the Contract. Accordingly, Bidder/Contractor hereby expressly waives, releases and foregoes any and all actions or claims, including cross claims, impleader claims or counter claims against the Government of India arising out of the Contract and covenants not to sue to Government of India as to any manner, claim, cause of action or thing whatsoever arising of or under this agreement/Contract.

5.25 **Damage to person and property**

5.25.1 The Contractor shall (except if and so far as the Contract otherwise provides) indemnify and keep indemnified the Employer against all losses and claims for Injuries or damage to any person or property whatsoever which may arise out of or as a consequence of the performance of this contract and against all claims, demands proceedings, damage cost charges and expenses whatsoever in respect thereof or in relation thereto provided always that nothing here in contained shall be deemed to render the Contractor liable for or in respect of or to indemnify the Employer against any compensation or damages for or with respect to:

a) The permanent use or occupation of land by the Works or any part thereof (save in respect of damages to standing crops)
b) The right of the Employer to construct the Works or any part thereof on, over, under, in or through any land.
c) Interference whether temporary or permanent with any right of light, air way or water or other easement or quasi-easement which is the unavoidable result of the services being rendered/ construction of the Works in accordance with the contract.
d) Injuries or damages to persons or property resulting from any act or neglect done or committed during the currency of the Contract by the employer, his agents, or other contractors (not being employed by the Contractor) or for or in respect of any claims demands, proceedings, damages, costs, charges and expenses in respect thereof or in relation thereto.

5.25.1.1**Indemnity by Contractor** - All materials, equipment, construction plant etc. shall be issued to the contractor only after due receipt signed by the authorized representative of the contractor. The contractor shall be entirely responsible for safety of all materials, equipment construction plants etc. so issued by the Employer and received by the contractor for erection, construction, completion, commissioning and maintenance of the work till the same are taken over by the Employer and shall indemnify the Employer for any loss thereof due to theft or accident or any other cause. The damages and costs thereof shall be paid by the contractor failing which the Employer shall have the right to recover/retain/set off the amount out of the amount which is due or may become due to the contractor under this contract/or of any other contract/ transaction with Employer.

5.25.1.2The Contractor shall save harmless and indemnify the Employer from and against all claims and proceedings for or on account of infringement of any patent rights, design, trademark or name or other protected rights in respect of any Constructional Plant machine work or materials used for or in connection with the Works /services or Temporary works of any of it and from and against all claims, demands, proceedings, damages, costs, charges and expenses whatsoever in respect thereof or in relation thereto.

5.26 **Insurance:**

5.26.1 Contractor shall, at his own expense, arrange appropriate insurance to cover all risks assumed by the Contractor under this Contract in respect of its personnel deputed under this Contract as well as Contractor's equipment, tools and any other belongings of the Contractor or their personnel during the entire period of their engagement in connection with this Contract. Employer will have no liability on this account. The Personnel covered must also be covered to meet the liability under Employee Compensation Act.

5.26.2 The provisions of this Clause shall in no way limit the liability of the Contractor under the Contract.

5.26.3 Notwithstanding anything contained in the contract, failure to ensure insurance coverage, in terms provided herein, shall be construed as breach of the Contract and Employer shall have right to initiate Risk and Cost Action and termination of Contract.

5.27 Accident or Injury to Workmen

5.27.1 The Employer shall not be liable for on in respect of any damages or compensation payable under applicable law in respect or in consequence of any accident or injury to any workmen or other person in the employment of the Contractor or any sub-contractor save and except an accident or injury results from any act or default of the Employer, his agent. Contractor shall indemnify and keep indemnified the Employer against all such damages and compensation save and except as aforesaid and against all claims demands, proceedings, costs, charges and expenses whatsoever in respect or in relation thereto.

5.28 Workmen's Compensation Act

5.28.1 The Contractor shall at all times indemnify the Employer against all claims for compensation under the provision of the Workmen's Compensation Act 1923 (VIII of 1925) or any other law for the time being in force by or in respect of any workmen employed by the Contractor in carrying out the Contract and against all costs and expenses or penalties incurred by the Employer in connection there with and (without prejudice to any other means of recovery) the Employer shall be entitled to deduct from any money due or to become due to the Contractor (whether under this contract or any other contract) all moneys paid or payable by the Employer by way of compensation aforesaid or for costs or expenses in connection with any claims thereto and the Contractor shall abide by the decision of the Employer as to the sum payable by the Contractor under the provisions of this clause.

5.29 Giving notice and Payments of Fees

5.29.1 The Contractor shall give all notices and pay all fees required to be given or paid under any general or State Statute, Ordinance or other Law or any Regulation of by Law of any local or other duly constituted authority in relation to the execution of the works/ services or of any Temporary Works and by the rules and regulation of all public bodies whose property or rights are affected or may be affected in any way by the works/services or any Temporary Works.

5.30 Compliance with Statutes, Regulations etc.

5.30.1 The Contractor shall conform in all respects with the provisions of any such Statute, Ordinance or law as aforesaid and the rules, regulations or by-law of any local or other duly constituted authority which may be applicable to the Works/services or to any Temporary Works and with such rules and regulations of public bodies as aforesaid and shall keep the Employer indemnified against all penalties and liability of every kind for breach of any such Statute, Ordinance, Law, Rule, Regulation or Bye-Laws etc.

5.31 Governing Law:

The contract entered into between the employer company and the supplier shall be governed by and interpreted in accordance with the laws of india. The place of exclusive jurisdiction shall be the place where the employer's concerned unit/plant is located unless otherwise specified.

5.32 Fossils etc.

5.32.1 All fossils, coins, articles of value or antiquity and structures and other remains or things or geological or archaeological interest discovered on the site shall be as between the Employer and the Contractor be deemed to be the absolute property of the Employer and the Contractor shall take reasonable precautions to prevent his workmen or any other persons from removing or damaging any such article or thing and shall immediately upon discovery thereof and before removal acquaint the Engineer of such discovery and carry out at the expense of the Employer the Engineer's orders as to the disposal of the same.

5.33 Tolls etc,

5.33.1 Except where otherwise specified the Contractor shall pay all tollage and other royalties, rent and other payments or compensation (if any) for getting stone, sand, gravel, clay or other materials required for the Works or Temporary Works or any of them,

5.34 **Interference with Traffic & Adjoining Properties**

5.34.1 All operations necessary for the execution of the Works/services and for the construction of any Temporary Works shall so far as compliance with the requirements of the Contract permits be carried on so as not to interfere unnecessarily or improperly with the public convenience or the access to use and occupation of public or private roads and footpath or adjoining to or of properties whether in the possession of the Employer or any other person and the Contractor shall save harmless and indemnify the Employer in respect of all claims demands, proceedings, damages, costs charges and expenses whatsoever arising out of or in relation to any such matters.

5.35 **Extraordinary Traffic**

5.35.1 The Contractor shall use every reasonable means to prevent any of the highways or bridges communicating with or on the routes to the site from being subjected to extra-ordinary traffic of the Contractor or any of his sub-contractors and in particular shall select routes and use vehicles and restrict and distribute loads so that any such extraordinary traffic as will inevitably arise from the moving of plant and materials from and to the site shall be limited so far as reasonably possible and so that no unnecessary damage or injury may be occasioned to such highways and bridges.

5.36 **Waterborne Traffic**

5.36.1 Where the nature of the work is such so as to require the use by the Contractor of waterborne transport, the foregoing provisions of this clause shall be construed as though “highway” includes a dock, deck, sea-wall or other structural related to a waterway and vehicles, includes craft and shall have effect accordingly.

5.37 **Facilities for other Contractors**

5.37.1 The Contractor shall in accordance with the requirements of the Engineer afford all reasonable facilities for any other Contractors employed by the Employer and their workmen and for the workmen of the Employer and of any other properly authorized authorities or statutory bodies who may be employed in the execution on or near the site of any work not included in the Contract or of any Contract which the Employer may enter into in connection with or ancillary to the Works.

5.38 **Supply of Plant, Material and Labour**

5.38.1 Except where otherwise specified, Contractor shall at his own expense supply and provide all the Constructional Plant, Temporary Works, materials both for temporary and for permanent works, labour (including the supervision thereof), transport to or from site and in and about the Work and other things of every kind required for the constructions completion and maintenance of the Works.

5.39 **Delay in obtaining Materials**

5.39.1 If the Employer has undertaken to supply materials in the Contract at terms stated therein the Contractor shall keep himself in touch with the day-to-day position regarding the supply of materials from the Engineer and shall so adjust the progress of the work that his labour may not remain idle nor may there be any other claim due to or arising from delay in obtaining the materials. No claim whatsoever shall be entertained by the Employer on account of delay in supplying materials.

5.40 **Clearance of site on completion**

5.40.1 On the completion of the Works/services, all Constructional plants / debris, kilns, vats, tanks, materials/rubbish and temporary structures of any sort or kind used for the purpose of or connected with its construction including quarters for Contractor's labour, are to be removed by the Contractor. Further, pits and excavations, if any, are to be filled up and the site handed over in a tidy and workmanlike condition. No final payment in settlement of the accounts for the Works shall be held to be due or shall be made to the Contractor till such site clearance shall have been effected by him. In the event of the Contractor failing to comply with this provision within 7 days after receiving notice in writing from the Engineer to the effect, such clearance may be made by the Engineer at expenses of the Contractor. If it becomes necessary for the Engineer to have the site cleared as Indicated above at the expense of the Contractor, the Employer shall under no circumstances be held liable for any loss or damage to such Contractor's property as may be on site due to removal there from, which removal may be effected by means of public sale of such materials and property or in such way as deemed fit and convenient to the Engineer.

5.41 **Return of Materials**

5.41.1 Notwithstanding anything contained to the contrary anywhere in this Contract wherever any materials for the execution of the Contract are procured with the assistance of the Employer either by issue from Employer's stores or purchase made under orders or permits or licenses issued by the Employer, the Contractor shall use the said materials economically and solely for the purpose of the Contract and not dispose of them without the permission of the Employer and if required by the Engineer shall return to the Employer all surplus or unserviceable materials that may be left with the Contractor after the completion of the contract or at its termination for any reason whatsoever on being paid or credited such price as the Engineer shall determine having due regard to the initial cost and the present condition of the materials at the time of such return thereof. The credit to be given to the Contractor shall not exceed the cost or invoice price of the materials when taken back to the stores of the Company. The decision of the Engineer shall be final and conclusive. In the event of breach of the aforesaid condition the Contractor shall (in addition to making himself liable for action for contravention of the terms of the license or permit and/or for criminal breach of trust) be liable to the Employer for all moneys, advantage or profit resulting or which in the usual course would have resulted to him by reason of such breach.

5.42 **Independent capacity**

5.42.1 The parties intend that an independent Contractor relationship will be created by this Contract. The Contractor and his/her employees or agents performing under this Contract are not employees or agents of the Employer. The Contractor will neither hold himself/herself out as nor claim to be an officer or employee of the Employer by reasons hereof, nor will the Contractor make any claim of right, privilege or benefit that would accrue to such employee under law.
Conduct and control of work will be solely with the Contractor.

5.43 **Confidentiality:**

5.43.1 All documents, drawings, samples, data, associated correspondence or other information furnished by or on behalf of the Employer to the contractor, in connection with the contract, whether such information has been furnished before, during or following completion or termination of the contract, except what is in public domain are confidential and shall remain the property of the Employer and shall not, without the prior written consent of Employer neither be divulged by the contractor to any third party, nor be used by him for any purpose other than the design, procurement, or other services and work required for the performance of this Contract. If advised by the Employer, all copies of all such information in original shall be returned on completion of the contractor’s performance and obligations under this contract.

5.44 **Limitation of Liability**

5.44.1 except in cases of criminal negligence or willful misconduct,

a) The Contractor and Employer shall not be liable to each other, whether in Contract, or otherwise, for any indirect or consequential loss or damage, loss of use, loss of production, prolongation cost, overhead cost , or loss of profits or loss of opportunity or interest costs and
b) The aggregate liability of the Contractor to the Employer, whether under the Contract, or otherwise including the cost of repairing or replacing defective equipment, shall not exceed 100% of the contract price plus escalation, provided that this limitation shall not apply to any obligation of the Contractor to indemnify the Employer with respect to copyright, patent infringement, workman compensation etc.

5.45 **Safety Rules Regulations**

Before commencement of the work/services the contractor will give an undertaking in writing that it would abide by the safety Rules and Regulations laid down by the Employer rigorously and any deviation from this would make it liable for action.

5.45.1 **Safety Clearance**

Along with contract document and job instructions from the contracting department, the contractor will get clearance from Safety Engineering Department. The contractor will not be permitted to start the job without getting a written safety clearance from Safety Engineering Department.

5.45.2 **Shutdowns**

The executing department would take necessary shutdowns wherever there are hazards of gases, electricity, moving machinery, etc. the contractor shall ensure that the shutdowns/clearance are taken before sending workers in such locations.

5.45.3 **Non-Compliance**

The Head of the Department of Employer who is executing the contract or the Head of the Safety Engineering Department of Employer, upon his satisfaction that the contractor is not conforming to the directions of the Licensing Authority shall not allow contractor to proceed with the work until the contractor has complied with such directions to the satisfaction of such Head of the Department or the Head of Safety Engineering Department.

5.45.4 **Work at Height**

Whenever work at height is involved contractor should obtain passes to work at height for those persons who will be required to work at height from Safety Engineering Department.

5.45.5 **Injury to Workmen**

The contractor after preliminary examination at Employer’s Plant Medical Unit (PMU) may take his injured workmen to ESI hospital/his own Doctor with permission from the Doctor at PMU on his own risk giving an undertaking to that effect in writing to the Doctor. He will, however, have to keep Safety Engineering Department informed about the nature of the injury and the period for which the injured person is off duty on account of injury.

5.45.6 **Penalty for Violation**

Without prejudice to the right conferred by the clause-6.45.1 and clause-6.45.3 above for stoppage of work for violation of safety requirements, the contractor shall be liable for a penalty as stipulated in the contract.

5.45.7 **Recovery of Penalty**

Head of Safety Engineering Department and Head of Department executing contract will assess the penalty amount having regard to all the circumstances, in particular the nature and gravity of the violation. On the advice of Head of Safety Organization, Contract executing Department will issue a show cause notice specifying therein the proposed penalty. Considering the cause shown by the contractor if any, the Head of Department executing the contract shall pass final orders which shall then be final and binding on the contractor. The penalty amount shall be recoverable from any bill and/or SD of the contractor without any further reference to him.

5.45.8 **Safety Code**

The contractors shall strictly follow the Safety instructions issued during training and also by the Safety Engineering Department from time to time. Before starting the work, the contractor shall meet the Safety Engineer and get himself familiar with the safety measures to be taken during the execution of the work/ job/ service. The contractor shall be personally responsible for the safety of his workmen and shall be liable for prosecution in case of any accident.

5.45.9 **PPE & Safety Appliances for Mines**

5.45.9.1 The contractor shall provide all the PPE (Personal Protective Equipment) and Safety appliances required to carry out the job to all the workmen deployed by the contractor and also ensure that his workmen use those PPE and safety appliances while on the job.

5.45.9.2 The standard of PPE and safety appliances supplied by the contractor must conform to any one of the following (in order of preference):

a. DGMS
b. IPSS
c. IS
d. As per advice and design by the Safety Deptt.

5.45.9.3 Arrangements of supply of proper type of PPE and appliances shall be made by the contractor prior to the actual start of the job and Safety Department, of Company will physically check the same.

5.45.9.4 If at any stage, the contractor fails to provide proper type of PPE and safety appliances, the Company may procure and distribute the same as per requirement, with prior intimation to the contractor. In such case, the cost of items plus the other cost incurred on procurement shall be deducted from the bill of the contractor.

5.46 **Adequate of structures, excavations and works**

The Contractor shall at his own cost provide the material for and execute all shoring, timbering and strutting as a necessary during the execution of work for the stability and safety of all structures, excavations and works such that no damage, injury or loss is caused or likely to be caused to any person or property.

5.47 **Business Responsibility and Sustainability**

5.47.1 At SAIL, we deeply value the vital role that companies can play in safeguarding and promoting human rights in the long term. We recognize our responsibility to uphold the spirit of human rights, as outlined in existing international standards, such as the Universal Declaration and the Fundamental Human Rights Conventions of the International Labour Organization. SAIL expects its suppliers to develop and implement policies and procedures to ensure all human rights in their business and to encourage their suppliers to do likewise. Our Human Rights Charter is available at https://sail.co.in/sites/default/files/2023-09/Human-Rights-Charter.pdf.

6. PURCHASE PREFERENCE: (BOTH FOR INDIGENOUS AND IMPORT TENDERS)

6.1.1 Any purchase preference to Make in India Suppliers and MSE Suppliers, shall be based on the extant guidelines of Govt. of India and guidelines of SAIL Plants / Units.

i) **Micro and Small Enterprises (MSEs):** In line with the Public Procurement Policy (PPP) for Micro & Small Enterprises (MSEs) Order 2012, issued vide Gazette Notification dated 23.03.2012 and amendments thereof the tenderer who is registered as Micro/small Enterprises must submit valid self-certified copy of Udyam Registration Certificate (URC) issued after registering on the Udyam Registration Portal i.e. https://udyamregistration.gov.in
In case Udyam Registration Certificate (URC) is not provided, they shall not be eligible to the benefits admissible under the Act.

ii) **Public Procurement (Preference to Make in India), Order 2017**: Procurement against this tender will be governed by the provisions enumerated in Govt. of India order no. P-45021/2/2017-PP(BE-II) dt. 15.06.2017 duly amended dt 28.05.2018, 29.05.2019, 04.06.2020 and 16.09.2020. Any subsequent modification / guidelines issued further from time to time shall also be applicable.
The Bidders shall provide self-certificate / certificate from the statutory auditor or cost auditor of the Company (in the case of companies) / from a practicing cost accountant or practicing chartered accountant (in respect of suppliers other than companies), as applicable, indicating whether they are class-I local supplier / class-II local supplier as per Annexure a(i) or a(ii) to be submitted along with Techno-Commercial.

7. RESTRICTION ON PROCUREMENT FROM A BIDDER OF A COUNTRY WHICH SHARES A LAND

BORDER WITH INDIA:

A. Any Bidder from a country which shares a land border with India will be eligible to bid in any procurement whether of goods, services (including consultancy services and non-consultancy services) or works (including turnkey projects) only if the bidder is registered with the competent authority. Further, any bidder (including bidder from India) having specified transfer of technology (ToT) arrangement with any entity from a country which shares a land border with India, shall also require to be registered with the same competent authority as per DoE Order dated 23.07.2020 and subsequent amendments thereto from time to time.

B. "Bidder" (including the term 'tenderer', 'consultant' or 'service provider' in certain contexts) means any person or firm or company, including any member of a consortium or joint venture (that is an association of several persons and/or firms and/or companies), every artificial juridical person not falling in any of the descriptions of Bidders stated hereinbefore, including any agency branch or office controlled by such person, participating in a procurement process.

C. "Bidder (or entity) from a country which shares a land border with India" for the purpose of this Order means: -

a. An entity incorporated, established or registered in such a country; or
b. A subsidiary of an entity incorporated, established or registered in such a country; or
c. An entity substantially controlled through entities incorporated, established or registered in such a country; or
d. An entity whose beneficial owner is situated in such a country; or
e. An Indian (or other) agent of such an entity; or
f. A natural person who is a citizen of such a country; or
g. A consortium or joint venture where any member of the consortium or joint venture falls under any of the above

D. The beneficial owner for the purpose of (C) above will be as under:

1. In case of a company or Limited Liability Partnership, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has a controlling ownership interest or who exercises control through other means.

   Explanation

a. "Controlling ownership interest" means ownership of or entitlement to more than twenty-five per cent, of shares or capital or profits of the company;
b. "Control" shall include the right to appoint majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements;

2. In case of a partnership firm, the beneficial owner is the natural person(s) who, whether acting alone or together, or through one or more juridical person, has ownership of entitlement to more than fifteen percent of capital or profits of the partnership;
3. In case of an unincorporated association or body of individuals, the beneficial owner is the natural person(s), who, whether acting alone or together, or through one or more juridical person, has ownership of or entitlement to more than fifteen percent of the property or capital or profits of such association or body of individuals;
4. Where no natural person is identified under (1) or (2) or (3) above, the beneficial owner is the relevant natural person who holds the position of senior managing official;
5. In case of a trust, the identification of beneficial owner(s) shall include identification of the author of the trust, the trustee, the beneficiaries with fifteen percent or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

E. An Agent is a person employed to do any act for another, or to represent another in dealings with third person.

F. Only for Works Contracts including Turnkey Contract): The successful bidder shall not be allowed to sub contract works to any contractor from a country which shares a land border with India, unless such contractor is registered with the competent authority

G. The registration should be valid at the time of submission of bid and at the time of acceptance of bid.

H. If the bidder was validly registered at the time of acceptance/ placement of order, registration shall not be a relevant consideration during contract execution

I. Certificate of Conformance: By submitting their offer the bidder is deemed to have:

"Read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India; To have certified that they are not from such a country or, if from such a country, have been registered with the Competent Authority; to certify that they fulfill all requirements in this regard and are eligible to be considered."

If subcontracting is applicable, the Bidder by submitting their offer is deemed to have

“Read the clause regarding restrictions on procurement from a bidder of a country which shares a land border with India and on sub-contracting to contractors from such countries; certified that they are not from such a country or if from such a country, have been registered with the Competent Authority and will not sub-contract any work to a contractor from such countries unless such contractor is registered with the Competent Authority; certified that they fulfill all requirements in this regard and are eligible to be considered."

J. In case bidder is registered for this purpose, evidence of valid registration by the competent authority should be attached and should be valid at the time of bid submission and at the time of price discovery.

8. <u>DECLARATION BY THE TENDERER:</u>

8.1 By participation in this tender the Bidder / Tenderer is deemed to have solemnly affirmed / certified / declared / warranted / undertaken / understood the following:

A. Non-collusion:

I. That their bid was developed genuinely, independently and made with the intention to accept the Contract if awarded;

II. That their bid was not prepared with any agreement, arrangement, communication, understanding, promise of undertaking with any person (including any other tenderer or competitor) regarding:

i) prices;
ii) methods, factors or formulas used to calculate prices;
iii) an intention or decision to submit a bid;
iv) an intention or decision to withdraw a bid;
v) the submission of bid that does not conform with the requirements of the tender;
vi) the quality, quantity, specifications or delivery particulars of the products or services to which this tender relates; and
vii) the terms of the bid,

III. That they will not, prior to the award of the Contract, enter into or engage in any of the foregoing.

Note:

This para*is not applicable to Agreements, arrangements, communications, understandings, promises or undertakings with:*

a. the Plants/ Units of Steel Authority of India Limited

b. a joint venture partner, where joint venture agreements, arrangements, relevant to the bid exist and which are notified to Steel Authority of India Limited;

c. consultants or sub-contractors, provided that the communications are held in strict confidence and limited to the information required to facilitate that particular consultancy arrangement or sub-contract;

d. professional advisers, provided that the communications are held in strict confidence and limited to the information required for the adviser to render their professional advice in relation to the Tender;

e. insurers or brokers for the purpose of obtaining an insurance quote, provided that the communications are held in strict confidence and limited to the information required to facilitate that particular insurance arrangement; and

f. Banks for the purpose of obtaining financing for the contract, provided that the communications are held in strict confidence and limited to the information required to facilitate that financing.

B. That they have duly disclosed all intended sub-contracting arrangements relating to the Tender and will continue to disclose such arrangements to the Plants/ Units after the Contract is awarded.

C. Authenticity of documents:

I. That they have carefully read the contents of the tender.

II. They have not made any misleading or false representation anywhere in the tender submitted including annexures thereto.

III. That they understand that their offer will be evaluated based on the documents / credentials submitted along with the offer and the same shall be binding upon it.

IV. That the information and documents submitted by it along with the tender documents are complete and correct and they are fully responsible for authenticity and correctness of information and documents submitted.

V. That at any time during the process for evaluations of tenders, if any information / document submitted by it is found to be suppressing facts / forged / false / fabricated / fudged or incorrect, it shall lead to forfeiture of the EMD, if submitted, besides banning under the extant Guidelines for Banning of Business Dealings of SAIL and initiating any legal action as deemed fit by SAIL. Further, that their offer shall be summarily rejected.

VI. That at any time after award of the contract, if the certificates submitted by it are found to be suppressing facts / false/ forged/ fabricated / fudged or incorrect, it may lead to termination of the contract, along with forfeiture of EMD/ SD and Performance Guarantee, if submitted, besides any other action provided in the contract including banning under the extant Guidelines for Banning of Business Dealings of SAIL and initiating any legal action as deemed fit by SAIL

D. **Anti-Bribery:** That they shall not give or take, any financial or non-financial bribe, to or from anyone during the tender or during the execution of the contract thereafter and if they notice any such incident happening, they shall report it to SAIL Vigilance.

8.1.1 <u>In case of non-compliance of para9.1 above, employer may at its discretion, invalidate their bid, exclude it from future tenders, pursue damages or other forms of redress from it (including but not limited to damages for delay, costs and expenses of re-tendering and other costs incurred), and /or (in the event that they are awarded the contract) terminate the contract.</u>

8.1.2 <u>The tenderer shall be required to declare whether the proprietor or any partner of the firm or director of their company as the case may be has any relation with any employee working with the purchaser and if so, give the name of the employee and the relationship and also whether any of it has a relationship within the meaning of section 2 (77) of the companies act, 2013**,** read with rule 4 of companies (specification of definitions details) rules, 2014with any of the directors of steel authority of india limited.</u>

8.2 **CODE OF INTEGRITY**

A) By participation in this tender, Bidders, Suppliers, Contractors, and Consultants are deemed to have declared that they shall observe the highest standard of ethics and shall not indulge in the following prohibited practices, either directly or indirectly, at any stage during the Tender Process or during the execution of resultant contracts:

1) “Corrupt practice” - making offer, solicitation or acceptance of a bribe, reward or gift or any material benefit, in exchange for an unfair advantage in the Tender Process or to otherwise influence the Tender Process;
2) “Fraudulent practice” - any omission or misrepresentation that may mislead or attempt to mislead so that financial or other benefits may be obtained or an obligation avoided. Such practices include a false declaration or false information for participation in a tender process or to secure a contract or in the execution of the contract;
3) “Anti-competitive practice” - any collusion, bid-rigging or anti-competitive arrangement, or any other practice coming under the purview of the Competition Act, 2002, between two or more bidders, with or without the knowledge of the Purchaser, that may impair the transparency, fairness, and the progress of the Tender Process or to establish bid prices at artificial, non-competitive levels;
4) “Coercive practice” - harming or threatening to harm persons or their property to influence their participation in the Tender Process or affect the execution of a contract;
5) “Conflict of interest” –participation by a bidding firm or any of its affiliates who are either involved in the Consultancy Contract to which this procurement is linked; or if they are part of more than one bid in the procurement; or if their personnel have a relationship or financial or business transactions

with any official of Purchaser who are directly or indirectly related to tender or execution process of contract; or improper use of information obtained by the (prospective) bidder from the Purchaser with an intent to gain unfair advantage in the Tender Process or for personal gain;

6) "Obstructive practice" - materially impede Purchasers investigation into allegations of one or more of the above mentioned prohibited practices either by deliberately destroying, falsifying, altering; or by concealing of evidence material to the investigation; or by making false statements to investigators and/ or by coercive practices mentioned above, to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or by impeding the Purchaser's rights of audit or access to information;

B) Obligation of Proactive Disclosure

1) Bidders, suppliers, contractors, and consultants are obliged under this Code of Integrity to suo-moto proactively declare any conflict of interest (coming under the definition mentioned above - pre-existing or as and as soon as these arise at any stage) in any Tender Process or execution of the contract. Failure to do so shall amount to a violation of this code of integrity.
2) Bidder must declare, whether asked or not in a bid-document, any previous transgressions of such code of integrity with any Procuring entity during the last three years or of being debarred by the any other Organisation Failure to do so shall amount to a violation of this code of integrity.
3) Such declarations would not mean automatic dis-qualification for the bidder making such declarations. The declared conflict of interest shall be evaluated for taking mitigation steps, where possible. Similarly voluntary reporting of previous transgressions of code of integrity elsewhere shall be evaluated barring cases of various grades of debarment; an alert may be kept on the bidders actions in the tender and subsequent contract.

C) Punitive Provisions:

Without prejudice to and in addition to the rights of the Company to other penal provisions as per the bid documents or contract, if the Company comes to a conclusion that a Bidder/Supplier, directly or through an agent, has violated this code of integrity in competing for the Contract or in executing a contract, the Company may take appropriate measures including one or more of the following:

i) If his bids are under consideration in any procurement:
a) Forfeiture or encashment of bid security
b) Calling off of any pre-contract negotiations, and;
c) Rejection and exclusion of the bidder from the procurement process

ii) If a contract has already been awarded:
a) Cancellation of the relevant contract and recovery of compensation for loss incurred by the Company;
b) Forfeiture or encashment of any other security or bond relating to the procurement;
c) Recovery of payments including advance payments, if any, made by the Company along with interest thereon at the prevailing rate;

iii) Provisions in addition to above:
d) Removal from the list of registered suppliers and banning/debarment of the bidder from participation in future procurements of the Company
a) In case of anti-competitive practices, information for further processing may be filed with the Competition Commission of India;
b) Initiation of suitable disciplinary or criminal proceedings against any individual or staff found responsible.

9. <u>LABOUR</u>

9.1 <u>Labour Rules etc.</u>

a. In respect of all labour directly or indirectly employed by the Contractor, on the work, it shall be the bounden duty of the Contractor to abide by and to strictly etc. comply with all labour legislations/rules, as may be applicable, enacted by the Parliament or by the State Legislature and the rules/regulations framed there under by the Central or State Government or Local Authorities providing for the conditions of employment protection of health, Sanitary arrangements, wages, provident fund, gratuity welfare, and safety of workmen. These rules and statutory obligations shall be deemed to be part of the Contract. Instructions issued by the Employer in this behalf from time to time shall be equally binding on the contractor &the Contractor shall observe them stringently.

b. In the event of the Contractor failing to discharge his obligations imposed upon him by or under any statute as aforesaid the employer shall be entitled to rescind the Contract at the sole risk and cost of the Contractor and/or recover from him the amount of loss sustained by the Employer

c. It is advisable for the Contractor to properly and fully acquaint himself with all the legislations as applicable to his workmen and the work under this contract or in connection herewith, so as to preclude the possibility of infringement and non-compliance thereof and to make it easy for him to observe clause 10.1 without any deviation

d. The Contractor shall maintain records, registers in respect of workers employed by him as required under various statutes and/or prescribed by the Employer, shall issue attendance cards to each worker and shall produce the same for inspection on demand to the authorities under statutes or to the authorized representatives of the Employer

e. All payments of whatever nature to be made by the contractor to his workmen shall be made in the presence of or shall be duly verified by an authorized representative of Employer and Employer's representative shall sign the acquaintance in token of having witnessed/verified the payment, as prescribed under law.

f. The Running Account bill(s) of the contractor shall be released only after Contract Labour Cell (CLC) gives clearance regarding compliance of all statutory provisions by the contractor. Final bill of the Contractor shall be cleared only when a clearance certificate is issued to the Contractor from an authority declared for the purpose by the Employer that the claims of workmen in respect of wages, workmen's compensation, CPF etc. have been paid by Contractor to his workmen in full and subject to fulfillment of other conditions of contract.

g. The Contractor shall be entirely responsible for safe and good conduct of his workmen during the period of his contract. The Contractor shall also ensure, that no safety rules / instructions are violated by him or his workmen. The Contractor shall maintain his machineries and tools for work in safe condition and shall present the same for checking whenever called by Employer.

h. It shall be binding on the part of the Contractor to familiarize himself and be governed by all statutes such as Mines, Act 1952,Rules and Regulations including amendments made there under if any applicable for the work, Indian Electricity Act 1910 and Indian Electricity Rules 1956 including amendments if any applicable for the work.

i. The Contractor shall provide and ensure proper use of safety appliances by his workmen throughout the course of their employment

j. The Contractor in fulfillment of his statutory obligations imposed by or under various Labour Laws, will among other things:

i) Arrange to provide cool and wholesome drinking water at appointed place/places near work site. The container of water shall be in hygienic condition.

ii) Implement the Employees Provident Fund Scheme or Produce exemption certificate from Provident Fund Commissioner if they are so exempted Otherwise, bills for the work will be released withholding 10% from such sums or as decided by the Employer from time to time till such time they implement the scheme or produce exemption certificate from the Provident Fund Commissioner. The Tenderers/Contractors are further required to indemnify the Employer against any loss or damage whatsoever that may be suffered by the Employer as a result of any claim, damage or penalties for any failure or non-compliance on their(Contractor's) part within the provisions of the aforesaid Act and Schemes framed there under.

k. No labour below the age of 18 (eighteen) years shall be employed on the Job.

9.2 **For Mines Only:**

The Contractor shall arrange to get his workmen trained under Mines Vocational Rules-1966 at the Mines Vocational Training Centre of the Employer and shall pay all statutory allowances for such training to his workmen under training.

9.3 **Labour License**

a) The contractor shall have to obtain a license from concerned Licensing Authority within preferably 15 days from the award of the Contract under Contract Labour (Regulation and Abolition) Act, 1970 & amendments thereto and shall have to comply with all the provisions of the Act and Rules framed there under and shall ensure that no violations are pointed out by the Authorities under the Act.

b) The Running Account bills of the contract shall not be released until the license for the number of labours employed under Contract Labour (Regulation and Abolition) Act, 1970 & amendments thereto has been produced by the contractor to the office of the Employer. Whenever the number is increased, the contractor shall arrange to get such changes incorporated in the license.

9.4 **Minimum Wages Act**

9.4.1 The Contractor shall comply with the provision of the Minimum Wages Act and the Rules made there under by the Central/State Government (as applicable) in respect of all workmen employed by him in carrying out this Contract. He shall pay the employees wages not less than the minimum rates of wages, if any, fixed by the Government for that Category (including wages, payable for weekly holidays contemplated under the Minimum Wages Act).

The Contractor shall, at all times indemnify the Employer against all claims arising out of the provisions of the Minimum Wages Act and the Rules framed there under as admissible in respect of any workmen employed by the Contractor in carrying out the Contract and against all costs and expenses incurred by the Employer in connection with and (without prejudice to other means of recovery). The Employer shall been titled to deduct from any money due, to become due to the Contractor whether in this Contract or any other Contract) all moneys paid or payable by the Employer by way of wages and other dues (including compensation penalty, if any, imposed for committing breach of any provision of the Act by the contractor) in connection with any claim thereto and the Contractor shall abide by the decision of the Employer as to the sum payable by the Contractor under the provision of this Clause.

9.5 **Women Labour**

9.5.1 The working hours of woman labour employed by the Contractor/ Tenderer shall conform with the relevant labour acts in force.

9.6 **Gate pass**

a) All representatives and workers of Contractor shall possess the Gate Pass issued by the Employer and concerned Officer/Engineer shall have the right to refuse the gate passes to any worker or representative of the contractor without assigning any reason,

b) Permission to enter the Employer's premises to any representative or worker of the Contractor may be suspended or withdrawn at any time by the Employer or concerned Officer/Engineer without assigning any reason.

c) The contractor(s) shall ensure that any gate pass issued to their workmen or representatives by Employer are not misused by the unauthorized persons for entry in the plant area or in any specified/restricted area inside the plant.

d) The contractor shall be governed by the following provisions for enforcing safe custody and proper use of gate passes that may be issued to him/his workmen for entry into the Plant area.

(i) It shall amount to breach of rules and regulations regarding entry into a prohibited place by Contractors in case any gate passes issued on their demand are found to be misused by any unauthorized person (s). It shall also amount to breach of terms of the contract for which the Employer reserves the right to terminate the contract at any stage at the risk and cost of the Contractor.

(ii) Final payment would be made to the Contractor only after all the passes issued by the Security Department are surrendered to the Employer for cancellation for which 'No Demand Certificate' should be obtained. In case of passes lost/not surrendered for any reason an amount as prescribed by the Plant/Unit, will have to be paid as penalty before final payments are cleared.

10. WORK MATERIALS & PLANT

10.1 Quality of Materials and Workmanship and Tests

10.1.1 All materials and workmanship as stipulated in the contract and in accordance with the Engineer's instruction and shall be subjected from time to time such tests as the Engineer may direct at the places of manufacture or fabrication or on the site or at all or any such places. The Contractor shall provide such assistance, instruments, machines, labour and materials as are normally required for examining, measuring and testing any work and the quality, weight or quantity of any materials used and shall supply samples of materials before Incorporation in the Works for testing as may be selected and required by the Engineer.

10.2 **Cost of Samples**

10.2.1 All samples shall be supplied by the Contractor at his own cost.

10.3 **Testing:**

10.3.1 Wherever the materials involve testing for acceptance, testing of the same is to be arranged by the contractor and cost of the same is to be borne by him. However, in case material is tested at Employer's premises, no charges need to be paid by the Contractor, unless otherwise specified in the Contract.

10.3.2 In case of testing of Umpire Sample in an outside lab, if the Umpire sample fails, the Contractor shall bear the expenses of the Umpire sample testing.

10.4 **Access to site**

10.4.1 The Employer and / or Engineer and any person authorized by him shall at all times have access to the works and to the site and to all workshops and places where work is being prepared or where materials, manufactured articles and machinery are being obtained for the works and the Contractor shall afford every facility for and every assistance in on obtaining to right to such access.

10.5 **Examination of Work/Foundation before covering up**

10.5.1 No work shall be covered up or put out of view without the approval of the Engineer and the Contractor shall afford full opportunity for the Engineer to examine and measure any work which is about to be covered up or putout of view and to examine foundations before permanent work is placed thereon. The Contractor shall give due notice to the Engineer whenever any such work or foundation is or ready or about to be ready for examination and the Engineer shall without unreasonable delay, unless he considers it unnecessary and advises the Contractor accordingly, attend for the purpose of examining and measuring such work or of examining such foundations.

10.6 **Uncovering & Making Openings**

10.6.1 Contractor shall uncover any part or parts of the Work or make opening in or through the same as the Engineer may from time to time direct and shall reinstate and make good such part or parts to the satisfaction of the Engineer. If any such part or parts have been covered up or put out of view after compliance with the requirements of clause 11.5 and are found to be executed in accordance with the Contract, the expenses uncovering, making openings in or through reinstating and making good the same shall be borne by the Employer but in any other case, all such expenses shall be borne by the Contractor and shall be recoverable from him by the Employer or may be deducted by the Employer from any moneys due or which may become due to the Contractor.

10.7 **Removal of Improper Work and Materials**

10.7.1 The Engineer shall during the progress of the Work have power to order in writing from time to time.

(a) The removal from the site within such time or times as may be specified in the order, of any materials which in the opinion of the Engineer are not in accordance with the Contract.

(b) the substitution of proper and suitable materials and

(c) the removal and proper re-execution (notwithstanding any previous test thereof or interim payment therefore) of any work which in respect of materials or workmanship is not in the opinion of the Engineer in accordance with the Contract.

10.8 **Suspension of Work**

10.8.1 The Contractor shall on the written order of the Engineer suspend the progress of the works or any part thereof for such time and in such manner as the Engineer may consider necessary and shall during such suspension properly protect and secure the work so far as is necessary in the opinion of the Engineer. The extra cost (if any) incurred by the Contractor in giving effect to the Engineer's instructions under this Clause shall be borne and be paid by the Employer unless such suspension is:

(a) otherwise provided for in the Contractor or

(b) necessary for the proper execution of the work or by reason of weather conditions or by some default on the part of the Contractor or

(c) necessary for the safety of the Works or and part thereof,

Provided that the Contractor shall not be entitled to recover any such extra cost unless he gives notice in writing of his intention to claim to the Engineer within 28 days of the Engineer's order. The

Engineer shall settle and determine the extra payment to be made to the Contractor in respect of such claim as the Engineer shall consider fair and reasonable.

10.9 **<u>Suspension of works for more than 90 days</u>**

10.9.1 If the progress of the Works or any part thereof is suspended on the written notice order of the Engineer for more than ninety days, the Contractor may serve a written notice on the Engineer requiring permission within 28 days from the receipt thereof to proceed with the Works or that part thereof in regard to which progress is suspended and if such permission is not granted within that-time, the Contractor by a further written notice so served may (but is not bound to) elect to treat the suspension where it affects part only of the Works as an omission of such part thereof or where it effects the whole Works as an abandonment of the Contract by the Employer.

11.<u>COMMENCEMENT TIME & DELAYS</u>

11.1 **<u>Commencement/ completion of work</u>**

11.1.1 The Effective Date (Start date for commencement and period / end date for completion of Contract) shall be as specified in the Contract.

11.2 **<u>Possession of Site</u>**

11.2.1 Save in so far as the Contractor may prescribe the extent of portions of the Site of which the Contractor is to be given possession from time to time and the order in which portions shall be made available to him and subject to any requirement in the Contract as to the order in which the Works shall be executed, the Employer will give to the contractor possession of so much of the site as may be required to enable the Contractor to commence and proceed with the construction of the Works in accordance with the Programme referred to in Clause 6.15 thereof (if any).Otherwise in accordance with such reasonable proposals of the Contractor as he shall by notice in writing to the Engineer make and will from time to time as the works proceed give to the Contractor possession of such further portions of the Site as may be required to enable the Contractor to proceed with the construction of the Works due in accordance with the said programme proposals. If the Contractor suffers delay from failure on the part of the Employer to give possession in accordance with the terms of the clause, the Engineer shall grant an extension of time for the completion of the works.

11.3 **<u>Way levels etc.</u>**

11.3.1 The Contractor shall bear all expenses and charges for special or temporary way levels required by him in connection with access to the site. The Contractor shall also provide at his own cost any additional accommodation outside the Site required by him for the purpose of the Works.

11.4 **<u>Extension of Time</u>**

11.4.1 If the Contract is delayed at any time in the progress of work by any Act, delay or neglect, of the Employer, or by any other contractor employed by the Employer, or by changes ordered in the work by the Employer or by Force Majeure conditions or by any cause which the employer shall decide as justifiable, then the time of completion shall be extended by a reasonable time or by such time as the Employer may decide. No such extension shall be allowed unless claims are made in writing to Employer within 15 days from the date of occurrence of the causes of delay or as soon thereafter as is practicable, delivered to the Engineer with full and detailed particulars or any claim of extension of time to which the contractor may consider himself entitled in order that such claim.

a. **Conditions for Extension of Delivery Period with Liquidated damages**: When the period of delivery is extended due to unexcused (i.e., where the delay is not attributable to Purchaser) delay by the Contractor, the amendment extending the delivery period shall, inter- alia be subject to the following conditions:

i. SAIL shall recover from the Supplier/ Vendor/Contractor, under the provisions of this clause, liquidated damages on the such supplied Goods and incidental Works/ Services, which the Supplier/ Vendor/Contractor has failed to deliver within the delivery period stipulated in the Contract.

ii. No increase in price on account of any statutory increase in or fresh Imposition of GST, customs duty or on account of any other taxes/ duty/ cess/ levy, leviable in respect of the Works/ jobs/ Services stipulated in the said Contract which takes place after the original completion date, shall be admissible on such part of the said Works, as are delivered after the said date, however the same shall be admissible to the extent for which Input Tax Credit (ITC) is admissible against these levies; and

iii. Notwithstanding any stipulation in the Contract for an increase in price on any other ground, including price variation clause or foreign exchange rate variation, or any other variation clause, no such increase after the original completion date shall be admissible on such Works completed after the said date.

b. If the delay in completion of supplies is attributable to Purchaser or Force Majeure conditions then Liquidated Damages will not be levied.

11.5 **<u>No Night or Sunday Work</u>**

11.5.1 Subject to any provision to the contrary contained in the Contract none of the permanent work shall save as hereinafter provided be carried on during the night or on Sundays without the permission in writing of Engineer save when the work is unavoidable or absolutely necessary for the saving of life of or property or for the safety of the Works in which case the Contractor shall immediately advice the Engineer. Provided always that provision of this clause shall not be applicable in the case of any work which it is customary to carry out by rotary or double shifts.

11.6 **Rate of Progress**

11.6.1 The whole of the materials, plant and labour to be provided by the Contractor under Clause 3 hereof and the mode manner and speed of execution and maintenance of the Works are to be of a kind and conducted in a manner approved by the Engineer. Should the rate of progress of the Works or any part thereof be at any time, in the opinion of the Engineer is too slow to ensure the completion of the works by the prescribed time or extended time for completion, the Engineer shall so notify the Contractor in writing and the Contractor shall thereupon take such steps as he may think necessary and the Engineer may approve to expedite the progress so as to complete the works by the prescribed time or extended time for completion. If the works is not being carried on by day and by night and the Contractor shall request permission of work by night as well as by day, then if the Engineer shall grant such permission the Contractor shall not be entitled to any additional payment for so doing but if such permission shall be refused and there shall be no equivalent practicable method of expediting the progress of the work the time for completion of the Works shall be extended by the Engineer by such period as solely attributable to such refusal. All work at night shall be carried out without unreasonable noise and disturbance. The Contractor shall indemnify the Employer from and against any liability for damage on account of noise or other disturbance created while or in carrying out the work and from and against all claims, demands, proceedings, damages, costs, charges and expenses what so ever in regard or in relation to such liability.

11.7 <u>**Failure of Delivery:** in case the completion is delayed beyond the prescribed completion period, the works/ jobs /services can only be performed with prior consent of the employer. Should the contractor fail to complete the works/jobs**/** services or any part thereof, within the period prescribed for such completion, the employer shall be entitled at his option, to the following:</u>

a) Liquidated Damages:

In event of Works/ services not being completed within the contractual completion schedule, liquidated damages @ 0.5%,not by way of penalty, of the whole value of the Work/ job /service without taxes, duties & freight, per week or part thereof of delay, subject to maximum of 10%, (or as applicable in the case of MSE as per extant SAIL MSE guideline is recoverable from the Contractor without prejudice to the rights of Employer to procure the balance service at the risk and cost of the Contractor. The payment or deduction of such damages shall not relieve the Contractor from the contractual obligations to complete the Works/ jobs / services or balance portion thereof in time as stipulated in the Contract.

If the delay in completion of Works/ jobs/ services is attributable to Employer or Force Majeure conditions then Liquidated Damages will not be levied.

b) Risk Purchase:

Subject to the terms and conditions of this Contract, if the Contractor neglects or fails to perform the Contract by the time or times agreed upon, for any reason other than Force Majeure, the Employer after having come to know of such negligence or non-performance, after giving 14 to 30 days notice in its discretion or any such extended period that the Contractor and Employer may mutually agree, to the Contractor to rectify, shall take such action as it considers fit including but not limited to taking risk purchase action for completion of Works/ jobs /services, mitigating any losses, at the risk and cost of the Contractor as far as the undelivered Works/ jobs / services in that Completion Period is concerned. The Right of the Employer for Risk Purchase Action is in addition to the Right of Employer to terminate the Contract due to the fault of the Contractor.

The price differential in case of higher cost to employer, if any, shall have to be borne by the defaulting contractor. Moreover, the defaulting contractor shall have no claim over the quantity, which they failed to complete**.**

11.8 **Certificate Completion of work**

11.8.1 When the Contractor fulfils his obligation under the Contract, he shall be eligible to apply for Completion Certificate. The Engineer shall normally issue to the Contractor, the Completion Certificate within one month after receiving any application thereof from the Contractor after verifying from the completion documents and satisfying himself that the Works/Job/Service has been rendered in accordance with and as set out in the Contract Documents. No certificate shall be given nor shall the Works/job/Service be deemed to have been rendered until all scaffolding, Equipment(s) & machine(s), surplus materials and rubbish brought for/ generated during execution of service is cleared off the Site completely. Engineer's certification about completion of service in all aspects shall be binding and conclusive.

11.9 **Final Acceptance/ Performance Certificate**

Upon expiry of the period of performance / defect liability (as per period specified after completion of work in contract, and subject to the engineer being satisfied that the contractor has in all respect duly made-up any shortfall and performed all his obligations under the contract, the engineer shall normally issue to the contractor,a certificate herein referred to as the final acceptance certificate/ performance certificate to that effect. Thecontractor shall not be considered to have fulfilled the whole of his obligations under contract until such certificate shall have been given by the engineer. Any related payment shall be released on the basis of such certificate.

12.MAINTENANCE DURING DEFECT LIABILITY / PERFORMANCE GUARANTEE PERIOD:

12.1 **Definition of Period of Maintenance:**

12.1.1 In these conditions the expression Period of Maintenance shall mean a period of six months or any other period if specifically specified in the Contract calculated from the date of completion of the Works certified by the Engineer in accordance with Clause 12.8 hereof or in the event of more than one certificate having been issued by the Engineer under the said Clause from the respective dates so certified and in relation to the Period of Maintenance, the expression "The Works" shall be construed accordingly.

12.2 **Execution of work of Repair etc.**

12.2.1 To the extent that the Works shall at or as soon as practicable after the expiration of the Period of Maintenance be delivered up to the Employer in as good and perfect a condition (fair wear and tear excepted) to the satisfaction of the Engineer as that in which they were at the commencement of the period of Maintenance, the Contractor shall execute all such work of repair, amendment, reconstruction, rectification and making good of defects, imperfections, shrinkages or other faults as may be required of the Contractor in writing by the Engineer during the Period of Maintenance or within fourteen days after the expiration as a result of an inspection made by or on behalf of the Engineer prior to its expiration.

12.3 **Cost of Execution of Work or Repair etc.**

12.3.1 All such work shall be carried out by the Contractor at his own expense, if the necessity thereof, shall in the opinion of the Engineer be due to the use of materials or workmanship not in accordance with the Contract or to neglect or failure on the part of the Contractor to comply with any obligation expressed or implied on the Contractor's part under the Contract. If in the opinion of the Engineer such necessity shall be due to any other cause, the value of work shall be ascertained and paid for as if it was additional work.

12.4 **Remedy on Contractor's failure to carry out work required**

12.4.1 If the Contractor shall fail to do any such work as aforesaid required by the Engineer, the Employer shall be entitled to carry out such work by his own workmen or by other Contractors and in such work which the Contractor should have carried out at the Contractor's own cost shall be entitled to recover from the Contractor, the cost thereof or may deduct the same from any moneys/payments due or that may become due to the Contractor.

12.5 **Identification/assessment/rectification of defect/fault**

12.5.1 The Contractor shall if required by the Engineer in writing search for the cause of any defect, imperfection or fault under the direction of the Engineer. Unless such defect, imperfection of fault shall be one for which the Contractor is liable under the Contract the cost of work carried out by the Contractor in searching as aforesaid shall be borne by the Employer But if such defect, imperfection or fault shall be one for which the Contractor is liable as aforesaid the cost of the work carried out in searching as aforesaid shall be borne by the Contractor and he shall in such case repair, rectify and make good such defect, imperfection or default at his own expense in accordance with the provisions of clause 13 hereof.

13.PROPERTY IN MATERIALS AND PLANTS

13.1 **Vesting of Certain Plant**

13.1.1 All constructional Plant, Temporary works and materials owned by the Contractor or by any company in which the Contractor has a controlling interest shall when brought to on the Site immediately be deemed to become the property of the Employer.

13.2 **Exclusive use of Plants/Works**

13.2.1 No Constructional Plants, Temporary works or material or structure or facility or any part there of shall be removed from Site without the written consent of the Engineer which consent shall not be unreasonably withheld where the same is no longer immediately required for the purpose of completion of the works but the Employer will permit the Contractor the exclusive use of all such Constructional Plant, Temporary Works and materials in and for the completion of the works until the occurrence of any events which gives the Employer the right to exclude the Contractor from the Site and proceed with the completion of the Works.

13.3 **Revesting and Removal of Plant**

13.3.1 Upon removal of any such Constructional Plant, Temporary works of materials as have been deemed to have become the property of the Employer under Clause 14.1 with consent as aforesaid the property therein shall be deemed to revest in the Contractor and upon completion of the works the property in the remainder of such Constructional Plant, Temporary works and materials as aforesaid shall subject to the provisions of Clause 17.1 here of be deemed to revest in the Contractor who shall remove the same from the Site. If the Contractor fails to remove and Constructional Plant, Temporary works or materials as aforesaid within such reasonable time after completion of the works as may be allowed by the Engineer then the Employer may sell any such Constructional Plant, Temporary works and materials as aforesaid and after deduction from any proceeds of sales the costs, charges and expenses of and in connection with such sale shall pay the balance (if any) to the contractors but to the extent that proceeds of any sale are insufficient to meet all such costs, charges and expenses, the excess shall be kept due from the Contractor to the Employer and shall be deductible or recoverable by Employer accordingly as aforesaid.

13.4 **Liability of loss of or injury to plant**

13.4.1 The Employer shall not at any time be liable for the loss of or injury to any of the Constructional Plant, Temporary Works or materials which have been deemed to become the property of the Employer under Clause 14 save as mentioned in Clause 6.23 hereof.

13.5 **Materials Supplied by Employer**

13.5.1 Unless specified as free issue, if the specification or estimate of the Works provides for the use of any special description of materials to be supplied from employer's store, or if it is required that the Contractor shall use certain stores to be provided by the Employer (such materials and stores and the prices to be charged therefor as hereinafter mentioned being so far as practicable for convenience of the Contractor but not so as in any way to control the meaning or effect of this Contract specified in the schedule or memorandum thereto annexed), the Contractor shall be supplied with such materials and store as required from time to time to be used by him for the purpose of the Contract only, this being calculated out from specifications, drawing etc. The value of the quantity of materials and stores so supplied at the rates specified in the said schedule or memorandum may be set off or deducted from any sums then due, or thereafter to become due to the Contractor under the Contract, or otherwise or against or from the Security Deposit, the same or a sufficient portion thereof being in this case to fulfil the purpose.

All materials supplied to the Contractor including free issue, shall remain the absolute property of the Employer, and shall not on any account be removed from the site of the work and shall at all times be open to inspection by the Engineer. Any such materials unused and in perfectly good condition at the time of the completion or termination of the Contract shall be returned to the Employer store. The Contractor shall not be entitled to return any such materials unless with such consent of the Engineer and shall have no claim for compensation on account of any such materials so supplied to him as aforesaid or for any wastage in or damage to any such materials.

13.6 **Material obtained during Dismantling & Excavation etc.**

13.6.1 All materials (e.g. stone and other materials) obtained in the work of dismantling, excavation etc. will be considered as the Employer's property and issued to the Contractor (if he requires the same for his use) at rates approved by the Engineer, if these materials are not required by the Contractor they will be disposed of to the best advantage of the Employer.

13.7 **No Approval by vesting**

13.7.1 The operation of the preceding Clause 14.1 to 14.5 shall not be deemed to imply any approval by the Engineer, of the materials or other matters referred to therein nor shall it prevent the rejection of any such materials at any time by the Engineer.

14.MEASUREMENT

14.1 **Quantities**

14.1.1 The quantities set out in the Tender Schedule are the approximate estimated quantities of the work but they are not to be taken as the actual and correct quantities of the works to be executed by the Contractor in fulfillment of his obligations under the Contract.

14.2 **Works /service/jobs to be measured**

14.2.1 The Engineer shall except as otherwise stated ascertain and determine by measurement the value in accordance with the Contract of work /jobs/service done in accordance with the contract. He shall when he requires any part or parts of the Works to be measured give notice to the Contractor's authorized agent or representative who shall forthwith attend or send a qualified agent to assist the Engineer in making such measurement and shall furnish all required particulars. Should the Contractor not attend or neglect or omit to send such agent then the measurement made by the Engineer or approved by him shall be taken to be the correct measurement of the work. For the purpose of measuring such permanent work as is to be measured by record drawings, the Engineer shall prepare record drawing month by month of such work and the Contractor as and when called upon to do so in writing shall within 14 days attend to examine and agree such record drawings with the Engineer and shall sign the same when so agreed and if the Contractor does not so attend to examine and agree any such record drawings they shall be taken to be correct. If after examination of such record drawings the contractor does not agree to the same or does not sign the same as agreed they shall nevertheless be taken to be correct unless the contractor shall within 14 days of such examination lodge with the Engineer for decision by the Engineer's notice in writing of the respects in which such record drawings are claimed by him to be incorrect. The contractor shall be paid for the quantities resulting from measurement of the executed work.

14.3 **Method of measurement**

14.3.1 The method of measurement shall be as per extant Indian Standard IS 1200, subject to the following:

a) Wherever a particular method of measurement is specified in the description of the item in the tender schedule/special conditions, the same shall only apply
b) In case the method of measurement is not covered by the said Indian Standard for a particular item, the method of measurement shall be as per CPWD specifications for that item only.

Note: In case of dispute regarding method of measurement, the decision of the Engineer shall be final and binding on the contractor.

15.BILLS, CERTIFICATES, PAYMENTS& TAXES

15.1 **Interim Payments**

15.1.1 The Contractor shall be paid monthly on the certificate of the Engineer the amount due to him on account of the estimated value of payment work executed up to the end of the previous month. The value of work being assessed on the basis of measurements to be recorded by the Engineer or from the bill submitted by Contractor and passed by the Engineer subject to retention of percentage as per payment term. All such interim payments shall be regarded as payments by way of advance against the final payments only and not as payment for work actually done and completed and shall not prejudice the power of the Engineer to disapprove bad, unsound imperfect or unskilled work and order pulling down, removal, re-erection or reconstruction thereof or not shall be considered as admission of the due performance of the contract or any part thereof.

15.2 **Monthly Bills**

15.2.1 The Contractor shall submit to Engineer on or before the date fixed by the Engineer an on account bill showing the estimated contract value of the permanent work, services executed up to the end of the previous month accompanied by detailed measurements and the Engineer shall take or cause to be taken the requisite measurements and the purpose of having the same verified and the claim as for as admissible adjusted if possible, before expiry of ten days from the presentation of the bill If the Contractor fails to prepare and submit the bill within the time fixed as aforesaid the Engineer shall measure up the said work in the presence of the Contractor whose Counter signature of the measurement list will be sufficient warrant of acceptance by the Contractor and a bill prepared by the Engineer from such list shall be binding on the Contractor in all respect. If the Contractor after due notice has been given to him does not attend the measurements, the work may be measured in his absence and such measurements shall notwithstanding in his absence be binding on him irrespective of whether he has signed the measurement book or not. Running payment will also be made to all categories of Contractors at regular intervals. The measurements will be prepared jointly before a particular date of the month to be specified by the Engineer and on account bill will be paid as per payment terms in the contract.

The final bill shall be submitted by the Contractor within one month of the date fixed for completion. Otherwise, the Engineer's Certificate of the measurement and the total amount payable for the work accordingly shall be final and binding on all parties,

15.3 **<u>No Demand Certificate</u>**

15.3.1 “No Demand Certificate” will not be issued unless all the statutory payments to contract labour including retrenchment benefits, gratuity, etc. are paid and a copy of full and final payment Muster Roll duly witnessed by the nominee of employer is submitted in CLC by the contractor. The Contractor may be debarred in case he is found by CLC that he is not complying with the statutory provisions.

15.4 **<u>Deduction from the Contract Price:</u>**

15.4.1 All costs, damages or expenses which Employer may have paid or incurred, which under the provisions of the Contract the Contractor is liable to pay shall be claimed by the Employer from the Contractor as and when they fall due. Such claims shall be paid by the Contractor within 15 (fifteen) days of the receipt of the corresponding bills/ claims and if not paid by the Contractor within the said period, the Employer may, then, deduct the amount, along with applicable penalty, from any immediate moneys/payments due to the Contractor like Running Account Bills, Final Bills, Contract Performance Security or any payment becoming due to the Contractor under the Contract or may be recovered by actions of law or otherwise, if the Contractor fails to satisfy the Employer of such claims.

15.5 **<u>Schedule of Rates and Payments:</u>**

15.5.1 Contractor's Payment:

The price to be paid by the Employer to Contractor for the whole of the Service to be done and for the performance of all the obligations undertaken by the Contractor under the Contract Documents shall be ascertained by the application of the respective Schedule of Rates (the inclusive nature of which is more particularly defined by way of application but not of limitation, with the succeeding sub-clause of this clause) and payment to be made accordingly for the Services actually executed and approved by the Engineer. The sum so ascertained shall (except only as and to the extent expressly provided herein) constitute the sole and inclusive payable amount of the Contractor under the Contract and no further or other payment whatsoever shall be or become due or payable to the Contractor under the Contract.

15.5.2 Schedule of Rates to be inclusive:

Unless if otherwise specified, the prices/rates quoted by the Contractor shall remain firm till the issue of Final Certificate and shall not be subject to escalation unless specific clause for variation is specified in the Contract. Schedule of Rates shall be deemed to include and cover all costs, expenses and liabilities of every description and all risks of every kind to be taken in rendering the services to the Employer by the Contractor. The Contractor shall be deemed to have known the nature, scope, magnitude and the extent of the service though the Contract Document may not fully and precisely furnish/specify them. The Tenderer shall deemed to include the requisite services as may be required to complete the Services properly including remedying of any defect therein.

15.5.3 Schedule of Rates to cover Construction Equipment, Materials, Labour etc.:

Without in any way limiting the provisions of the preceding sub-clause the Schedule of Rates shall be deemed to include and cover the cost of all construction equipment, material, labour, insurance, fuel, consumables, stores & appliances, transportation and such other items / equipment / material as required for carrying out the services by the Contractor and all other matters in connection with each item in the Schedule of Rates and the execution of the Service or any part thereof, complete in every respect and maintained as shown or described in the Contract Documents or as may be ordered in writing during the continuance of the Contract.

15.6 **Correction and Withholding of Certificates**

15.6.1 The Engineer may by any certificate make any correction or modification in any previous certificate which shall have been issued by him and shall have power to withhold any certificate if the works or any part thereof is not being carried out to his satisfaction.

15.7 **Taxes and Duties:**

a) Tenderers must clearly mention their E.C.C No. and GST Registration No. as applicable on supplies in their offers and invoices.
b) GST, Excise Duty, and Countervailing Duty (CVD), etc. shall be clearly mentioned in the offer indicating the applicable rates. In case order is placed on the tenderer, fresh imposition or variation in statutory taxes / duties / levies, if imposed beyond the contractual delivery period, shall be admissible / availed of, provided it is Cenvat/ ITC/ setoff is admissible against these levies to Employer.
c) **TCS/TDS under Income Tax:**

Tax Collection at Source/ Tax Deduction at Source (TDS) shall be made towards Income Tax from all the Invoices of the Vendor/Supplier/Contractor at applicable rates as per Income Tax Act and Rules.

15.7.1 **GST:**

a) For the purposes of levy and imposition of GST, the expressions shall have the following meanings: a) GST –means any tax imposed on the supply of Goods and/or Services under GST Law b) Cess– means any applicable Cess, existing as on date or applicable in future on the supply of Goods and Services as per Goods and Services Tax (Compensation to States) Act, 2017 c) GST Law - means IGST Act 2017, CGST Act 2017, UTGST Act, 2017, SGST Act, 2017, GST (Compensation to States) Act, 2017 and all related ancillary Rules and Notifications issued in this regard from time to time.
b) The rates quoted by the Vendor/Supplier/Contractor shall be inclusive of all taxes, duties, levies and Cess except GST and Compensation Cess. Vendor/Supplier/Contractor has to clearly show the amount of GST/Compensation Cess separately in the Tax Invoices raised by it. Further, it is the responsibility of the Vendor/Supplier/Contractor to make all possible efforts to make their Accounting/IT system GST compliant in order to ensure timely availability of Input Tax Credit (ITC) to SAIL.
c) In cases where GST is leviable on any facilities/supplies provided by SAIL and used by Vendor/Supplier/Contractors in the execution of Purchase Order/Work Order/Contract and the consideration for which is recovered by SAIL in the form of reduction in the value of invoice raised by Vendor/Supplier/Contractor, then SAIL will raise GST Invoices on such transactions and the same will be borne by Vendor/Supplier/Contractors.
d) Evaluation of L-l prices shall be done based on landed cost net of Input Tax Credit (ITC) of GST, if ITC is available to SAIL. SAIL shall evaluate the offers on the basis of the quoted rates only and any claim subsequently by the Vendor/Supplier/Contractor for additional payment/liability shall not be admitted and has to be borne by the Vendor/Supplier/Contractor. The supplier under Composition

Scheme should carefully understand the implication of Input Tax Credit (ITC) before quoting the rates.

e) For the purpose of the tender / Purchase Order/Work Order/Contract issued pursuant to the tender, it is agreed between the parties that if any new taxes, duties or levies other than GST is introduced subsequent to the final date of submission of tender or reverse auction by the Central/State Government/Local Authorities and such new taxes, duties or levies become payable, then an equitable adjustment on account of new taxes, duties or levies in the contracted price shall be made which shall be subject to the production of documentary evidence by the Vendor/Supplier/Contractor. This provision shall be applicable only during the original period of Contract. However, during the extended period of Contract, if any, this provision shall be applicable as follows:

i. lf Input Tax Credit (ITC) is available, the adjustment in contract price for such new tax shall be made.

ii. In other cases (i.e., where Input Tax Credit (ITC) is not available), adjustment in contract price shall be made only if the new tax is enacted during the period of extension arising out of reasons attributable to SAIL.

f) In case of variation (increase/decrease) in the rate of GST after the final date of submission of tender or reverse auction, the said revised rate shall be reimbursed or recovered on production of relevant statutory documentary evidence. This provision shall be applicable only during the original period of Contract. However, during the extended period of Contract, if any, this provision shall be applicable as follows:

i. lf Input Tax Credit (ITC) is available, the said revised rate shall be reimbursed or recovered.

ii. In other cases (i.e. where Input Tax Credit (ITC) is not available), the said revised rate shall be reimbursed or recovered only if the reasons for extension of the contract is attributable to SAIL. In any case, recovery shall be made in case of a downward variation in the rate of tax.

g) Vendor/Supplier/Contractor agrees to do all things not limited to providing GST compliant Tax Invoices/e-invoices/ GST Debit notes or other documentation as per GST law relating to the supply of Goods and/or Services, payment of taxes on timely basis, timely and correct filing of valid statutory Returns (including FORM GSTR-1 and FORM GSTR-3B) for the tax period on the Goods and Service Tax Network (GSTN), submission of general information as and when called for by SAIL in the customized format shared by SAIL in order to enable SAIL to update its database etc. that may be necessary to match the Invoices on GSTN Common Portal and enable SAIL to claim Input Tax Credit in relation to any GST payable under this Contract/Purchase Order/Work Order. GST charged on Debit notes shall be reimbursed only if such Debit notes are issued within the prescribed time limit (given at clause h below) for an ailment of Input Tax Credit.

h) In the event Contractor issues a Credit note to the SAIL, such Credit note shall include GST component only in circumstances set out under Section 34 of CGST Act, 2017 and upon mutual agreement between Supplier and SAIL. This shall be subject to the condition that Supplier shall comply with the procedural requirements relating to issuance of Credit notes under the GST law. For scenarios other than those provided in Section 34 of CGST Act, 2017, a commercial credit note may be issued (without any GST component) instead of a GST credit note upon mutual agreement between Vendor/Supplier/Contractor and SAIL.

i) The Vendor/Supplier/Contractor is required to ensure that the original copy of the Invoice/Debit Note/Credit Note is submitted to the SAIL within 15 (Fifteen) days of issuance of such document.

The Vendor/Supplier/Contractor is required to provide and separately intimate the details of any amendments done on GST Portal in respect of any Invoice/Debit Note/Credit Note earlier uploaded by it to SAIL, on real time basis.

j) W.e.f. 09.10.2019, with the introduction of Rule 36(4) of CGST Rules and the corresponding restriction of eligible ITC, it is important that the respective Vendor/Supplier/Contractor reports the details of outward supplies in its FORM GSTR-1, on timely basis, to facilitate auto-population of details in FORM GSTR-2A at SAIL's end.

k) In case, such details do not auto-populate in FORM GSTR-2A of SAIL, due to fault/mistake/ delay at Vendor/Supplier/Contractor's end, SAIL will not disburse the GST component to the respective Supplier. In other words, only when the Vendor/Supplier/Contractor discloses the details of outward supplies in its FORM GSTR-1 and the corresponding ITC gets auto-populated in FORM GSTR-2A, SAIL will be in a position to avail ITC and consequently disburse the tax component to the Suppliers. Any GST component, even if disbursed by SAIL, would be recoverable by SAIL as a deduction from future bills or by any other means as per the contractual terms.

l) In case Input Tax Credit (ITC) of GST paid on input supplies is denied or demanded/recovered from SAIL by the Central/State Tax Authorities on account of any non-compliance by Vendor/Supplier/Contractor, including the non-compliance of e-invoicing provisions by the Vendor/Supplier/Contractor or non-payment of GST charged and recovered, the Vendor/Supplier/Contractor shall indemnify SAIL in respect of all claims of tax, penalty and/or interest, loss, damages, costs, expenses and liability that may arise due to such non-compliance. SAIL, at its discretion, may also withhold/recover such disputed amount from the pending payments of the Vendor/Supplier/Contractor with SAIL and also from any dues payable or deposit refundable by any other Plant/Unit of SAIL to such Vendor/Supplier/Contractor.

m) Vendor/Supplier/Contractor shall maintain high GST compliance rating track record at any given point of time. In case, where the GST e-invoicing provisions are applicable to a Vendor/Supplier/Contractor, but he fails to issue-invoice, SAIL would not be in a position to avail ITC of input supplies provided by the Vendor/Supplier/Contractor. Under such circumstances, any loss of ITC in the hands of SAIL due to non-compliance of e-invoicing provisions at Supplier’s end shall be directly recovered from such Vendor/Supplier/Contractor.

n) **Anti-Profiteering:**

Vendor/Supplier/Contractor is required to pass on the benefit arising out of introduction of GST, including seamless flow of Input Tax Credit, reduction in Tax Rate on inputs as well as final Goods and/or Services by way of reduction of price as contemplated in the provision relating to Anti-Profiteering Measure as per CGST Act, 2017.

o) Vendor/Supplier/Contractor shall avail the most beneficial Notifications, abatements, exemptions etc., if any, as applicable for the supplies under the Goods and Service Tax Act.

p) SAIL shall charge the applicable GST over and above on the forfeiture of deposit due to violation of terms and conditions of the Contract by Vendor/Supplier/Contractor as well as on the liquidated damages deducted from the price payable to the Vendor/Supplier/Contractor against supply of Goods or Services. Similarly, for recovery under the Contract/Purchase Order/Work Order for shortfall in guaranteed performance or deviation in quality in terms physical or chemical or other specified norms or for under loading or overloading of wagons while dispatching contractual production to SAIL Steel Plant or any other entity as per direction of SAIL or any other recovery as per the terms of Contract/ Purchase Order /Work Order, SAIL shall also charge the applicable GST on all such recoveries.

q) Bidder is required to provide the self-attested copy of his GST Registration certificate and complete address of his principal place of business and branches if any.

r) In case the Bidder is registered under Composition Scheme, then they should clearly mention in the offer that they are covered under Composition Scheme and no GST will be charged separately against execution of the Contract.

s) SAIL shall deduct Tax Deducted at Source (TDS) under GST as applicable as per the provisions of GST law while making payment to the Vendor/Supplier/Contractor

15.8 **<u>Statutory Variations:</u>**

15.8.1 In the event of introduction of any new legislation or any change or amendment or enforcement of any Act or Law, rules or regulations of Government of India or State Government(s) or Public Body which becomes effective after the due date of submission of Bid for the tender but within the Contractual completion period (including extended period allowed due to reasons attributed to Employer) and which results in increased cost of the jobs/services under the Contract through increased liability of taxes, (other than personnel and Corporate taxes), duties, the Contractor shall be indemnified for any such increased cost by the Employer subject to the production of documentary proof to the satisfaction of the Employer to the extent which directly is attributable to such introduction of new legislation or change or amendment as mentioned above.

15.8.2 Similarly, in the event of introduction of new legislation or any change or amendment or enforcement of any Act or Law, rules or regulations of Government of India or State Government(s) or Public Body which becomes effective after the due date of submission of Bid for the tender and which results in any decrease in the cost of the services/ jobs through reduced liability of taxes, (other than personnel and Corporate taxes) duties, the Contractor shall pass on the benefits of such reduced cost, taxes or duties to the Employer, to the extent which is directly attributable to such introduction of new legislation or change or amendment as mentioned above.

16. <u>REMEDIES AND POWERS</u>

16.1 Forfeiture

If the Contractor shall become bankrupt or have an order for appointment of any Receiver made against him or shall present any petition in bankruptcy or shall make an arrangement with or against in favour of his creditors or shall agree to carry out the Contract under a committee of inspection or his creditors (being operated) shall go into liquidation (other than a voluntary liquidation for the purpose of amalgamation or reconstruction) or if the Contractor shall assign the Contract without the prior consent in writing of the Employer or shall have an execution levied on his goods or if the Engineer shall certify in writing to Employer that in his opinion the Contractor,

a) has abandoned the Contract
b) without reasonable excuse has failed to commence the works/services or has suspended the progress of the works/services for twenty eight (28) days after receiving from the Engineer written notice to proceed or
c) has failed to remove materials from the site or to pull down and replace work for 28 days after receiving from the Engineer written notice that the said materials or work have been condemned and rejected by the Engineer under these condition or
d) is not executing the works/services in accordance with the Contract or is persistently or flagrantly neglecting to carry out his obligations under the Contract
e) has to the detriment of good workmanship or in defiance of the Engineer's instructions to the contrary sub-let any part of the Contractor
f) otherwise failed to perform his part of the Contract according to the true intent and meaning thereof.

then the-Employer may after giving 14 days notice in writing to the Contractor enter upon the Site and the Works and expel the Contractor there from without thereby avoiding the Contractor or releasing the Contractor from any of his obligations or liabilities under the Contract or affecting the rights and powers conferred on the Employer or the Engineer by the Contract or otherwise available under the law may himself complete the works/services or may employ any other contractor to complete the works and the Employer or such other Contractor may use for such completion so much of the Construction Plant, Temporary Works/services and materials which have been deemed to become the property of the Employer under the provisions of Clause 14.1 hereof on the Site as he or they may think proper and the Employer may at any time sell any of the Constructional Plant, Temporary Works/services and unused materials and apply the proceeds of sale in or towards the satisfaction of any sums due or which may become due to him from the Contractor under the Contract and in the completion of the work/services as above.

16.1.1 Valuation Date of Forfeiture

The Engineer shall as soon as may be practicable after any such entry and expulsion by the Employer fix and determine ex-parte or by or after reference to the parties or after such investigation or enquiries as he may think fit to make or institute and shall certify what amount (if any) had at the time of such entry and expulsion been reasonably earned by or would reasonably accrue to the Contractor in respect of work than actually done by him under the Contract and what was the value of any unused or partially used materials any construction Plant and any Temporary Woks which have been deemed to become the property of the Employer under Clause 14.1 hereof upon the Site.

16.1.2 Payment after Forfeiture

If the Employer shall enter and expel the Contractor under this Clause the Employer shall not be liable to pay to the Contractor any money/payment on account of the Contract until the expiration of the Period of Maintenance and thereafter until the costs of completion and maintenance damages for delay in completion (if any) and all other expenses incurred by the employer have been ascertained and the amount there of certified by the Engineer. The Contractor shall then be entitled to receive only such sum or sums (If any) as the Engineer may certify would have been due to him upon due completion by him after deducting the said amount, but if such amount shall exceed the sum which would have been payable to the Contractor on the completion by him then the contractor shall upon demand pay to the Employer the amount of such excess and it shall be deemed a debt due by the Contractor to the Employer and shall be recoverable accordingly.

16.2 **Illegal Gratification and Breach of the Terms of contract**

16.2.1 The contract may also be rescinded and the Contractor shall be liable to make good any loss or damage resulting from such cancellation to the like extent provided in and Breach case of cancellation under Clause 17.1 hereof

(a) If any bribe, gratuity, gift, loan, reward or advantage pecuniary or otherwise shall either directly or indirectly be given, promised or offered by the Contractor or any of his agents to any person employed by the Employer in any way relating to his office or employment or of any such person shall become in anyway directly or indirectly or interested in the Contractor.

(b) if the Contractor has committed a breach of any of the terms of the Contract and in particular fair wages clause and labour Regulations

16.3 **Urgent/Emergency Repairs**

16.3.1 If by reason of any accident or failure or other event occurring to in or in connection with the Works or any part thereof either during the execution of the Works or during the period of Maintenance any remedial or other work or repair shall in the opinion of the Engineer or the Engineer's Representative be urgently necessary for security and the Contractor is unable or unwilling at once to do such work or repair the Employer may by his own or other workmen do such work or repair as the Engineer or the Engineer's Representative may consider necessary. If the work or repair so done by the Employer Is work which In the opinion of the Engineer the Contractor was liable to do at his own expense under the Contract all costs and charges properly incurred by the Employer in so doing shall on demand be paid by the Contractor to the Employer or may be deducted by the Employer from any moneys/payments due or which may become due to the contractor provided always that the Engineer or Engineer's representative (as the case may be) shall as soon after the occurrence of any such emergency as may be reasonably practicable notify the Contractor thereof in writing.

16.4 **Employer will have full Liberty to Retain and set off all sums due or to become due to contractor.**

16.4.1 The Employer will have full liberty to retain and set off all sums due or to become due to the Contractor (including Security Deposit and Earnest Money) whether under this contract or under any other contract, transaction or claim whatsoever, against any sum due or to become due to the Employer under this Contract or any other contract, transaction or claim whatsoever.

16.5 **<u>Termination of Contract:</u>**

16.5.1 The Employer shall have the right to terminate the Contract at any time due to non-performance / any other activity detrimental to the interests of Employer and its brand image or in the event of the contractor’s failure to discharge the obligations stipulated in the Contract to the satisfaction of Employer (as certified by Engineer) by giving 30 days notice (cure period) in writing and without payment of any compensation. The Contractor shall have to settle the account within the notice period and no material of Employer shall lie with the Contractor at the conclusion/ Termination of the Contract.

16.5.2 Employer shall have a right to terminate the contract by giving a notice of reasonable period not less than thirty (30) days, without assigning any reason thereto.

16.5.3 Employer will be entitled to terminate the Contract by giving prior notice of at least two (2) months to the other party if the other party goes into voluntary liquidation or is ordered to be wound up or is declared bankrupt, insolvent etc., by a court of law and is unable to pay its debts as they become due, and in the event of such termination, all sums due under the Agreement to either party on the date of the notice shall be immediately payable upon demand.

16.5.4 Termination of the Contract shall not affect obligations of either Party that may have accrued prior to the effective date of termination.

16.5.5 Termination of the Contract shall be in addition to, and shall not be exclusive of or prejudicial to, any other grounds for termination or rights or remedies at law or in equity which either Party may have on account of any default of the other Party.

16.5.6 If the Contract does not meet the objective set out herein and the parties mutually agree, the Contract can be terminated.

16.5.7 Upon receipt of the notice of termination, the Contractor shall either immediately or upon the date specified in the notice of termination, cease all further work/services except for such as the Purchaser may specify in the notice of termination. In the event of termination of the Contract, the Employer shall only pay to the Contractor, the Price for the parts executed by the contractor as on the date of termination.

16.6 **Banning of Business Dealings:**

16.6.1 On arising of any situation or occurrence of any event as mentioned in the SAIL Guidelines on Banning of Business Dealings the Tenderer/Bidder or Contractor under the tendering process or Contract with Employer, as the case may be, shall be liable for action under and in accordance with the aforementioned Guidelines. The "Guidelines on Banning of Business Dealings" as applicable on the date of tender opening shall form part of the Tender/Contract. These guidelines are available on SAIL tender website.

17.NOTICE:

17.1 **To the Contractor:**

Any notice to be given to the Contractor or his duly authorized representative at the job Site under the terms of the Contract may be served by the Employer by e-mail or through registered post/Courier at the address/contact information furnished by the Contractor. Proof of issue of any such notice could be conclusive of the Contractor having been duly informed of all contents therein.

17.2 **To the Employer:**

17.3 Any notice to be given to the Engineer of the Employer under the terms of the Contract may be served by the Contractor, by e-mail or delivering the same through registered post /Courier at the concerned site office.

18.MISCELLANEOUS

18.1 **Provision of Sheds, Stores, Houses etc.**

18.1.1 The Contractor shall at his own cost provide such sheds stores, houses as the Employer may consider necessary for storing of materials and shall also provide at his own cost Batching Plant/Concrete, Mixer, Soaking vats etc.

18.2 **Demurrage/ Warfage**

18.2.1 Any demurrage/Warfage charges according to the Railway/port rules that may be incurred on railway wagons or trucks due to Contractor failing to unload or load the same on being called upon to do so or unload his own materials and equipments booked in the name of the Employer will be debited to the Contractor's accounts and shall be paid by him to the proper officer on demand or deducted from any sum which may be due or become due to him from the Employer.

18.3 **Working around the running plant**

18.3.1 When work/service is being carried out in or around a running plant where the plant must run uninterrupted the Contractor can only work at specified places and times as mutually arranged. Progress of work in certain areas might have to be expedited as required by the Employer and the Contractor must take this factor into consideration when specifying for completion and working out his rates.

18.4 **Payment of Wages**

18.4.1 The Contractor shall comply with the provisions of the Payment of Wages Act, 1936 and the rules made there under in respect of all employees employed by him in carrying out this Contract. If in compliance with the terms of the Contract, the Contractor supplies any labour to be used wholly or partly under direct orders and control of the Employer whether in connection with any work being executed by the Contractor or otherwise, for the purpose of the Employer, such labour shall, for the purpose of this Clause, still be deemed to be persons employed by the Contractor, If any moneys shall as a result of any claim or application as aforesaid be ordered to be paid by the Employer such moneys shall be deemed to be moneys payable to the Employer by the Contractor and on failure by the Contractor to repay to the Employer any moneys paid by it as aforesaid within seven days after the same shall have been demanded the Employer shall be entitled to recover the same from any moneys due or accruing to the Contractor under this or other Contract with the Employer.

18.5 **Use of Intoxicants**

18.5.1 The use of sale of ardent spirits, or other intoxicating substances upon the work or in any of the buildings, boarding houses, encampments or other tenements owned occupied by or within the control of the Contractor or any of his employees is strictly forbidden and the Contractor shall exercise his influence and authority to the utmost extent to compliance with his condition.

18.6 **Policing of the Work**

18.6.1 Should the general conduct of the works including the premises of the Employer under occupation of the Contractor lead to infringement of the Indian Penal Code either in consequence of the riotous or illegal proceeding of the Contractor's labour, supervising staff or others to such an extent as to necessitate the employment of special police or Magistrate the cost of such extra force is to be defrayed by the Contractor and not by the Employer.

18.7 **Movement of Constructional plants and equipment.**

18.7.1 The Contractor must take sufficient care in moving his constructional Plants and equipments from one place to another so that they may not cause any damages to the property of the Employer particularly to the overhead and underground cables/pipelines/utilities and in the event of his failure to do so, the cost of such damages including eventual loss of working hours in any plant as estimated by the Employer is to be borne by the Contractor.

18.8 **Partnership Firm**

19. In the case of Contract by partnership firm any change in the constitution of the firm shall forthwith be notified by the Contractor to the Employer.

SETTLEMENT OF DISPUTES

19.1 **Conciliation:**

In the event of any conflict or dispute arising out of or in connection with the Contract, the Parties shall endeavor to settle such disputes amicably. If a dispute is not resolved within 30 (thirty) days after a written notice of any dispute by one Party to the other, the same shall then be resolved through the mechanism of Conciliation through Dispute Resolution Committee which shall comprise representatives/nominee of:

a. **Employer**: wherein the nominee of the Employer shall be an officer other than the officer who handled the Contract. The said nominee shall be nominated by the Head of the concerned department.

b. **Contractor**

The said Conciliation shall be chaired by the Nominee of the Employer.

If the Dispute Resolution Committee is not able to resolve the matter within 30 (thirty) days of its formation, the Conciliation shall be deemed to have failed. It is further provided that Arbitration shall only be resorted to after the failure of Conciliation. The venue of the Conciliation shall be the concerned Plant/Unit of the Employer.

If the Contractor is MSME registered party, then conciliation shall be held as per the provisions of the MSME Act if the MSME firm does not choose to abide by the process given herein above.

19.2 **Arbitration**

a) <u>For Domestic Contracts (where Contractor is an Indian Party):</u>

In the event of any dispute arising out of or in connection with the Contract in question, which has not been resolved through Conciliation in accordance with the procedure laid down in Clause above, the aggrieved Party may invoke Arbitration by sending a written notice to the other Party. The procedure for appointment of the Arbitral Tribunal shall be as follows.

i. In cases where the total value of the Contract is less than or upto INR 1, 00, 00,000/- (Indian Rupees One Crore only) the same shall be referred to a Sole Arbitrator to be mutually appointed by both the Parties.

ii. Where the total value of the Contract exceeds INR 1,00,00,000/- (Indian Rupees One Crore only), the arbitration shall be conducted by a quorum of three arbitrators. Each party shall nominatean arbitrator and the two party-appointed arbitrators shall within 30 (thirty) days from their nomination, nominate a third arbitrator i.e., the Presiding Arbitrator.

iii. In case of failure to nominate the Presiding Arbitrator within a period of 30 (thirty) days from the date of nomination of the two arbitrators who has been nominated later in time by the respective parties, the aggrieved party shall approach the Court of Law (under whose jurisdiction the principal place of business of the Buyer department/ Employer is located) to appoint the Presiding Arbitrator as per the provisions of the Arbitration and Conciliation Act, 1996 (as amended up to date).

iv. The arbitration shall be conducted in the English language. Arbitration proceedings can also be conducted online, as per the discretion of the Arbitral Tribunal.

v. The cost of the Arbitration shall be equally borne by both the Parties.

vi. The arbitration shall be governed by the Arbitration and Conciliation Act, 1996, as amended from time to time. The seat of arbitration shall be at the place where the concerned Plant/Unit of the Buyer department / organization is located.

vii. The Contract shall be interpreted and governed in all respects in accordance with the laws of India. All disputes in connection with or arising out of the Contract, shall be subject to the exclusive jurisdiction of the Court within the local limits of whose jurisdiction concerned Plant/Unit of the Buyer Department/Organization is located.

viii. Where the arbitral award is for the payment of money, no interest shall be payable on whole or any part of the money for any period till the date on which the award is made.

If the Supplier/Service Provider is MSME registered party, then Arbitration shall be held as per the provisions of the MSME Act if the MSME firm does not choose to abide by the process given herein above.

b) International Contracts (where contractor/Service Provider is a foreign party):

i) For such Contracts, where the dispute has not been resolved through Conciliation in accordance with the procedure laid down in Clause 20.2(a) above, the aggrieved Party may invoke Arbitration as per the procedure laid down in rules of International Chamber of Commerce (ICC) and the rules of ICC shall apply in relation to such Arbitration.

ii) The seat and venue of such Arbitrations shall be New Delhi and the Arbitration shall be governed by the Laws of India. The language of the Arbitration shall be English.

iii) The Courts at New Delhi shall have the exclusive jurisdiction in relation to disputes arising out of such Contracts.

19.2.1 **Settlement of disputes other than taxation between sail and another central public sector enterprise (CPSE) or sail and govt. Department(s)/organization(s) including state government** shall be as per the prevailing guidelines of government of India.

In event of any dispute or difference in interpretation and application of the provisions of commercial contract(s) between CPSE/ port trusts inter se and also between CPSEs and government departments/ organizations (excluding disputes relating to railways, income tax, customs& excise departments), such disputes or difference shall be taken up by either party for its resolution through AMRCD as mentioned in DPEOM no. 05/0003/2019-fts-10937 dated 14thdecember 2022 and decision of AMRCD on the said dispute will be binding on both the parties.

19.3 **Continuance of the Contract:**

Work/ Services under the contract shall be continued by the contractor under the contract and pending Conciliation /Arbitration proceedings and recourse to Conciliation/Arbitration shall not be bar to conditions contained herein.