Ref No.: AAI/ER/IA-05/2020-21 Dated: 12-03-2021

To
M/s V.K. Jindal and Co
Shri Gopal Complex (3rd floor)
Court Road, Ranchi- 834001

Sub.: Assignment of Concurrent Audit in respect of (Ranchi Airport) for the period 2020 21- reg..

Sir,

With reference to your offer for the Tender ID: 2021_AAI_71263_1 we are pleased to award the work for Rs. 198000.00 (Rupees One lakh ninety eight thousand only) excluding applicable GST for conducting Concurrent Audit in respect of (Eastern Region/Station **Ranchi** Airport) **for the Financial Year 2020-21**to your firm on the following terms & conditions:

1. **Coverage:**The scope of work and broad checklist of the areas which are to be covered in the Auditand SOP on Entry & Exit of Audit and reporting requirements of the Report is enclosed herewith. This is anillustrative coverage and not an exhaustive one. Any other observations noticed/identified during Auditing may also be reported in the Internal Audit Report.

2. **Period of Audit:** The award is for a period of one year commencing from 01.04.2020 (01^{st} April 2020 to 31^{st} March 2021) on Quarterly basis, which is extendable for a further period of one-year subject to satisfactory performance of the Audit firm.

3. **Commencement of Audit:** The Audit should be commenced by the Firm within **seven working days** from the date of receipt of award letter/acceptance letter.

4. **Constitution of the Audit Team and working days for Auditing:** This shall include three (3) members (One ACA, Qualified professional with two other Assistants) and the Audit work assigned is required to be completed within permissible Audit period i.e. **21 days for three (3) Quarters period from 01.04.2020 to 31.12.2020** and report thereon should be submitted within 15 working days of completion of Audit. The Audit for **4^{th} quarter i.e. 01/01/2021 to 31/03/2021 will be conducted within 15 working days** of just after the completion of Financial Year 2020-21 and Audit Report shall also be submitted within 15 working days of completion of Audit/Exit Meeting of the Audit.

5. Audit Report: On completion of the Audit, the draft Audit report may be discussed with RED/APD of the Region/Airport and report should be submitted within 15 working days with a copy to **Executive Director(Fin)-IA, AAI, Rajiv Gandhi Bhavan, Safdarjung Airport, New Delhi 110003**

6.*Payment of Audit fee*: Audit fee is payable on quarterly basis on submission of Audit Report. However, for administrative convenience the payment will be released in two instalments i.e. on completion of Audit of first three quarters period from 01/04/20 to 31/12/20, submission and acceptance of reports by Competent Authority at CHQ. Balance payment for next quarter will be released on submission of Audit Report & acceptance by Competent Authority at CHQ.

a) Payments shall be made on production of original invoices indicating GST & PAN Nos.

b) Payment shall be made by respective Regional Headquarter (RHQ)/APD Chennai /Kolkata as the case may be.

3.

7. **Penalty:** - If Concurrent Audit is not completed within prescribed period of time and Audit Report of the same is notsubmitted within permissible time period i.e. 15 working days just after the completion of Audit/Exit meeting, penalty @2% per week & up to 10% of awarded value will be levied & accordinglybe deducted from the payment of the Firm.Delay in finalization of Audit and submission of Audit Report for reasons beyond of the Auditors may be condoned only in deserving cases with the approval of the competent Authority.

8. This award letter is also a part of NIT. Other terms and conditions mentioned in the EOI will remain the same.

9. **Acceptance:** Your letter of acceptance may be conveyed within a period of 3 days from the date of receipt of this letter either by post or e-mail failing which it will be construed that you are not interested to take up this assignment.

Yours faithfully,

(Kamal Mazumder)
Dy. General Manager (Fin\IA)-RIAC

Copy to:- GM (Fin.)-IA, AAI, CHQ, New Delhi

I. INTRODUCTION:

The Airports Authority of India (AAI), under the Ministry of Civil Aviation is responsible for creating, upgrading, maintaining and managing civil aviation infrastructure in India. AAI provides Air traffic management(ATM) services over Indian Airspace and adjoining oceanic areas. It also manages a total of 129Airports, including 20International Airports, 8 Customs Airports, 78 Domestic Airports and 20 Civil enclaves at Military Airfields and covers all major air-routes over Indian landmass. AAI also has ground installations at all airports including 25 other locations, Radar installations at 11 locations along with 700VOR/DVOR installations co-located with Distance Measuring Equipment (DME) to ensure safety of aircraft operations. Runways are provided with Instrument landing system(ILS) installations with Night Landing Facilities and Automatic Message Switching System at various Airports.

II. OBJECTIVE:

The objectives of normal Concurrent Audit are:

- To supplement efforts of Airport/Region in carrying out simultaneous internal checks of transactions, proper booking in the heads of accounts as per existing programme and compliance with the system and laid down procedures of Airports Authority of India.
- To perform substantive checking in key areas and rectification of deficiencies in the earliest/immediate possible period to preclude the incidence of serious errors and fraudulent manipulation.
- To reduce the interval between a transaction, relevancy and its examination.
- To improve the functioning, leading to up-gradation of working, correctness of the transactions and prevention of fraud of the Airport/Region
- To comply with internal controls as per guidelines of AAI & Statutory Authorities.
- To identify the areas/activities requiring immediate corrective action, action taken for compliance and urgency.

III. SCOPE OF WORK :

The normal Concurrent Audit are to be carried out by the firm for systematic examination of all financial transactions on continuous basis to ensure the accuracy and compliance with the internal system, procedures and guidelines as laid down by AAI. The focus of audit should be on the major revenue constituents of AAI's Total Revenue. Similar approach shall also be adopted on items of major Capital/Revenue expenditure Components. The following areas are covered in scope of normal Concurrent Audit:

1. Traffic Revenue

S. No	Particulars
a.	Raising of bills in time as per AAI Policy
b.	Raising of interest bills for delay in payment of bills.
c.	Reconciliation of TDS.
d.	Verification of Security deposits, Bank Guarantee (BG) and its Validity

2. Commercial

S. No	Particulars
a.	Scrutiny of the Bills raised with reference to agreement.
b.	Fixation of MRLF in terms of Commercial manual
c.	Scrutiny of Tenders from NIT to award of work
d.	Revenue contract if any, running as an Expenditure Contract.
e.	Mechanism if any, for controlling loss of revenue in case of any facilities run directly by the AAI.
f.	Action taken on findings of Space audit report
g.	Loss of revenue, if any, due to not taking timely action for award of new contract/ extension of existing contract.
h.	Non-billing/lack of Agreements, if any
i.	SD available vs. O/s dues

j.	Extension of contract beyond six months, if any
k.	Facility, if any, remaining unutilized resulting in loss of revenue to AAI,
l.	Defaulting contractors/Agencies if any

3. Pay and Allowances and Other Staff Cost.

S. no	**Particulars**
a.	Scrutiny of Advances and its recovery. Compliance with reference to the Relevant guidelines/rules/orders etc.
b.	Maintenance of Leave Records and Service books of employees including leave encashment.
c.	Compliance of Documents/Mortgage Agreements for Advances.
d.	Scrutiny of Pay Fixation of Employees. on promotion/up-gradation, grant of annual increment and stagnation increment etc.
e.	Recovery of License Fee and Electricity charges
f.	Adjustment of TA/DA advance etc.
g.	Leave availed vis-a-vis leave sanctioned and maintenance of records thereof.
h.	Schedules of advances under various heads duly tallied with the balances of General Ledger

4. Award of Engineering & Other Contracts

S. no	**Particulars**
a.	Approval of scope of work by the Competent Authority.
b.	The budgetary quotation has been obtained from more than one party and average of the same is considered for estimates. The abnormally low and high budgetary quotes need to be ignored.
c.	Budget head for the proposed scheme in the approved Capital Budget (Commitment) has been identified and the funds are available under the concerned head in the year

d.	If insufficient or no funds are available for the scheme proposed, necessary re-appropriation of funds has been proposed from the Capital Budget (Commitment) as per applicable Manual.
e.	In case of replacement of the existing assets, the survey reports of the existing assets are duly prepared and approved by the competent Authority.
f.	The documents and terms & conditions of NIT are the standard Documents as per AAI and has been approved by the competent Authority. Any deviation from the standard NIT/ works manual has been brought out clearly and approval of the competent Authority has been obtained after bringing out the reasons thereof.
g.	The Earnest Money Deposit (EMD) has been submitted by the bidders as per the terms of the NIT
h.	The tenders have been opened on date and time as scheduled in the NIT.
i.	Price bids of the technically qualified offers have been opened by the duly constituted price bid opening committee after the approval of the competent Authority for doing so. The Comparative Statement has been signed by the bid manager of the concerned directorate. The Arithmetical accuracy of the offers and the Comparative Statement have been checked and found correct.
j.	*Award of any work in excess/below of 5% from the justified cost.*

5. Payment of Bills of Engineering and others Works

S. No	**Particulars**
a.	To check that the payments have been made as per the terms and conditions of the work order and on the basis of satisfactory performance as certified by the concerned Authority;
b.	To check the time lag between the submission of bill/invoice by the vendor/contractor and forwarding of the same to finance for payment by the concerned directorate.
c.	To check the time lag between the submission of bill/invoice in finance r

	and payment of the same to vendor/contractor.
d.	To check the deviation in passing of the bills if any against the method of 'First in First out.'
e.	whether recoveries towards security deposit, secured advance, income tax, etc. have been made correctly
f.	Advances, if any paid against contract has been adjusted as per the terms of the contract and in case of interest bearing advance, interest has been recovered from the contractor
g.	For completed works, final bills have been prepared in time and accounted for. Details of running and final bills are recorded in the Measurement Book (MB). Any material issued to the contractors has been recovered. Test check *of* MB with bills. To report where bills are pending for payment for more than one month.
h.	Approval for grant of extension of time for the contract to be correlated with the hindrance register at site or any other reason
i.	Approval for extra & deviated items if any in the contact by the appropriate Authority.
j.	Statutory Compliances like EPF, ESI, Labour Cess, TDS, GST etc have been duly complied with by Contractor before release of payment.
k.	Completion Certificate and approval of deviations, if any, in the contract have been issued before release of final payments.
l.	Review of CWIP and Capitalisation of Works that has been put to use and booking into proper head of A/C, Recovery of Mobilised and Secured advances paid if any along with interest
m.	Timely deposit of EMD amount, Security deposit, tender fee, in to AAI account.

6. Assets

S. no	Particulars
a.	Whether nomenclature of assets adequately indicated in the Fixed Assets Register.
b.	Delays in the commissioning of Assets, major impairment of asset and underutilisation of assets in the business.
c.	Classification of assets (Revenue vs. Capital as well as intra Asset classification).
d.	Maintenance of Log Books etc.
e.	Old balance in CWIP, if any have been reconciled and accounted for accordingly.
f.	Checking of Fixed Assets Register having all required details e.g. Quantity, unit, Location, Identification Number, Original Cost, Date of Capitalization, Life of the Assets, Additions, Deletions, etc.
g.	Physical verification of fixed Assets if any carried out during the year and discrepancies, if any, observed
h.	Verification of Title deed of land
i.	Verification of balances as per Fixed Assets Register and General Ledger and difference if any.

7. Bank and Cash Transactions and Imprest Account

S.no	Particulars
a.	Bank reconciliation on monthly basis
b.	Unauthorized debits on the Bank statements and action for correction
c.	Confirmation of BG/FDR validation/timely renewal and Maintenance of records etc
d.	Confirmation on payment through Electronic modes i.e. RTGS/NEFT etc.
e.	Insurance coverage of cash chest/cash in transit.

f.	ImprestA/c, limit, approval and timely adjustment.
g.	Bank and cash book is signed by the Authorized signatory on daily basis, if not report thereof.

8. Compilation of Accounts

S. no	Particulars
a.	**Review of Ledgers, Accounts &Trial Balance** wrong balances, if any appearing under any head of account and action taken to rectify such balances. Appropriate records are built up for deprecation, income tax calculations, Interim GL (GR/IR, WBS, Freight, Custom duty, Staff Interim GL), Remittance of Cash, BRS etc.
b.	**Capitalization of Assets:** Capitalization of assets as per the Capitalization Policy of AAI and CWIP reconciliation & booking in the respective A/c Code.
c.	**Review of Subsidiary Records** Accounts are prepared in the specific format approved by CAG, accounting policies, accounting standard, etc.
d.	**Deposits with others if any** and action taken to get the refund of deposits where they have become refundable.
e.	**Earnest Money and Security Deposit by Contractors** if any is lying for more than 3 years.
f.	**Review of Debit/Credit balances appearing for Liabilities & Revenue/ Assets & Expenditure respectively.**
g.	**Review of RCS Grant, Capital Grant, Adjustment of Cargo Revenue/ Expenditure, Assets Transfer, NASFT (National Aviation Security Fund Trust), if any.**

9. General Administration

S. no	Particulars
a.	Postage account is properly maintained, postage on letters and parcels is verified by officer in charge at least on a test check basis
b.	Checking of hiring of taxis and booking of rail and air tickets as per AAI Policy
c.	Checking of hotel accommodation booked for employees as well as official guests of the company as per AAI policy:
d.	Whether action for empanelment of hospitals has been done as per AAI directions/ orders, agreements are signed with empanelled hospitals, and treatment of non-empanelled hospital is approved on case to case basis.
e.	Allotment of quarters to officers/ staff posted at Airport/Region are as per the eligibility and allotment rules and status of vacant quarters.
f.	Compliance of guidelines for Implementation of official Language (Hindi).
g.	Statutory compliance in respect of contract labour under the provision of EPF, ESI and Miscellaneous provision Act 1952 in respect of contacts.
h.	Methods of keeping records of Lost & Found items and action taken for disposal of these items, if any.

10. Land.

S. no	Particulars
a.	Area of land under possession.
b.	Verification of title deeds of Lands. Whether title deeds of immovable properties are made in the name of AAI or not.
c.	Area of land under encroachment and action taken for eviction.
d.	Area of land under lease, currency of agreements & digitalisation of land records
e.	Whether the rates charged as per AAI orders?
f.	Any legal/ Arbitration cases.

11. Stores / Material Management

S. no	Particulars
a.	Scrutiny of Procurement proposals.
b.	Maintenance of Assets registers and equipment’s logbooks. Verification of records and system of receipts/issue & review of non-moving &accumulated stores &Equipment’s
c.	Maintenance of Store Ledgers.
d.	Lost and Found registers vis-à-vis physical availability of the items.
e.	Status of Survey reports of Old Obsolete/ Non-moving Stores, disposal action taken on the item surveyed if any.
f.	Performance, utilization and maintenance of equipment’s.

12. MT& Fire

S. no	Particulars
a.	Procedure of procurement of new vehicles.
b.	Maintenance of logbook, history sheet, consumption of diesel and petrol for each vehicle.
c.	Status of pending survey reports of vehicles & equipment & action for disposal.
d.	Insurance Coverage’s of vehicle and equipment’s.

13. Legal & Arbitration Cases

S. no	Particulars
a.	Pending legal & arbitration cases and their present status.
b.	Efforts taken to close old cases.
c.	Pending cases under PPE act and their present position.
d.	Payments to lawyers are as per approved rates.

14. Income Tax and GST

S. no	**Particulars**
a.	Reconciliation of TDS/GST, Income tax & other tax deductions, deposit of TDS and timely filing of tax returns, statutory compliances,notices received from tax authorities and compliance thereof etc.
b.	Input Tax Credit against GST paid by AAI has been correctly availed.

15. CSR

S. no	**Particulars**
a.	Annual CSR Budget, activities and utilization CSR allocation fund of the year.

SOP FOR CONDUCTING NORMAL CONCURRENT AUDIT

SOP on entry

1. The senior partner of CA Firms appointed for conducting normal Concurrent Audit of **Ranchi Airport** along with his team members will report to **The RED/Airport Director of Ranchi Airport and** discuss the Scope of work and the Audit Plan of the firm.

2. The Airport Director/RED, after discussing with the Auditor, will instruct all the Sectional Officials/Heads to keep the records as requisitioned by the Auditor sand ready for their inspection/verification/Auditing as per the schedule submitted by the CA firm.

3. The RIAC, will co-ordinate with all other Officers/Officials to facilitate the Auditor to carry out the assigned work of normal Concurrent Audit by them smoothly.

4. A system should be evolved to record the number of visits made by the Sr. Auditor and his team to the Section for carrying out Audit inspection/ Job.

5. As required in the reporting system, designed for normal Concurrent Audits, the compliance status of previous Audit Reports and Government Audit Reports / Para needs to be made available to the Auditors immediately.

6. All the related documents, files, approvals, reports, work orders, agreements, correspondence with the statutory bodies/Authorities, vouchers / invoices / bills etc. should be made available to Auditors. Airport Director/RED may ensure for full cooperation and timely submission of requisite documents to the Auditors during the course of Audit.

8. Regarding viewing the SAP(ERP) System by the Auditor, it has been decided that the Coordinator /Nodal Officer from the concerned Section will open the SAP system by using his ID to enable the Auditor to verify the details. Reports as per requirement can also be downloaded by the concerned officer from SAP system for handing over to the Auditor for their verification during the course of Audit,
9. The RIAC should interact with Auditors from time to time and review the progress of audit and the requirement of records of various department/ section.

SOP on exit

1. The preliminary Audit observations shall first be discussed with the RED/Airport Director of the Region/Airport.
2. Pursuant to the above, the preliminary Audit observations of the respective Audit Department/unit/Section shall be prepared.
3. The preliminary Audit Report covering all the Department/Units /Sections within the scope of work shall be compiled/prepared, including additional information if any, provided / obtained during Audit / discussion and rectifications if any to be carried out at the instance of Audit. The report should also contain specific suggestions for improvements.
4. Based on the outcome of the discussions, the Final Audit report thus compiled shall be structured as per the Scope of Work so outlined.

X. REPORTING

Normal Concurrent audit report may be divided in four parts, as under

Part-I Compliance and Report:

This part shall cover the comments of the Auditors on the adequacy of the compliance and action taken for rectification of errors/ discrepancies pointed out by previous auditor. It may be ensured that the compliance report on audit observations pointed out in reports relating to earlier Audits (Govt./Concurrent Audit) are made and corrective action have been taken on those points. It shall also contain the confirmation regarding implementation of policies, systems, controls etc. to avoid the recurrence of such irregularities in future.

Part-II Important Observations/ Findings:

This part shall contain all such significant discrepancies observed during the current Audit and the areas require immediate attention of management specifying the financial implications, if any. In this part Auditors shall bring the important areas requiring improvement and their recommendation, if any, and also to indicate the improvements made by the company based on the Audit observations. Further auditor may also consider to report deviations if any made from policies, systems and procedures of AAI

PART-III Report on Testing of Effectiveness of Internal

Controls:

An element of risk-based Auditing shall be made as a part of normal Concurrent Audit for this purpose The Auditors would be required to include their findings and recommendation on risk element in this part of their report.

PART-IV Detailed Report:

In this part, the Auditors shall furnish the detailed results of the Audit and the confirmation whether AAI's system/ guideline/ propriety has been adhered to including statutory compliance.

The report should be in the same sequence as given in the scope of work for Audit and in case, any item is not applicable to the Audit unit, the same should be mentioned as nil.

Summary Report indicating the important observations for each area as brought out in the scope of normal Concurrent Audit / Checklist should be prepared.

A statement indicating the Audit personnel with designation including the visits of partners and the period of Audit for each Section/Unit should be submitted. The partner is expected to carry-out the Audit by himself so that the entire scope maybe covered in a systematic manner and facilitate the reporting as per the requirements. The final report should be prepared and submitted to RED/ Airport Director through the Concerned RIAC.