

WESTERN COALFIELDS LIMITED
INTERNAL AUDIT DEPARTMENT
COAL ESTATE, CIVIL LINES, NAGPUR.

CRITERIA FOR APPOINTMENT OF AUDIT FIRMS
FOR SALARY & WAGE AUDIT IN WESTERN COALFIELDS LTD., NAGPUR. :

The above subject was discussed in 288th Meeting of Functional Directors of Western Coalfields Limited held on 8-12-2004.

FDs agreed that the criteria for appointment of Salaries & Wages Auditors as recommended by the Committee and brought out in the agenda note, may be followed for appointment of Salaries & Wages Auditors .

The details of the Criteria is given below :-

Particulars	Criteria	Maximum points
Year of establishment	1pt per year	10
Number of partners (5 maximum)	1pt per partner	5
No. of Ex CIL Executives as Partners	1pt per partner	2
No. of qualified persons employed (CA or ICWA)	1pt per qualified person	5
No. of Ex CIL Executives qualified as CA or ICWA employed	1pt per qualified person	2
Experience in CIL/Subsidiaries as Internal/Wage /Stores auditors	1pt. Per year	6
Experiace in other PSU as Internal /Wage/Store auditor	1pt/ per year	10
Location within 200 KMs of Nagpur	-	10
Total		50

Firms which have done the wages audit for three consecutive years may not be considered for subsequent three years.

Firms which have done wages audit for one or two years should be considered for reappointment for a further term, if the accepted recovery in one term against salaries & Wages audited by them is at least twice the fees paid to them.

Initial appointment based on the criteria drawn up will be for one year. Thereafter, the appointment for the second and third years will be subject to the firms fulfilling the criteria of reappointment i.e. the accepted recovery in each term against salary and wages should be at least two times of the fees paid to them. Maximum consecutive audit period normally be for three years.

If a firm has been allotted any other type of audit i.e. Stores Verification and reconciliation, Internal audit etc, it will be not considered for appointment for wage audit for that year. Therefore, a firm can be considered for appointment only for one type of audit of a particular year.

As per our past experience it was observed that Chartered / Cost Accountants with proprietary status have performed very well and have given direct attention to the work in view of which the Company was able to get the benefit of substantial recovery.

If left only to the bench marks as stated earlier we may loose the services of such professionals / Hence a minimum of three allotments be kept for proprietors practicing in individual names out of a total of 16 allotments.

Also in exceptional circumstances management reserves the right to allot work up to 15% of the total allotment, subject to the firms fulfilling the requisite parameters.

Audit fees :

WCL is paying a Wage Audit fee @ Rs.1.75 per employee per month i.e. Rs.21/- per employee per year. Boarding & Lodging is provided free by WCL in their Guest House. No TA DA will be paid extra.

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LIST OF WAGE AUDITORS APPOINTED FOR THE YEAR 2006-07

Name of the Audit Firm	Areas allotted
M/s P.C.Bafna & Co. Chartered Accountants, Nagpur	Wani Area
M/s P.G.Tambe & Co. Chartered Accountants, Nagpur	Wani North Area & CWS Tadali
M/s Chakrawarty Ghosh Guha & Co, Chartered Accountants, Kolkata.	Majri Area
M/s Bandyopadhyaya Bhoumik & Co., Cost Accts. Kolkata	Chandrapur 'A'
M/s V.Ravi Kumar & Associates, Chartered Accountants, Nagpur.	Chandrapur 'B'
M/s C.K.De & Associates Chartered Accountants, Kolkata Branch : Nagpur	Ballarpur
M/s R.R.Mamidwar & Co. Chartered Accountants, Chandrapur	Nagpur Area 'A'
M/s A.G.Pimperkhede & Co. Chartered Accountants, Nagpur	Nagpur Area 'B'
M/s H.P. JhunJhunwala & Co., Chartered Accountants, Nagpur.	Nagpur Area 'C'
M/s J.S.Uberoi & Co. Chartered Accountants, Nagpur	Umrer Area WCL HQ Nagpur
M/s R.N.Singh & Co. Chartered Accountants, Patna	Pench Area 'A'
M/s Kaloti & Lathiya Chartered Accountants, Amraoti	Pench Area 'B'
M/s K.G.Somani & Co. Chartered Accountants, New Delhi , (Branch - Nagpur.)	Pathakhera Area 'A'
M/s D.P.Dutta & Co. Cost Accts. Nagpur.	Pathakhera Area 'B'
M/s J.Jaipuriar & Co. Chartered Accountants Ranchi .	Kanhan Area 'A'
M/s Subodh Kanetkar & Co. Chartered Accountants, Nagpur.	Kanhan Area 'B'

CRITERIA FOR APPOINTMENT OF AUDITORS FOR
PHYSICAL VERIFICATION OF STORES AS ON 31-3-2007.

The above subject was discussed in 295th meeting of Functional Directors of Western Coalfields Limited held on 23-03-2005 . FDs agreed to the criteria / norms recommended by a Committee for appointment of Auditors for Stores Audit. The details are given below :-

1. Firms which have done the Stores audit for Three consecutive years, may not be considered for subsequent Three years.
2. If a firm has been allotted any other type of audit i.e. Wages audit, P&M audit, Internal Audit, will not be considered for appointment for Store audit for that year. Therefore a firm can be considered for appointment only for one type of audit for a particular year.
3. Management reserves the right to allot 35% quota.
4. In order to encourage the members of The Cost Institute , at least two Cost Accounting Firms should be considered for allotment of work of Physical Verification of Stores.
5. Secondly to give encouragement to New Proprietary Firms / Partnership firms which have recently started practice i.e. since last 10 years and firms having maximum 4 partners are to be preferred as monetary involvement in terms of fees is much less.
6. Firms which have done store audit for one or two years may be considered for reappointment for a further term limiting it to 3 years (including the years already done) if their performance is satisfactory & if they fulfill the criteria.

Total 11 firms are to be appointed . Proposed allotment as mentioned above will be as under :

65% allotment on Criteria basis	7 Nos.
35 % Quota for Management	4 Nos.

	11 Nos.

Criteria for Auditors :

Particulars	Criteria for Stores audit	Maximum Points
1. Year of Establishment (Maximum 10 Years)	2 Points per year up to maximum of 10 points for firms formed up to 10 years. Firms formed more than 10 years will only be given a maximum of 5 points.	10
2. No. of Partners (Maximum 4 Partners)	1 Point per partner (up to 4 Partners) Maximum 2 Points if the Partners are more than 4.	4
3. No. of Qualified Persons employed (CA or ICWA)	1 Point per Qualified Person	3
4. Experience in Public Sector as Internal Auditor /Wage Auditor /Stores Auditor	1 Point per year	5
Location with in 200 KMs of Nagpur /Chandrapur	-	8
	TOTAL	30

Appointment of Auditors for Physical Verification of Stores as on 31-3-2007 are not yet finalized. The Information will be given as soon as appointments will be made.

Internal Audit of WCL for the year 2006 :-

Internal Auditors are appointed by Coal India Limited, Kolkata. Following 5 Auditors were appointed by Coal India Ltd. Internal Auditors are allotted areas by WCL Management.

The Names of the Auditors & areas allocated to them by us are given below :-

<u>Name of the Audit Firm</u>	<u>Area allotted</u>
M/s Ratan Rathi & Co Chartered Accountants, Khamgaon	Chandrapur, Ballarpur, CWS Tadali , CS Tadali
M/s Nag & Associates, Chartered Accountants , Kolkata.	Pathakhera & Kanhan Area
M/s S.Ghose & Co., Chartered Accountants, Kolkata	Nagpur and Wani North
M/s Bhattacharya Das & Co. Chartered Accountants, Kolkata	Pench and Umrer
The firm to be appointed by CIL in place of M/s V.K.Surana & Co. Nagpur because they expressed their inability to accept the offer as they are appointed our branch auditors by CAG New Delhi for the year 2006-07.	Wani area, Majri Area & WCL HQ, Nagpur.