



Malabar Regional Co-operative Milk Producers' Union Limited

Head Office, Kunnamangalam, Kozhikode 673571, Kerala,

Ph: 0495 2805419, 280420. 280428

Web: www.malabarmilma.com; E-mail: mrcmpu@malabarmilma.coop

EOI No.MRCMPU/HO/FIN/317/INTERNAL AUDIT

**INVITING EXPRESSION OF INTEREST FOR THE
APPOINTMENT OF INTERNAL AUDITORS OF VARIOUS
UNITS OF MRCMPU LTD**



Malabar Regional Co-operative Milk Producers' Union Limited
Head Office, Kunnamangalam, Kozhikode 673571, Kerala,
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INVITATION TO EXPRESSION OF INTEREST

1. The Malabar Regional Co-operative Milk Producers' Union Limited inviting Expression of Interest from reputed Chartered Accountant firms/Cost Accountant firms having experience in conducting audits of manufacturing/processing industries for carrying out the Internal Audit of its Units. Interested Chartered Accountant Firms/Cost Accountant Firms may obtain further information from the Head office of the Malabar Regional Co-operative Milk Producers' Union Limited, Kozhikode.
2. The offer shall be submitted in two cover system consisting of technical offer and Financial offer. The financial offer of those who qualify in the technical offer only will be opened.
3. Detailed terms and conditions as well as technical specifications are contained in the offer document of the above work which is uploaded in the Kerala Government e-portal www.etenders.kerala.gov.in

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|----------------------------------|--|
| a. Offer reference No. | : No.MRCMPU/HO/FIN/317/INTERNAL
AUDIT |
| b. Offer download | : Can be downloaded from
thewww.etenders.kerala.gov.in |
| c. Documents publish date | : 15.06.2024 14.00 hrs. |
| d. Offer submission closing date | : 05.07.2024, 14.00 hrs. |
| e. Offer opening | : 06.07.2024, 11.00 hrs. |
| f. Time of completion | : 20 days. |
| g. Offer validity | : 60 days. |

Sd/-
Managing Director

Kozhikode
15.06.2024

Terms & Conditions for e-Procurement

This expression of interest is being published online. The EOI is invited in two-cover system from the registered and eligible firms through e-procurement portal of Government of Kerala (<https://www.etenders.kerala.gov.in>). Prospective firms willing to offer shall necessarily register themselves with above mentioned e-procurement portal.

The offer time line is available in the critical date section of this EOI published in www.etenders.kerala.gov.in.

a. Online offer registration process:

Firms should have a Class II or above Digital Signature Certificate (DSC) to be procured from any Registration Authorities (RA) under the Certifying Agency of India. Details of RAs will be available on www.cca.gov.in. Once, the DSC is obtained, firms have to register on www.etenders.kerala.gov.in website for participating in this EOI. Website registration is a one-time process without any registration fees. However, Firms have to procure DSC at their own cost.

Firms may contact e-Procurement support desk of Kerala State IT Mission over telephone at 0471- 2577088, 2577188, 2577388 or 0484 – 2336006, 2332262 - through email: etendershelp@kerala.gov.in for assistance in this regard.

b. Online Process: The EOI process shall consist of the following stages:

i. **Downloading of offer document:** Offer document will be available for free download on www.etenders.kerala.gov.in.

ii. **Publishing of Corrigendum:** All corrigenda shall be published on www.etenders.kerala.gov.in and shall not be available elsewhere.

iii. **Offer submission:** Firms have to submit their offers along with supporting documents to support their eligibility, as required in this EOI on www.etenders.kerala.gov.in. No manual submission of offer is allowed and manual offer shall not be accepted under any circumstances.

iv. **Opening of Technical Offer short-listing:** The technical offer will be opened, evaluated and short listed as per the eligibility and technical qualifications. All documents in support of technical qualifications shall be submitted (online). Failure to submit the documents online will attract disqualification. Offer short listed by this process will be taken up for opening the financial Offer.

v. **Opening of Financial Offer:** Offer of the qualified firms shall only be considered for opening and evaluation of the financial offer on the date and time mentioned in critical date's section.

c. Documents Comprising Offer:

i. The First Stage (Pre-Qualification or Technical Cover based on 1cover or 2 cover system):

Pre-Qualification or technical proposal shall contain the scanned copies of the documents, which every firms has to upload:

The department doesn't take any responsibility for any technical snag or failure that has taken place during document upload.

ii. The Second Stage (Financial Cover or as per two cover system):

The Firm shall complete the Finance Offer as per the format given for download along with this EOI.

Note: The blank offer should be downloaded and saved on firm's computer without changing file-name otherwise financial offer will not get uploaded. The Firm should fill in the details in the same file and upload the same back to the website.

Fixed price: Prices offered by the Firm shall be fixed during the engagement and not subject to variation on any account. Offer submitted with an adjustable/ variable price quotation will be treated as non - responsive and rejected.

d. Other Terms and Conditions

Units of MRCMPU Ltd is given below. The ancillary units and ancillary sub units are detailed in Annexure-V.

SN.	Name of Main Unit/Dairy	Address
1	Head Office	Peringolam P.O., Kunnamangalam, Kozhikode-673571, Email: mrcmpu@malabarmilma.coop
2	Kozhikode Dairy	Peringolam P.O., Kunnamangalam, Kozhikode 673571, Email: kkddairy@malabarmilma.coop
3	Palakkad Dairy	Kalleppully (PO), Palakkad- 678005 Email: pkddairy@malabarmilma.coop
4	Wayanad Dairy	Chuzhali, Kalpetta, Wayanad - 673121 Email: wyddairy@malabarmilma.coop

5	Kannur Dairy	Kaithapram (PO), Madambam, Sreekandapuram.-670631 Email: knrdairy@malabarmilma.coop
6	Kasaragod Dairy	Anandasramam P.O, Kanhangad, Kasaragod - 671531 Email: kgddairy@malabarmilma.coop
7	Malappuram Dairy & Milk Powder Factory	Moorkanad .P.O Malappuram mpmdairy@malabarmilma.coop
8	Central Products Dairy	Naduvattom, Beypore, Kozhikode - 673015 Email: cpdkkd@malabarmilma.coop

Those who are complying with our requirements specified in this document shall submit their Expression of Interest on or before 05-07-2024, 5.00 P.M. Those received after the prescribed date and time will be summarily rejected.

The Finance Department of MRCMPU Ltd. will arrange a meeting on 02-07-2024 at 4 PM for the prospective Chartered Accountant firms at MRCMPU Head Office to clear their doubts and queries about the scope of audit and other related matters. The appointment will be for a period of one year and which can be extended up to a maximum of three years. Extension of engagement will be based on the performance of services delivered which will be evaluated by a team of officials of MRCMPU Ltd.

Requirements

1. The Chartered Accountant firms/Cost Accountant firms should have minimum five years of experience in the field of providing Audit service to reputed firms
2. The Chartered Accountant firms/Cost Accountant firms with registered office in Kerala shall be eligible to participate in the EOI. Preference will be given to those Chartered Accountant firms/Cost Accountant firms having its office at Kozhikode or in any of the northern districts of Kerala namely Palakkad, Wayanad, Malappuram, Kannur and Kasaragod.

3. The Chartered Accountant firms/Cost Accountant firms shall have a minimum of two qualified Chartered accountants / Cost Accountants as partners in addition to the adequate number of supporting staff to manage the Internal Audit of MRCMPU Ltd. Name of partners shall be submitted along with the Technical offer (Annexure-I).
4. The Chartered Accountant firms/Cost Accountant firms shall provide the service of competent staff on a monthly basis upon receipt of work order which is detailed as below: -

SN.	Dairy/Unit	Minimum number of service days required in a month.	Qualification of Competent Staff
1.	Kozhikode Dairy	20	CA/ICWA Intermediate
2.	Palakkad Dairy	20	CA/ICWA Intermediate
3.	Wayanad Dairy	20	CA/ICWA Intermediate
4.	Kannur Dairy	20	CA/ICWA Intermediate
5.	Kasaragod Dairy	14	CA/ICWA Intermediate/ Experienced Assistant
6.	Central Products Dairy	14	CA/ICWA Intermediate/ Experienced Assistant
7.	Malappuram Dairy and Milk Powder Factory	14	CA/ICWA Intermediate/ Experienced Assistant
8.	Head Office	10	CA/ICWA Intermediate/ Experienced Assistant
9.	Head Office (Software Verification)	20	Graduation with knowledge in operation of softwares

5. To make a Chartered Accountant firms/Cost Accountant firms eligible to submit Expression of Interest, the firm must have an annual turnover of at least Rs.50 lakhs during the financial years 2020-21, 2021-22 and 2022-23 on an aggregate. The audited Income and Expenditure statement and Income Tax returns for the respective years shall be submitted along with the Technical offer.

Audit fees

The unit wise quarterly audit fee shall be quoted which is inclusive of all travelling expenses of the persons engaged for audit, all other related expenses and shall include GST.

Submission of Expression of Interest offers

- 1) Offers shall be submitted in 2 covers
 - a) Technical offer and
 - b) Financial offer

Technical offer shall include duly filled Annexure I and documents to prove the following

1. Knowledge of Clients business (Milma/MRCMPU)
2. Presence in Malabar Region (Palakkad, Malappuram, Wayanad, Kannur & Kasaragod Districts)
3. Annual Turnover of the Firm in 2020-21, 2021-22 and 2022-23 (Audited Income and Expenditure account and ITR)
4. Association with reputed firms as clients (List of clients)
5. Number of Partners in the Firm
6. Staff strength of the Firm
7. Previous experience with Manufacturing /Processing industries (list of clients with nature of engagement)
8. Years of experience of the firm (Date of establishment)

Financial offer shall include the duly filled Annexure II

- (i) Quarterly Audit Fee including GST & Other expenses – Unit wise

The Technical offer and Financial offer shall be submitted on or before 5.00 PM on 05th July 2024 through the e-procurement window of Government of Kerala (www.etenders.kerala.gov.in).

General Conditions

1. Technical offer will be opened on 06-07-2024 at 11.00 A.M and Financial offer will be opened on 12-07-2024 at 11.00 A.M by the primary evaluation committee.
2. The financial offer of only those who are qualified in the technical offer will be considered.
3. Proof of eligibility criteria shall be enclosed, failure of which will lead to disqualification of the offer.

4. The Managing Director of MRCMPU Ltd. does not bind itself to accept the lowest or any of the offers received and reserves the right to reject or cancel all the offers without assigning any reason whatsoever.
5. MRCMPU Ltd will conduct a comprehensive, fair and impartial evaluation of all the offers received in response to this notification submitted within the due date and time specified in this document.
6. Date of primary evaluation of technical offer will be on 08-07-2024 and Primary evaluation of financial offer will be on 13-07-2024.
7. Based on the technical offer and financial offer the primary evaluation team of MRCMPU will prepare a ranking of the offers received. The ranking will be not only based on the rates quoted but also the experience of the firm, number of qualified partners etc.
8. After the primary evaluation and ranking, those firms who are shortlisted will be called for a discussion at the Head Office of MRCMPU Ltd within one week of opening of the Financial and Technical Offers.
9. The shortlisted parties will be asked to give a brief presentation on their methodology, planning and way of approach to carry out the Internal Audit before completing the selection process.
10. Based on the technical offer, financial offer, primary evaluation and the brief presentation as said above; the secondary and final evaluation will be done by the secondary evaluation team. The Internal Audit firm will be finalised subject to the approval of the Director Board of MRCMPU Ltd.
11. The responsibilities of the Internal Auditor shall include reporting on the adequacy of internal controls, the accuracy and propriety of business transactions, the extent to which assets are accounted for and safeguarded, the level of compliance with financial norms and operational guidelines.
12. The Chartered Accountant firm so selected shall follow the General guidelines specified in Annexure III and Scope of work as detailed in Annexure IV.
13. The Internal Auditor so appointed shall conduct the Audit in terms of the provisions laid down in the Engagement Letter issued by MRCMPU Ltd and shall ensure strict adherence thereto.
14. Visit our web site www.malabarmilma.com for downloading documents.

Annexure-I	- Technical Offer
Annexure-II	- Financial Offer through BOQ
Annexure-III	- General Guidelines for Audit
Annexure-IV	- Scope of Audit
Annexure-V	- List of Units and sub Units

4. Firm Registration Number	
5. PAN of the Firm	
6. GST No. of the Firm	

Partner Details: **

7. Partner Name	Mobile No.	Membership No.

Major Internal/Statutory Audit works undertaken by the firm**

8. Name of the Client	Year in which Internal/Statutory Audit was conducted

9. Staff strength (Nos.) :

10. Annual Turnover – Last Three years aggregate. :

Place :

Date :

Name and Signature

** Please use additional sheet, if necessary

Annexure II

SPECIMEN FORMAT OF APPLICATION FORM FOR EXPRESSION OF INTEREST BY INTERNAL AUDITORS (FINANCIAL OFFER) THROUGH BOQ

Audit Fee including GST & All related expenses shall be quoted in the BOQ as shown below.

No	Units	Amount per Quarter in Rupees
1	Kozhikode Dairy	
2	Palakkad Dairy	
3	Wayanad Dairy	
4	Kannur Dairy	
5	Kasaragod Dairy	
6	Central Products Dairy	
7	Malappuram Dairy and Milk Powder Factory	
8	Head Office	
9	Head Office (Software Verification)	

Annexure III.

1. General guidelines for Audit:

- a. Internal Audit shall be conducted keeping in view the delegation of powers, the purchase & production policy, the investment policy of MRCMPU and the guidelines issued by MRCMPU from time to time.
- b. An Awareness Programme for the Audit Team comprising of all personnel engaged by the Audit firm will be arranged by the Head office with regard to the systems in place as well as the software in use.
- c. The audit of the finance department shall be an ongoing one throughout the financial year.
- d. On the date of commencement of the audit, the auditor shall meet the head of the department/Unit Head and discuss the audit schedule. Monthly audit schedule shall be submitted in advance.
- e. At the end of the audit period, the draft observations shall be discussed with the head of the department/Unit Head.
- f. Flash reports shall be submitted to the Unit Head and HOD (Finance) at Head office highlighting any specific instances of special attention.
- g. The auditor shall submit a detailed report pertaining to the Audit Month highlighting any deviations from the systems and processes as laid down by the MRCMPU. The report shall also suggest improvement in processes, which will strengthen the overall system. The reports on systems & processes and the Internal Audit Questionnaire and shall be submitted along with the quarterly Audit report.
- h. The Internal Auditor shall make a presentation before the top management at Head Office on a half yearly basis summarizing the observations, actions taken and highlights of the review period.
- i. The Internal Auditor shall verify and sign the Utilization Certificate of Funds from Government (Union and State) and non-Governmental agencies.

- j. The Internal Auditor shall attend the Dairy Audit Committee meeting convened by the Dairy Managers for the effective conduct of the Internal Audit once in a month. The date of the meeting and important matters if any to be reported to the higher office shall form part of the Internal Audit report.
- k. An experienced staff/ chartered accountant /cost accountant shall attend the Quarterly Internal Audit review meetings pertaining to the audit months held at Head office level.
- l. A qualified Chartered Accountant /Cost Accountant shall visit all the units once in three months for the effective conduct of the Internal Audit. The report on the above visits to Dairies and the findings so arrived during the visits also shall form part of the Internal Audit report of that particular period.
- m. Audit submission Frequency

Auditing Timeline				
Date - on or Before	Auditing Period	Other reports to be submitted along with the Audit report		
31st July *	Audit Report of April, May & June 2024	Scope Fullfillment report	Questionnaire with remarks	Certified Stock statement
31st October	Audit Report of July, August & September 2024	Scope Fullfillment report	Questionnaire with remarks	Certified Stock statement
31st January	Audit Report of October, Novemember & December 2024	Scope Fullfillment report	Questionnaire with remarks	Certified Stock statement
30th April	Audit Report of January, February & March 2025	Scope Fullfillment report	Questionnaire with remarks	Certified Stock statement

*'In the first engagement the Audit Report of the first quarter has to be submitted before 30th September 2024

Annexure IV

The scope of work for the Internal Audit function is expected to evolve as the organization grows. In addition to providing remedial measures to address audit objections, the Internal Auditor is also expected to suggest preventive measures. The primary purpose of the Internal Audit function is to meet the management's needs and ensure the following, among other objectives.

A. ANALYSIS OF THE SOFTWARE

1. Critically examine the various software Modules used for different operations viz. Sales, Finance, HRD (Human Resource Development), Milk billing, Stores/ Inventory, Production etc. (Name of the soft wares are subject to change) and evaluate their performance and adequacy such as Data security, Inter connectivity etc compared to the volume and nature of business and transactions. The result shall be reported in the audit reports.
2. Analyse the consolidated monthly report obtained from Production Software and report whether the figures are within the permissible limits.

Parameters	Approved Standard*	Actuals	Remarks
Fat and SNF Loss%			
Cream to Ghee Conversion Loss%			
Cream to Butter Conversion Loss%			
Butter to Ghee Conversion Loss%			
Yield % of Peda, Palada Mix and Paneer			
Overrun% fixed for different varieties of Ice cream with Fat & SNF at Ice cream Plant			

*Standard will be intimated by MRCMPU on the engagement letter.

3. Verify the Stock Transfer Analysis Report in Production Module

4. Compare the value of Closing Stock at all Sub Units including Marketing depots in the Production Module with the same in the Financial Statements in Finance Module
5. Comparison of Milk Value paid and the value of Solids received in the Dairy
6. Verify the Punching Time of employees in Attendance Management System (AMS) with the OT Report
7. Verify the Leave and Tour updated in AMS with the Attendance Statement for Salary in HR Module
8. Verify the Variance Report generated from the Material Balance Software.
9. Verify and analyse the Market Realisation of each Product in the Sales Module.
10. Examine and report the status of Users (in-active), Editing/cancellation of vouchers etc. with their requirement and auditor's remarks.
11. Verify whether the sum of Intents of each Consumable and ingredient in Store Module is tallied to the Issue of the same items to the Plant–To be done on a Month wise.
12. Report whether the figures under the 'Purchase' Head in the Stock Register of Ingredients and Consumables in the Costing Software tallies with the consumption figures of Ingredients and Consumables in the P&L Statement of Dairy –To be done on a Month wise.
13. Report whether the Opening & Closing Balance of all Consumables and Ingredients in Costing Software is maintained in a range of +/- (1) ONE. – To be done on a Month wise.
14. Report whether the month wise Purchase Cost of Consumables and Ingredients is available in the Costing Software–To be done on a Monthly basis.
15. Verify and report the price rates given in the sales module 'rate master' with the latest price chart issued by MRCMPU Head Office. Also verify and report the correctness of Rate Type, Party Type, overriding facility, Conversion factor etc. assigned to dealers/agents in the Sales module – To be reported in audit reports.
16. Report whether the Production figures of all Products in the Costing Software are tallied with the data obtained from Production Software – To be done on a Month wise.

17. Analysis of Graph of Production Cost of all Products and Total Cost generated by the costing software at Dairy level on monthly basis and report the major deviations in the graphs- To be done on a Monthly basis.
18. Verification of monthly analysis of the cost of the Product obtained from the Costing Software and report the same in the audit report. To be done on a Month wise.
19. Verification of monthly analysis of Damage % of Ingredients and Consumables obtained from the Costing Software and report the same in the audit report- To be done on a Month wise.
20. Bulk products such as Ghee, Curd issued shall be cross checked with the output produced on a monthly basis as per MBS (monthly Business Statement) in production department and discrepancies if any to be reported- To be done on a Month wise.
21. Date wise verification of Intra Union Stock Transfer quantity of Milk and Milk products by comparing the stock register at source and destination Units generated from Production Software with the help of MIS department – To be done month wise.

B. VERIFICATION OF THE FOLLOWING

1. The Internal Audit shall cover all transactional activities of all units and sub units as per Annexure V
2. Verification of all Books of Account either in printed form or in digital formats like Ledger, Cash Book, Bank Book, Journal Register, Voucher, and other relevant records and the accounting system.
3. Vouching of all cash and bank transactions on a daily basis - Receipts & Expenses - this would cover all bank accounts with specific emphasis on the following:
 - a. Verify the adequacy and accuracy of accounting, and financial controls including the application of accounting standards and the General Financial Rules and compliance with prudent accounting principles.
 - b. Verification of authorization of payments vis-à-vis delegation of powers, standard processing requirements such as invoice, approvals, budgetary limits etc.
 - c. Internal Audit shall be conducted keeping in view of the delegation of powers, the purchase & production policy, the investment policy

of MRCMPU and the guidelines issued by MRCMPU from time to time.

- d. Verify the compliance with TDS, GST and other statutes relevant to the nature of the transaction within the overall regulatory framework governing the organisation.
4. All transactions pertaining to fixed assets accounting which includes: Scrutiny of all fixed assets capitalized, keeping in view whether the asset is delivered, installed and put to use and also whether the documentation pertaining to the asset is proper in terms of approval, purchase order and final invoice. Whether Profit or loss on the sale of assets is recognized correctly or not.
5. Verification of Bank Reconciliation Statements
6. Auditor shall examine the distribution / utilisation/ issue of Advertisement/POP materials, freezers, visi coolers to dealers and other outlets is as per the Yearly Plan of Operations (YPO) norms and report the balance stock holding in the marketing store.
7. Verification and certification of ESI Returns (half yearly/yearly etc.) to be furnished to Employees State Insurance Corporation by the Dairies & Head Office.
8. Verification of statutory compliances like Building Tax, Land Tax, Factory Licence, PCB Consent, D&O Licence, FSSAI Licence, Fire & Special perils policy, ESI, and EPF – To be done month-wise.
9. Verify the GST input tax claiming, GST-TDS accounting are proper, if there is any correction the same should be reported. – Status to be reported in the audit report.
10. Randomly verify the uploaded E-invoices (B2B invoices) and verify the filed GSTR 1 & GSTR 3B returns– To be done month-wise
11. Auditor shall Verify the procedures followed in the recognition, accounting and transferring of Income Tax TDS & TCS to HO
12. Auditor shall verify the Salary, Wages and Overtime hours to ensure that the attendance of employees are matching with the punching report- To be done month wise
13. Verify the quantity discount given to dealers/distributors is as per the scheme implemented from time to time. - To be done month wise.
14. Auditor shall verify the security deposit of agency/wholesaler/RD etc for its accounting, adequacy etc- Status to be reported quarterly

15. Critically examine the major elements of cost such as transportation, power, fuel, repairs, consumables etc. and advise the Management for proper control where ever necessary.
16. Verify all records such as awarding contract, calculation of rate hike, calculation in the vouchers claimed etc. related to the operation of vehicles.
–To be done month wise.
17. Auditor shall verify the route verification status of routes awarded, diesel hike calculation etc. on verification of the transportation bill - to be done quarterly.
18. A route wise analysis of Transportation Cost prepared by the respective departments for the expenses incurred for transportation (carriage inward & outward) of Milk, Curd & Sambaram shall be cross verified and the per litre cost analysis statement of all the routes shall also be verified. Apart from that the details of capacity utilisation of all the distribution and procurement vehicles shall be analysed- To be done Month wise.
19. Evaluation of the cost of goods transported v/s cost of transportation prepared by the respective departments with regard to product supply routes shall be cross verified – To be done Month wise.
20. Auditor shall verify the valuation of closing stock with respect to its calculation method and the rate applied etc. - To be done month wise
21. Date wise comparison of Milk Procurement Quantity between Milk Bill and Production Package in Dairies and MCP/MCC-To be done month wise.
22. Auditor shall cross check the quantity of milk received as per Quality Control, Products and Accounts departments- To be done month wise.
23. Date wise verification of dispatch quantity of Milk and production quantity of Milk Products with labour contractor bill in Dairies and Depots wherever it is outsourced -To be done month wise.
24. Verify all records of purchase of Milk & Milk Products, other Raw materials, Equipment & Machineries, Machinery/Equipment Spare parts, Consumables, Packaging Materials, other Store items etc.
25. Verify all records related to the processing/manufacturing of milk and milk products, Despatch/sales, and all other operations performed.
26. Comparison of Product wise budgeted sales growth percentage obtained from the Material Balance Software with the actual sales growth on a Monthly basis –Verify and report the same in audit report.
27. See whether the date wise comparison of Market Return/Sales return (good and leak packets) from the Marketing Package tallies with the Production Package in Dairies and Depots – To be done month wise.

28. Verify and report the total transit and market leak (dealer wise) and comment its repetitions, abnormalities if any-To be done month wise.
29. Verify reconciliation of Accounts with Marketing, Stores, Sister Unions, and Outside state milk and products accounts – To be done Month wise.
30. Verify the balance of sundry debtors with the balance confirmation received – to be done half yearly
31. Verification of procedures of offers including E-tenders of Head office and units.
32. Verification of the books and records and certification of all Statements of Expenditure of GOK/GOI Projects to be submitted to the project authorities as per the format and time schedule prescribed.
33. Examine all contractual agreements and payments to such contractors and see that the statutory requirements are complied with and all payments are made as per agreements only.
34. Verify the details of requirement, authenticity and procedures followed in the cancellation/deletion/correction of entries in invoices/vouchers in each department. – To be done monthly.
35. Verification of financial statements (Profit and Loss account & Balance Sheet) – To be done month-wise.

C. REPORTING REQUIREMENTS

1. Physical verification (Either Opening Stock/Closing Stock) of stock of finished goods of milk, milk products and other products, raw materials, stores and other inventories of all units including marketing depots. It shall be done at the end of each quarter (June 30, September 30, December 31 and March 31 In the first engagement term the stock verification shall be done as on 1st August 2024) in the case of Dairy plants and at the time of each visit to units. The Physical stock shall be verified with the book stock and report mismatches/discrepancies. The random based verification methodology shall be adopted in case of physical stock verification except in case of quarterly verification.
2. Auditor shall certify the Stock statement prepared in the Dairy, Chilling centres and Marketing depots and submit the same along with the Internal Audit report. - To be done quarterly.
3. Auditor shall verify the yield of different consumables/packing materials in the engineering log book with standard yield and report the discrepancies if any- To be done monthly basis.

4. Actual weight of each type of finished products shall be checked once in a month to compare it with the standard weight. Discrepancies if any to be reported in the quarterly Audit report-To be done month wise
5. The production log book of various products shall be verified with Packing machine log book (ie. Production as per MBS vs production as per engineering department) on a monthly basis and report the discrepancies if any- To be done on a Month wise.
6. The production log book of various products shall be verified with stock register of the respective product maintained in the production module on a monthly basis and report the discrepancies if any- To be done Month wise
7. Report whether the Quantity in the consolidated Monthly FAT & SNF Statement/Business Statement tallies with the Monthly Sales Statement. Report the deviations if any and whether the quantities are accounted in the Profit & Loss Statement of Dairy correctly- To be done Month wise.
8. Analysis of the Sachet Tray accounting system by comparing the Opening Balance and Closing balance of Trays in all locations with Periodical Figures of Purchase and Scrap Sales and Stock Transfer of Sachet Trays and report the difference –To be done on a Quarterly basis.
9. Date wise comparison of Transit loss of Milk between the Dairies and Depots by comparing the concerned stock register -To be done date wise.
10. Auditor shall verify the quantity of milk received from BMC as per truck sheet and log book and report the discrepancies if any- To be done Month wise
11. Auditor shall verify the MBRT analysis report and report cases where MBRT is below the standard – To be done month wise
12. Verify the balance receivable from debtors and report the long pending dues with their age- To be done month wise
13. Verify the credit given to the agents by the Dairies and report the credit limit exceeding cases if any (Name, amount and age of excess credit) - To be done month wise
14. Verify the Budget Variance report and include the adverse variance in the Internal Audit Report- To be done month wise
15. Auditor shall verify and report the Lock Group status of various modules at the Units- To be reported in the quarterly audit report.
16. Expense Turnover Ratio & Ratio Analysis with Auditors remarks.

D. SOFTWARES FOR AUDITING

- a. Finance Module
- b. Sales Module
- c. Dairy Production Module
- d. Store Module
- e. HRD Module
- f. Attendance Management System (AMS)
- g. Vyaya
- h. Suraksha
- i. Tulana
- j. Yearly Plan of Operation (Marketing)
- k. Yearly Plan of Operation (P& I)

E. OTHER REQUIREMENTS

1. Auditor shall verify and include the Questionnaire filled by the Dairy Managers regarding the Profit and Loss A/c, Monthly Business Statement, Management Information System of the Marketing department, Performance report of the Engineering department, and other relevant parameters mentioned in the Scope of Audit. – To be included in the quarterly Audit Report.
2. In addition to the above a Surprise verification – To be done quarterly on the following.
 - a. Surprise verification of cash and inventory.
 - b. Surprise Physical verification of finished goods of milk, milk products and other products, raw materials, stores and other inventories of all units including marketing depots. The Physical stock shall be verified with the book stock and report mismatches/discrepancies if any.
 - c. Surprise verification of Physical Stock of Ingredients and Consumables and see whether it tallies with the stock register generated from the Costing Software.
 - d. Surprise verification of physical stock and see whether it tallies with the stock register of products generated by the Production Software.
3. Report actions that are to be taken with respect to amendments made to Central and State Acts and rules related to direct and indirect taxes.
4. Verification of all books of accounts of MRCMPU employees group gratuity fund trust accounts.

5. The Quarterly Audit report of Head Office shall include an abstract of the Questionnaire and Audit reports of all Dairies with its analysis, comparison and remarks of the Internal Auditor.

F. AUDITOR SHALL COMPLY WITH THE FOLLOWING TIME LINE FOR THE SUBMISSION OF REPORTS.

Auditing Timeline				
Date - on or Before	Auditing Period	Other reports to be submitted along with the Audit report		
31st July *	Audit Report of April, May & June 2024	Scope Fulfillment report	Questionnaire with remarks	Certified Stock statement
31st October	Audit Report of July, August & September 2024	Scope Fulfillment report	Questionnaire with remarks	Certified Stock statement
31st January	Audit Report of October, November & December 2024	Fulfillment report	Questionnaire with remarks	Certified Stock statement
30th April	Audit Report of January, February & March 2025	Scope Fulfillment report	Questionnaire with remarks	Certified Stock statement

*'In the first engagement the Audit Report of the first quarter has to be submitted before 30th September 2024

Annexure-V**MALABAR REGIONAL COOPERATIVE MILK PRODUCERS' UNION LTD.
PERINGOLAM KUNNAMANGALAM, KOZHIKODE -673571****LIST OF ANCILLARY UNITS AND ANCILLARY SUB UNITS UNDER
MRCMPU..LTD – FOR INTERNAL AUDIT 2024-25.**

Sl		UNIT	ADDRESS
I		ANCILLARY UNITS -PROCUREMENT & INPUT UNITS (P&I)	
	1	PALAKKAD P&I –DISTRICT OFFICE	Kallepully (PO). Palakkad pkdpi@malabarmilma.coop
	2	MALAPPURAM P&I – DISTRICT OFFICE	Nilambur (PO) Malappuram mpmpi@malabarmilma.coop
	3	KOZHIKODE P&I – DISTRICT OFFICE	Kunnamangalam (PO) Kozhikode - 673 571 Email:kkdpi@malabarmilma.coop
	4	WAYANAD P&I – DISTRICT OFFICE	Chuzhali, Kalpetta (PO), Wayanad. wydpi@malabarmilma.coop
	5	KANNUR P&I – DISTRICT OFFICE	Pallikkunnu (PO), Kannur knrpi@malabarmilma.coop
	6	KASARAGOD P&I – DISTRICT OFFICE	Anandasramam (PO), Kanhangad, Kasaragod kgdpi@malabarmilma.coop
II		ANCILLARY SUB UNITS -PROCUREMENT & INPUT SUB UNITS (P&I)	
	1	ATTAPADY P&I – SUB UNIT PKD P&I	Agali P.O. Palakkad atppi@malabarmilma.coop
	2	PATTAMBI P&I – SUB UNIT PKD P&I	Mele Pattambi P.O. Palakkad ptbpi@malabarmilma.coop
	3	MOORKANAD P&I –SUB UNIT MALAPPURAM P&I	Moorkanad (PO) Malappuram -679 338 mkdpi@malabarmilma.coop
	4	VADAKARA P&I – SUBS UNIT KKD P&I	Chemmarathur (PO), Vadakara, Kozhikode 673104, vdkpi@malabarmilma.coop

III		ANCILLARY SUB UNITS -MARKETING DEPOTS	
	1	PATTAMBI	Mele Pattambi P.O., Palakkad ptbmcp@malabarmilma.coop
	2	MOORKANAD	Malappuram Marketing Depot Moorkanad PO, Malappuram -679338 mpm.mkt@malabarmilma.coop
	3	NILAMBUR	Nilambur P.O. Malappuram nbr.mkt@malabarmilma.coop
	4	RAMANATTUKARA	Agadi Parambil, PallikkalBazar, Kakkanchery , Kottapuram Road , Ramanattukara, 673620, rmk.mkt@malabarmilma.coop
	5	ULLIYERI	Ulliyeri Marketing Depot Ulliyeri PO, Mundoth, Kozhikode-673620, uly.mkt@malabarmilma.coop
	6	NADAPURAM	Nadapuram, Avolam, Near Modakara Masjith, Nadapuram PO, Kozhikode-673504 ndpm.mkt@malabarmilma.coop
	8	KANNUR CITY	Kannur City Marketing depot, Podikundu P.O Pallikunnu Kannur knrcity.mkt@malabarmilma.coop
IV		TMR PLANT/GINGER PROCESSING UNIT	
	1	TMR PLANT PATTANCHERY	TMR plant, Moopankulam, Pattanchery(PO), Palakkad-678532 mrdfmrpkd@gmail.com,
	2	GINGER PROCESSING UNIT MEENAGADY	Ginger Processing Unit Meenangadi , Wayanad-673591
V		OTHER UNITS	
	1	HUMAN RESOURCE DEVELOPMENT CENTRE	HRD Centre Naduvattom, Arakkinar (PO), Kozhikode. hrdc.kkd@malabarmilma.coop

*There may be a possibility of addition/deletion of Ancillary Units/Sub Units, which has to be covered with the same rules.
