



(For use by the Officials of the Indian Audit and Accounts Department only)

Office of the Principal Accountant General (Audit-II), Gujarat, Ahmedabad

**MANUAL OF AUDIT MANAGEMENT GROUP-II
(FIRST EDITION)**

Issued by
The Pr. Accountant General (Audit –II), Gujarat, Ahmedabad

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Preface

Consequent to restructuring of offices of IA&AD in March 2020, this is the first edition of the Audit Manual for Audit Management Group-II (AMG-II) of office of the Principal Accountant General (Audit-II), Gujarat, Ahmedabad. The Manual contains, in brief, the activities, mission, vision, objectives and functions of the auditee units under the jurisdiction of the AMG-II. The instructions in this Manual are supplementary to those contained in the Codes and Manuals issued by the Comptroller and Auditor General of India.

The main objective of the manual is to provide necessary guidance and directions to the staff of the Principal Accountant General (Audit-II) in conducting the Compliance Audit, Propriety Audit, Performance Audit (PA) and Subject Specific Compliance Audits (SSCA) including subject specific compliance audit of the Government Departments, Public Sector Undertakings, Boards, Statutory Corporations, Autonomous Bodies and Institutes registered under the Societies Registration Act, 1860 of Government of Gujarat falling under the jurisdiction of AMG-II.

I hope that this publication will be a useful guide to the staff and officers of AMG II of the Office of the Principal Accountant General (Audit-II) Ahmedabad, Gujarat in the efficient functioning and discharge of their duties and to achieve the vision of the office.

Suggestions for modifications and improvements or changes in the Manual are welcome.

(Himanshu Dharmadarshi)
Principal Accountant General (Audit-II)
Gujarat, Ahmedabad

Chapter 1

ORGANISATION AND FUNCTIONS

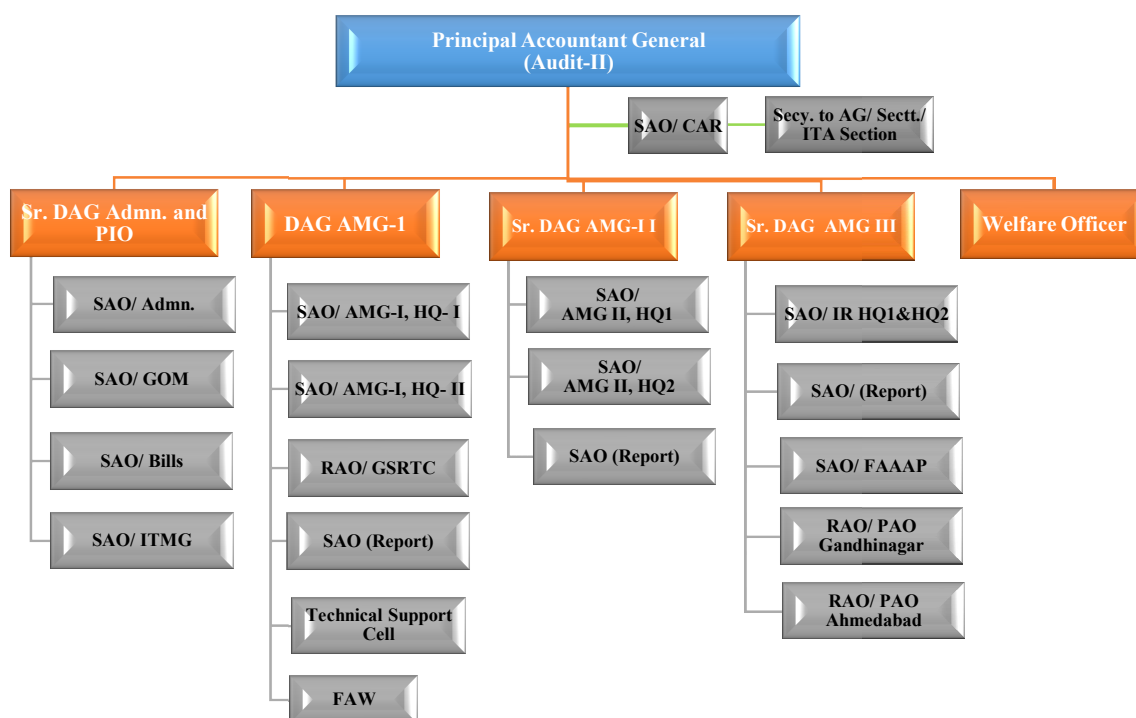
1.1 Introduction

The Comptroller and Auditor General (CAG) of India is the Supreme Audit Institution (SAI) and the sole constitutional authority entrusted with the responsibility of audit of accounts of the Union and of the States. It is the duty of the CAG to audit receipts and expenditure of the Union, State and the Union Territory Governments. The audit reports of the CAG are placed before Parliament or the legislature of the State or the Union Territory, as the case may be. The duties of the CAG extend to audit of Government Companies, Corporations and bodies and authorities in accordance with the laws made by the legislature and rules made there-under.

1.2 Principal Accountant General (Audit-II), Gujarat is CAG's principal officer of IAAD for the State of Gujarat, with its head office (HO) at Ahmedabad. PAG coordinates IAAD's interface with the Government of Gujarat (GoG) and the media. PAG's core audit function areas are: audit of all the Departments/Agencies/Public Sector Undertakings (PSUs) /Autonomous Bodies (ABs)/Statutory Corporations falling under the Audit-II of GoG.

1.3 Organizational Structure

Overall Organisational structure of Office of the PAG (Audit-II), Gujarat, Ahmedabad, is as under:



The cadre control of Senior Audit Officers (Sr.AOs)/Assistant Audit Officers (AAOs) of civil cadres of PAG (Audit-II) Gujarat, Ahmedabad, O/o PAG (Audit-I),Gujarat, Rajkot and O/o the PDA (C), Ahmedabad are with the Principal Accountant General (Audit-II), Gujarat, Ahmedabad whereas Assistant Audit Officers (AAO) and Senior Audit Officers (SAOs) of the Commercial Cadres are posted by the CAG Office and the cadre control below the level of AAOs viz.,Multi-Tasking Staff (MTS), Record Keeper/ Daftry, Data Entry Operators, Auditors, Sr. Auditors, Supervisors are with Dy. Accountant General (Administration),O/o PAG (Audit-II), Gujarat, Ahmedabad.

Audit Mandate

1.4 The CAG derives his authority and functions from the provisions of Articles 148 to 151 of the Constitution of India. Article 149 of the Constitution provides that the CAG shall exercise such powers and perform such duties in relation to the accounts of the Union and of the States and of any other authority or body as may be prescribed by or under any law made by the Parliament. Parliament passed the necessary legislation, namely CAG's (Duties, Powers and Conditions of Service) Act in 1971 (DPC) Act, 1971 further elaborating the duties and powers of CAG. The Audit Mandate for conducting audit of Government Companies, Statutory Corporations, Autonomous Bodies and Government Departments is detailed below:

1.4.1 Audit of Public Sector Undertakings (Government Companies)

The duties and powers of the CAG in relation to the audit of accounts of Government Companies are prescribed in Section 19 of DPC Act, 1971. These duties and powers are to be performed and exercised under sub-section (1) of Section 19: (i). in case of Government Companies in accordance with the provisions of the Companies Act, 2013. Section 139 (5) or (7) of the Companies Act, 2013 prescribes that auditor of Government Company or any other company owned or controlled directly or indirectly, by the Central Government or by any State Government or Governments, partly by the Central Government and partly by one or more State Governments shall be appointed or re-appointed by the CAG. (ii) As per section 143 (5) of Companies Act, 2013, CAG should appoint the Auditor under sub-section (5) or (7) of section 139 and direct such auditor the manner in which the accounts of Government Company or Company owned/ controlled by Governments are required to be audited and thereupon the auditor so appointed shall submit a copy of the audit report to the CAG which, among other things, include directions, if any issued by the CAG, the action taken thereon and its impact on the accounts and financial statement of the Company. (iii). Further, Section 143(6) states that the CAG shall within sixty days from the date of receipt of the audit report under sub-section (5) have a right to a. conduct a supplementary audit of the financial statement of the company by such person or persons as he may authorise in this behalf; and for the purpose of such audit require information or additional information to be furnished to any person or persons, so authorised, on such matters, by such person or persons, and in such form as CAG may direct; and b. comment upon or supplement such report.

1.4.2 Audit of Statutory Corporations

According to Section 19 (2) of the DPC Act, 1971, the duties and powers of the CAG in relation to the accounts of the Corporations established by or under any law made by Parliament shall be performed and exercised by him in accordance with the provisions of the respective Legislations.

Under Section 19 (3) of the DPC Act, 1971, the Governor of a State or the Administrator of a Union Territory, having a Legislative Assembly may, where he is of opinion that it is

necessary in the public interest to do so, request the CAG to audit the accounts of a Corporation established by law made by the Legislature of the State or of the Union Territory as the case may be, and where such request has been made, the CAG shall audit the accounts of such Corporation and shall have, for the purposes of such audit, right of access to the books of accounts of such Corporation.

1.2.3 Audit of Autonomous Bodies

According to Section 14 (1) of the DPC Act, 1971, where any body or authority is substantially financed by grants and loans from the Consolidated Fund of India or of any state or of Union Territory having a Legislative Assembly, the CAG shall subject to the provisions of any law for the time being in force applicable to the body or authority, as the case may be, audit all receipts and expenditure of that body or authority.

Section 14 (2) of the DPC Act, 1971 prescribes that notwithstanding anything contained in sub-section (1), the CAG may with the previous approval of the President or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, audit all receipts and expenditure of any body or authority where the grant or loan to such body or authority from the Consolidated fund of India or of any State or of any Union Territory having Legislative Assembly, as the case may be, in a financial year is not less than ₹ one crore.

Section 14 (3) of the DPC Act, 1971 prescribes that where the receipts and expenditure of any body or authority are, by virtue of the fulfilment of the conditions specified in sub-section (1) or Sub-section (2), audited by the CAG in a financial year, he shall continue to audit the receipts and expenditure of that body or authority for a further period of two years notwithstanding that the conditions specified in Sub-section (1) or Sub-section (2) are not fulfilled during any of the two subsequent years.

1.2.4 Audit of accounts of certain authorities or bodies Section 20

1. Save as otherwise provided in Section 19, where the audit of the accounts of any body or authority has not been entrusted to the CAG by or under any law made by Parliament, he shall, if requested so to do by the President or the Governor of a State or the Administrator of a Union territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the concerned Government and shall have, for the purposes of such audit, right of access to the books and accounts of that body or authority Provided that no such request shall be made except after consultation with the CAG.

2. The CAG may propose to the President or the Governor of a State or the Administrator of Union Territory having Legislative Assembly, as the case may be, that he may be authorized to undertake the audit of the accounts of any body or authority, the audit of the accounts of which has not been entrusted to him by law, if he is of opinion that such audit is necessary because substantial amount has been invested in, or advanced to, such body or authority by the Central or State Government or by the Government of Union Territory having a Legislative Assembly, and on such request being made, the President or the Governor or the Administrator, as the case may be, may empower the CAG to undertake the audit of the accounts of such body or authority.

3. The audit referred to in sub-section (1) or sub-section (2) shall not be entrusted to the CAG except where the President or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, as the case may be, is satisfied that it is expedient so to do in public interest and except after giving a reasonable opportunity to

the concerned body or authority to make representations with regard to the proposal for such audit.

1.2.5 Audit of Government Departments

Section 13 of the DPC Act, 1971 prescribes the duty of the CAG-

- a. To audit all expenditure from the Consolidated Fund of India and of each State and of each Union Territory having Legislative Assembly and to ascertain whether the moneys shown in the accounts as having been disbursed were legally available for and applicable to the service or purpose to which they have been applied or charged and whether the expenditure conforms to the authority which governs it.
- b. To audit all transactions of the Union and of the State relating to Contingency Funds and Public Accounts.
- c. To audit all trading, manufacturing, profit and loss accounts and balance sheets and other subsidiary accounts kept in any department of the Union or of a State.

Section 16 of the DPC Act, 1971 prescribes the duty of the CAG to audit all receipts which are payable into the Consolidated Fund of India and of each State and of each Union Territory a Legislative Assembly and to satisfy himself that the rules and procedures in that behalf are designed to secure an effective check on the assessment, collection and proper allocation of revenue and are being duly observed and to make for this purpose such examination of the accounts as he thinks fit and report thereon.

1.3 Regulations on Audit and Accounts, 2020

In pursuance of Section 23 of the CAG's (DPC) Act, 1971, the CAG has made the Regulations, viz., Regulations on Audit & Accounts 2020.

These Regulations apply to the staff of the Indian Audit and Accounts Department and all ministries and departments of the Union Government, State Governments and Union Territory Governments as well as bodies, authorities and enterprises, to which the audit or accounts jurisdiction of the CAG extend. Further, standing orders, guidelines and practice notes issued by CAG also guide the conduct of audits.

The CAG is not obliged to carry out, modify or refrain from carrying out an audit or suppress or modify audit findings, conclusions and recommendations in the light of any directions by the executive. This, however, does not preclude requests to the CAG by the executive proposing matters for audit.

1.4 Authority with regard to audit

Under Section 18 read with Section 2 (e) of the CAG's (DPC) Act, the CAG has the authority:

- a. to inspect any office of accounts under the control of the Union Government or of a State Government or of a Union Territory having a legislative assembly;
- b. to require that any accounts, books, papers and other documents which deal with or form the basis of or are otherwise relevant to the transactions to which his duties in respect of audit extend, be sent to such place as he may appoint for his inspection; and
- c. to put such questions or make such observations as he may consider necessary, to the person in charge of the office and to call for such information as he may require for the preparation of any account or report which is his duty to prepare.

The person in charge of any office or department, the accounts of which are audited by the CAG, shall afford all facilities for such inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

1.5 Request for special audit

The CAG or any officer so authorized shall give due consideration to a request for special audit of a programme, project or organizations within the audit jurisdiction provided that every such request:

- a. is made with the approval of the Secretary to Government of the concerned department;
- b. shall state the justification and reasons that necessitate a special audit, including the results of any preliminary inquiry, investigation or study that may have already been conducted; and
- c. specify the period to be covered in the special audit.

All requests received for Special Audit shall be examined at field office and along with views shall be forwarded to CAG who shall take a final decision under intimation to PPG cell. The decision of the CAG or any officer so authorized in regard to the special audit shall be final.

Authority :CAG's letter no .198-PPG/49-2012 dated 01 October 2019

1.6 Broad objectives of audit

The broad objectives of audit are to ensure legality, regularity, economy, efficiency and effectiveness of financial management and public administration mainly through assessment as to:

- a. whether the financial statements are properly prepared, are complete in all respects and are presented with adequate disclosures (**financial audit**);
- b. whether the provisions of the Constitution, the applicable laws, rules and regulations made there under and various orders and instructions issued by competent authority are being complied with (**compliance audit**); and
- c. the extent to which an activity, programme or organizations operates economically, efficiently and effectively (**performance audit**).

1.8 Auditing Standards

Auditing Standards prescribe the norms of principles and practices, which the Auditors are expected to follow in the conduct of Audit. They provide minimum guidance to the Auditor that helps determine the extent of auditing steps and procedures that should be applied in the audit and constitute the criteria or yardstick against which the quality of audit results are evaluated.

1.8.1 The auditing standards of the International Organization of Supreme Audit Institutions (INTOSAI) have been suitably adapted with due consideration of the Constitution of India, relevant Statutes and rules for the auditing standards for the Supreme Audit Institution of India (SAI). The latest Auditing Standards were issued by the Indian Audit and Accounts Department in March 2017. The auditing standards *inter alia* include the following:

- a. Basic postulates
- b. General standards

c. Specific standards

1.8.2 Relevance and application of Auditing Standards

Auditing standards provide the framework for performing high quality audit. Compliance with these standards is expected to ensure that a high quality of audit is performed for achieving the audit objectives.

- a. Auditing standards shall apply both to the individual auditor and the audit department.
- b. All audits on behalf of the CAG are required to be conducted as per the auditing standards. In other words, auditing standards shall apply to all types of audit including financial audit, compliance audit and performance audit.
- c. Auditing standards shall be consistent with the guiding principles of auditing standards as contained in Regulations on Audit and Accounts 2020.

1.9 Pre-restructuring

Prior to restructuring, this office was involved in the audit of economic and revenue sectors of the Government of Gujarat. The office comprised of three sectors: Economic sector-I, Economic Sector-II and Revenue Sector.

1.10 Restructuring of Indian Audit and Accounts Department

Under the CAG's order of restructuring of March 2020, office of the Principal Accountant General (Economic and Revenue Sector Audit), Ahmedabad has been reorganised and restructured as office of Principal Accountant General (Audit-II) Gujarat, Ahmedabad

All State Government Departments have been grouped into total 16 clusters. For the functional purpose, the office of the Principal Accountant General (Audit- II), Gujarat, Ahmedabad, has been divided into three groups named as Audit Management Group (AMG), I, II and III in addition to Administration Group. Each group is headed by a Group Officer. Audit of 9 clusters have been allocated to the Principal Accountant General (Audit-II), Gujarat, Ahmedabad. These 9 clusters consist of 14 Departments of the Government of Gujarat and these 14 departments have been allocated among three AMGs.

Technical Support Cell: Under restructuring of March 2020, a technical support cell for advising supplementary audit of PSUs and certification audit of ABs has been constituted under the control of the PAG (Audit-II), Gujarat, Ahmedabad. The Technical Cell functions under overall supervision of Group Officer, AMG-I. The integrated arrangement is devised with a view to achieve consistency in application of accounting standards and principles of financial audit across all PSUs and ABs since supplementary audit of PSUs and certification audit of ABs will now be spread between all the AMGs.

1.11 Audit Jurisdiction and Audit Universe of AMG-II

Departments / activities that have the most inter- connected outcome and linkage, keeping in view today's governance and programme, service delivery, landscape and strategies for future have been grouped under cluster. Vertical integration is achieved by keeping together Departments with their Public Sector Undertakings, Boards, Statutory Corporations, Autonomous Bodies and Institutes registered under the Societies Registration Act, 1860 which functions under the administrative control of a Department in a cluster.

1.11.1 Audit Jurisdiction of AMG-II Group

Post restructuring in May/ June 2020, AMG-II Group has been made responsible for conducting audit of 3 clusters as follows:

Sl. No.	Cluster	Departments
1	General Administration	General Administration Legislative and Parliamentary Affairs Information and Broadcasting Revenue (Land Revenue function)
2	Environment, Science and Technology	Forest and Environment Science and Technology Climate change
3	Law and Order	Home Legal

Functionally, AMG-II Group conducts audit of the following departments, their offices, Autonomous Bodies and Public Sector Undertakings:

1. Home Department including Prohibition and Excise (Revenue)
2. Legal Department
3. Forest and Environment Department
4. Climate Change Department
5. Science and Technology Department including IT and Communication
6. Legislative and Parliamentary Affairs Department
7. Information and Broadcasting Department
8. General Administration Department
9. Revenue Department including Land Revenue
10. Gujarat Legislature Secretariat

1.11.2 Audit Universe of AMG-II

Under 4 clusters (10 Departments) on which AMG-II has audit jurisdiction, there are 21 Apex Audit Units (AAE) and 1,439 Audit Units (AE). These AAE and AE have been further divided into three categories based on their risk profile i.e. A” as High Risk, “B” for Medium Risk and “C” for Low Risk. The basis of categorization of units into A, B and C categories is described in **Appendix 1.1**. In addition to AAE and AE, these departments have 1,591 Implementing Units (IU). The Implementing units (IU) are not specifically selected for audit. Related IUs are audited along with audit of the Auditee unit. The overall audit universe of AMG-II is as follows:

Sl. No.	Name of Cluster	Total No. of Units	Details of units		
			Apex Unit	Audit Unit	Implementing Unit
1	General Administration	802	12	592	198
2	Environment, Science and Technology	629	4	133	492
3	Law and Order	1,620	5	714	901
	Total	3,051	21	1,439	1,591

(Source: Draft Audit Plan for the year 2021-22)

The number of units may change as per latest Annual Audit Plan (AAP) 2021-22. Risk analysis will also change as per latest AAP. Further remarks may be seen at **Appendix 1.1**.

1.12 Human Resources

1.12.1 Sanctioned strength of AMG-II wing as decided by the PAG¹ is as follows:

Sections	SAO	AAO/Supervisor	Senior Auditor/Auditor	Data Entry Operator/Clerk/Typist
Headquarters-I	1	2	6	3
Headquarters-II	1	2	6	3
Report	1	2	3	3
Field	14	29	14	0
Total	17	35	29	9

1.13 Code of Ethics

The organisation of the Comptroller and Auditor General of India has decided to adopt a Code of Ethics keeping in view of the international best practices to provide a clear guidance on the standards of behaviour expected from the members of the Indian Audit and Accounts Department. The code incorporates values and principles contained in the Central Civil Services Conduct Rules for Government Servants in India) CCS Conduct Rules (and suitably adapted broad principles contained in ISSAI 30)INTOSAI Standards for Supreme Audit Institutions. (This Code is applicable to all the individuals working in the auditing and accounting wings of the IA&AD and all the individuals working for or on behalf of this Department i.e. consultant, expert, statutory auditors, etc.

In order to comply with the Code, the action to be taken is as follows:

- As referred in Para 3.24 of the Code, a declaration in the format prescribed in **Appendix 1.2** of the Code is required to be signed separately by each member of the audit team, including the supervisory Officer prior to the commencement of the audit. A copy of the declaration should be given to the head of the audited entity as soon as the audit commences. Each declaration should be enclosed in original with the Inspection Report having acknowledgement from the Management.
- Similarly, a declaration as prescribed in the **Appendix 1.3** is required to be obtained from outside auditors engaged on contract with the SAI like expert, consultant, statutory auditors, etc. A copy of the declaration should be given to the head of the audited entity as soon as the audit commences. Each declaration should be enclosed in original with the Report to be submitted to SAI India.

(Authority :CAG's Letter No .I /B /5 /954-PPG /41-2012 dated 25 September 2012)

1.14 Organisation and Control

AMG-II Group has been allocated audit of four clusters with their Departments as discussed in **Para 1.11.1**.

For ease of functioning, AMG-II has been further divided into Headquarters I and co-ordination, Headquarters II and Report Section which function under the overall supervision of Deputy Accountant General (AMG-II). Each Section is under the direct

¹PAGs order dated 4 September 2020

charge of a Senior Audit Officer who is assisted by Assistant Audit Officers/ Supervisors, Senior Auditors/Auditors, Data Entry Operators and clerks.

Sections	Departments allotted
Hqrs.1 and Co-ordination	1. Home, Prohibition and Excise 2. Legal 3. Forest and Environment 4. Climate Change 5. Science and Technology
Hqrs 2	1. Legislative and Parliamentary Affairs, 2. Information and Broadcasting 3. General Administration 4. Revenue Department including Land Revenue 5. Gujarat Legislature Secretariat

1.15 Duties and Responsibilities

Sections of AMG-II are entrusted with the following duties and responsibilities:

1.15.1 Headquarters -I of AMG-II

Audit functions of Headquarters -I of AMG-II

The work allotted includes following item of works in addition to compliance and propriety audit of the departments and their offices, Autonomous Bodies and Public Sector Undertakings:

1. Annual Accounts certification of five PSUs²
2. Separate Audit Report (SAR) of Compensatory Afforestation Fund Management and Planning Authority, Forests and Environment Department
3. SAR of District Legal Services Authorities under Legal Department
4. SAR of Gujarat Human Right Commission under Home Department
5. Miscellaneous Returns/ Reports pertaining to the Section as per Calendar of Returns

Co-ordination work of Headquarters -I of AMG II

1. Preparation of Annual Audit Plan
2. Consolidation and updating of Master Database
3. Preparation of Tour Programme, its approval and communication to field parties and revision of programmes
4. Checking of weekly diaries and monitoring, Checking of TA Bills of staff deployed in the field (except Senior AOs)
5. Leave and transfer postings
6. Monitoring of Complaints
7. Preparation of Returns being submitted to PAG Secretariat and Administration Section
8. Preparation of Miscellaneous Information being submitted to Internal Test Audit (ITA) Section, State Finance Report Section and Central Audit Report Section.

²Gujarat State Police Housing Corporation Ltd, Gujarat State Forest Development Corporation Limited, Gujarat Fibre Grid Network Limited, Gujarat ISP Services Limited and Gujarat Informatics Limited

1.15.2 Headquarters -II of AMGII

The work allotted includes following item of works in addition to compliance and propriety audit of the departments and their offices and Autonomous Bodies:

1. Consolidated Quarterly Progress Report of AMG II,
 2. Consolidated Yearly Report of AMG II,
 3. Consolidated Calender of Returns
 4. Updation of Manual of AMG-II
 5. Co-ordination with DG Inspection,
 6. Consolidated compliance report of Internal Audit by ITA Section
 7. Centralized Dak monitoring system
 8. Miscellaneous Returns/Reports pertaining to the Section as per Calendar of Returns
- For format of Calender of Returns for Headquarters –I, Headquarters –II and Report Section please refer to **Appendix 1.4**.

1.16 Audit Plan of AMG-II

The Audit Plan for the year is to be prepared based on the units allocated to AMG-II (Hqrs I and II), the available manpower and risk analysis.

The Audit Plan is prepared for every financial year i.e. from 01 April to 31 March of next year. Considering 230 net working days in a year (after considering leave, transit, monthly meetins and training), total mandays available are allocated among Financial Audit, Performance Audit, Subject Specific Compliance Audit and SFR related work and balance for conducting Compliance Audit.

The mandays available are first allocated to the Financial Audit since this is a statutory requirement. After allocating the mandays for Performance Audit, Subject Specific Compliance Audit and SFR related work, the remaining mandays are provided for Compliance Audit.

1.16.1. Preparing the database

Database of Apex Units i.e. Department/ sector and the auditable units and the implementing units shall be updated from time to time. Risk assessments should be analysed keeping in view the profile of the department, schemes or projects implemented, budget estimates, expenditure incurred on new developments or new services, press clippings, complaints, policies introduced etc.

1.16.2 Framing of Audit Programmes

The monthly /quarterly audit programme is prepared for each local audit party based on the receipt of approval of the Audit Plan for its implementation from Headquarters .In case of supplementary audit, after receipt of the certified accounts from the companies / corporations, audit programmes are finalised by AMG II (Headquarters I). After approval of programme by the Pr. Accountant General, the same is issued to Local Audit parties . The Audit Programme (Monthly /Quarterly) is also uploaded on the official website of office of the PAG (Audit II) Ahmedabad, Gujarat.

The composition of local audit party generally consists of two AAOs and one Auditor keeping in view the nature, and complexity of the work of auditee organisation which is supervised by the Senior Audit Officer .In respect of Low Risk Auditee units, the audit may be done by the AAOs .The audit party may, before proceeding for audit, study the working of the organisation and details from data bank if any, created .Besides, the supervision at Sr.DAG /DAG level is done for audits as per the programme approved by the PAG (Audit II).

C&AG office has called for significant changes in audit methodology. In this regard following changes in audit has been made:

Compliance Audit: Before commencement of audit, desk review is conducted by LAPs in pursuance of Guidance Note on improving the quality of Inspection Reports issued by CAG office. This gives the LAP an understanding and insight about the audit entity and the focus areas before visiting their office. The same is explained in detail later.

Draft POMs/HMs with money value more than ₹ 1 crore are submitted by LAPs for approval. POMs above ₹ 1 crore and upto ₹ 25 crore are being approved by Group Officer and above ₹ 25 crore are being approved by HoD/ PAG.

Financial Audit: During the course of processing of the draft comments after completion of Accounts audit, the comments which are to be dropped or are to be pursued through Management Letter are being discussed with Field Audit Parties so as to take their view/ consent before finalization of comments to be sent to C&AG Headquarters. The view of the LAP along with the remarks of Headquarters is sent to Technical Cell for their view/ consent.

(Authority :C&AG's letter no .01-WR/Coord/AAB/184-2017 dated 01-01-2019)

1.16.3 Duration of audit

The time allocation is closely reviewed to decide the duration of audit keeping in view the availability of audit resources and increase in the volume of activities of the auditee units. The Inspecting Officers may indicate their suggestions for increase in the duration of audit for future audits in the Title sheet while forwarding the Draft Inspection Reports. In consideration of these aspects, duration of audit may be decided by the AMG-II Headquarters-I Section.

1.16.4 Communication of Audit Programme

An intimation of audit should be sent to the management of the concerned auditee unit at least two weeks in advance detailing the names of the audit party personnel and the duration and type of audit. Monthly/ Quarterly tour programmes as approved by the PAG/ Group Officer (AMG II) should be intimated to the Inspecting Officers and local audit parties well in advance. A programme register shall be maintained by AMG- II Headquarters- I Section. The extension of audit programme if any, along with detailed justification to be submitted for prior approval of DAG/ Sr. DAG.

Duties and Responsibilities

The allocation of duties and responsibilities to AAOs/ Supervisors, Sr .Auditors, Auditors, Clerk -cum -Typist and Data Entry Operators would be entrusted by the Branch Officer.

The AMG II (Hqrs 1 and Hqrs 2) Sections are entrusted with the following duties and responsibilities:

1.17 Audit of Public Sector Undertakings (PSUs)

The PSU of Companies and Statutory Corporations, which are governed by the Separate Act of Parliament/ Legislature within the Audit Jurisdiction of AMG- II are as follows:

Sl. No.	Name of the PSU	Governed by provisions of	CAG's Mandate
1.	Gujarat State Police Housing Corporation Ltd,	The Companies Act, 1956	Section 19(1) of CAG (DPC) Act

Sl. No.	Name of the PSU	Governed by provisions of	CAG's Mandate
	Gandhinagar (GSPHCL)		
2	Gujarat State Forest Development Corporation Limited (GSFDCL)	The Companies Act, 1956	Section 19(1) of CAG (DPC) Act
3	Gujarat Informatics Limited (GIL)	The Companies Act, 1956	Section 19(1) of CAG (DPC) Act
4	Gujarat Fibre Grid Network Limited (GFGNL)	The Companies Act, 1956	Section 19(1) of CAG (DPC) Act
5	Gujarat ISP Services Limited	The Companies Act, 1956	Section 19(1) of CAG (DPC) Act

The annual accounts of the Corporations are to be prepared in such form as may be prescribed by the State Government in consultation with the Comptroller and Auditor General of India under various Acts since CAG is the Sole Auditor.

The SARs on the accounts of Statutory Corporations should contain comments on account. Points of purely propriety nature should not be included in the SARs and should be taken up as draft paras. The quantum of checks for bodies for which C&AG is the sole auditor will depend on (a) soundness of the internal control, (b) our past experience and familiarity with strong and weak points of the organisations, and (c) the relative importance of an area of operation to the organisation. The quantum of checks to be exercised during the audit of accounts of Statutory Corporations under their audit control should be determined by the PAG in light of the above factors.

In case where the CAG is the sole auditor it will be our primary responsibility to express an opinion about the truth and fairness of the financial statements being certified. If irregularities of a serious nature persist year after year, these should be brought to the notice of the highest authority of the organisation as well as of the Government for rectification. If such irregularities persist, adverse opinion or a disclaimer can be considered and the case should be brought to the notice of Headquarters for further directions. The SARs on the accounts of Statutory Corporation should be sent to the Headquarters office for approval before issuing to the State Government.

1.18 Audit Fees

(i) It has been decided by the Government of India, in consultation with the CAG, that audit charges will be adjusted as follows:

a) Where CAG is the sole auditor for local body/ institution, under any law made by Parliament under Article 149 of the Constitution, charges will be payable in full, unless specifically waived by Government under section VIII of Appendix 3 of Account Code, Volume I.

b) Where the audit is superimposed with the local body/institution having its own auditors, i.e. with a view to ensure that the grants or loans by Government have been utilized for the purpose for which they are given, the CAG will be acting in the discharge of his statutory functions and the audit will be at Government cost.

(Govt. of India, Ministry of Finance (Department of Expenditure) O.M. No. F.5(7)-E.II(A) 56 dated 14/8/1957).

Note:

a) Where audit is undertaken under Section 19 or Section 20 of CAG's (DPC) Act 1971 and CAG acts as the sole auditor in respect of smaller institutions which are not involved in manufacturing or trading activities, recovery of cost of audit need not be effected if the amount is less than ₹ 10,000/- p.a. in each case).

(D.O. Letter No.649-Aud.II/143-85 dated 30/4/1985 from Shri. K. S. Sastry, Director of Audit, CAG's Office).

b) Where CAG acts as the sole auditor of autonomous bodies either under Section 19 or under section 20 of the CAG's (DPC) Act, 1971, cost of audit in respect of ECPA Reviews of these bodies need not be recovered even where cost of audit of accounts of the bodies is recovered.

(C&AG's Letter No. 1741-Audit.II/147-TA-I/75 (Cir. No. 38 Audit II/1985 dated 7-11-1983).

(ii) In cases where audit fee is recoverable, it shall be calculated on the basis of daily rates prescribed from time to time (except in cases where the rates of fees recoverable are prescribed by law or by rules having the force of law) and according to the method prescribed by the CAG of India.

(iii) Heads of Departments of Indian Audit & Accounts Department have been delegated the power to sanction daily rates of non-government funds due from 1-9-1968, subject to the following conditions:

a) The direct charges should be calculated on the basis of average cost of posts involved, and

b) The indirect charges should be computed at 125% of the direct charges.

(CAG's Letter No.65-Tech. Admn. I (A)/33-65 Vol. II dated 6-1-1969).

(iv) The cost of supervision by Sr. Audit Officer is included in 125 per cent "indirect charges" calculated on "direct charges" and no separate audit fee in respect of supervision of Audit Officer of the audit party is to be recovered.

The daily rates of audit fee should be worked out and approved by the Head of the Department concerned within two months of the revision of the rates of pay and allowances necessitating the revision of the rates. Immediately after the rates are revised and approved, a copy of the orders should be sent to the CAG's Office to see that there are no wide disparities in the rates approved in different offices.

The accuracy of the daily rates of audit fee so calculated should be checked independently by the Internal Test Audit Section of the concerned office before the rates are approved by the Head of the Department. An indication to this effect should be given in the letter communicating the rates to the CAG's Office. The accuracy of the daily rates of audit fee approved in each office should also be got checked by the Director of Inspection at the time of inspection of that office and a report to that effect sent to the CAG's Office after the inspection is over.

(CAG's letter No. 64-TA/33-65 Vol. II dated 6-1-1969).

(v) Average cost should be calculated in accordance with the instructions contained in Government of India order No.2 below FR 9(31) (Muthuswamy's Compilation of FR and SR Part I, Xth Edition).

(vi) The instructions in sub-para (v) above apply to the calculation of daily rates of audit fees in respect of audit conducted by peripatetic audit parties of Non-Government funds only.

(CAG's Letter No. 206-Audit I/23-85/II dated 31-3-1986)

(vii) The daily rates of audit fee for the period from 1-1-2007 approved by the Accountant General (GS&SA) are issued through periodical circulars stating the revision of the rates.

(viii) To ensure timely recoveries of audit fee, a register for watching recovery of cost of audit in Form Sy-338 (Form-V) should be maintained. A demand note will simultaneously be issued to the Head of institution concerned requesting him to remit the amount by demand draft in favour of the Pay and Accounts Officer, Indian Audit and Accounts Department C/o, Principal Accountant General (A&E), Gujarat, Ahmedabad. When intimation regarding credit is received from the P.A.O. the remaining columns of the register should be filled in. This register should be put up to the Branch Officer every month and to the Group Officer quarterly.

(CAG Letter. No. 510-TA.I(RGL)/7-81 Vol II).

(ix) No audit fees is levied in respect of audit of Government Companies, conducted under the provisions of the Companies Act 2013 and in respect of those Statutory Corporations where the audit by CAG is supplementary (i.e, in addition to that of the Statutory Auditors).

(x) An officer other than the officer responsible for maintaining the register for watching recovery of cost of audit should review the register half yearly to ensure accuracy and speedy recoveries.

The half yearly reviews should be conducted by the 30th September and 31st March every year. The results of the reviews should be submitted to the Principal Accountant General. Further action based on the reviews, to be taken by the sections maintaining the registers that should be watched by sections.

(CAG letter No. 720/ INSP/ 148/ 83/ 39/ INSP1.84 dated 26.11.84).

The audit fees recoverable are intimated to the respective Corporation by 15 March every year and recovery of audit fees is effected by 31 March every year.

1.19 Supplementary Audit

i. To convene a meeting with the Management and the Statutory Auditors of all the Companies with the DAG /PAG to discuss about the schedule dates of finalisation of accounts.

ii. To resolve /take up the matter with the Chief Executive Officer of the Company in advance before commencement of supplementary audit in respect of Accounting Policies adopted by the Companies which are not in compliance with the Accounting Standards.

iii. To provide local audit parties the details of important areas /points to be specifically examined in the field after scrutinising the Board and Agenda Minutes received at Headquarter from the respective Companies.

iv. To arrange for training of Officers /Staff with regard to the introduction /revision of Companies Act, IFRS and Accounting Standards so as to enable them to audit in changed circumstances.

v. To arrange for training of Officers /Staff in ERP /SAP to enable them to conduct the Audit in Computerised Environment.

- vi. To collect the details of the Audit Fees and other fees for the services rendered by the Statutory Auditor for onward transmission to the CAG's Office.
- vii. *Prima-facie* verification of the certified accounts received and submission of the review remarks to the DAG /PAG along with the proposal for selection of PSUs as per the criteria prescribed .The specific key areas to be verified on comparison with the audited accounts of previous years be prepared and communicated to the Field Parties before commencement of the Supplementary Audit after obtaining the approval of the DAG /PAG.
- viii. To monitor the receipt of certified accounts from the Companies vis-à-vis schedule dates of finalisation of accounts.
- ix. Vetting and issuing of draft comments on the annual accounts of Government Companies received from the local audit parties)LAP(, within the reasonable time keeping in view of the relevant instructions of the CAG in this regard.
- x. To scrutinise the replies to the draft comments as furnished by the Statutory Auditors and the Management of the Government Companies and to finalise the comments on the annual accounts and to forward the same to the CAG for its approval along with the Annotated statement containing suitable rebuttal and Audit evidences.
- xi. To verify and issue the comments on the annual accounts of Government Companies, as approved by the CAG, to the Managing Director of the Company .To furnish a copy of the issued comments to CAG's Office along with Proforma on performance of Auditors.
- xii. To issue Management Letters about minor deficiencies /observations made in audit and the assurances to the Chief Executives of the Companies to rectifying the same during finalisation of accounts for the next financial year .
- xiii. To watch the receipts of printed annual accounts of Government Companies after adoption of the accounts and the comments of the CAG in the Annual General Meeting for forwarding required copies of the annual accounts to CAG's Office.

1.20 Propriety audit

- i. To issue advance intimation to the Companies regarding the commencement of Propriety Audit indicating the names of the Party Personnel and the duration of audit along with the details of records and high value contracts to be kept ready for verification.
- ii. To provide to local audit parties the details of important areas /points to be specifically examined in the field after scrutinising the Board and Agenda Minutes received at Headquarter from the respective Companies.Register for noting points to be examined during local inspection which should be examined during the course of local inspection.
- iii. Whenever sections come across points which merit examination in local audit, information thereof is entered in the register after approval by the Group Officer. Extracts from this register are sent to the Inspecting Officer, along with the connected files or inspection reports for his examination and report. On receipt of his report, the points are dealt with in the usual manner and the final disposal recorded against each point in the register under the dated initials of AAO/ SAO giving reference to the orders on the connected file.
- iv. To review the media reports if any published and to collect all the information on the issue to enable local audit parties for further examination.

- v. To provide reasonable manpower to the local audit parties so that the quality of audit is not compromised.
- vi. Vetting and issuance of the inspection reports received from the Field Parties as a result of Compliance /Propriety Audit conducted and to pursue the same with the Management till the Inspection reports are finally settled /closed.
- vii. To select the major irregularities included in Part IIA of the Inspection Reports issued to the Management and process the same into Potential Draft Paragraphs)PDP (and to furnish copies of "PDP "along with the Audit evidences relating thereto, to AMG II Headquarters Report Section for further processing, and inclusion in the Audit Report of the CAG.
- viii. To get the issues locally verified within the reasonable time on receipt of complaints

1.21 High Value Contracts

High Value Contracts was fixed for various departments and PSU by the Pr. AG. The contract agreements classified as High Value Contracts would be auditable from 2015-16 (effective from June 2015) and the extent of scrutiny in audit would be hundred per cent.

1.22 General

- i. To furnish the required material in respect of Government Companies and for inclusion in Audit Report (PSUs) to AMG II Report Section.
- ii. To scrutinise the Memorandum and Articles of Association of newly formed Government Company and the accounting and other manuals of Government Companies on its receipt.
- iii. To scrutinise agenda and minutes of the meetings of the Board of Directors, Audit Committee and other sub-committees formed by the Board.
- iv. To deal with all general matters relating to Government companies and Statutory Corporations of Government of Gujarat.
- v. To prepare Annual Audit Plan for AMG-II as per CAG Office instructions for submission to the Central Audit Report) CAR (Section, which compiles the Audit Plan for the entire office for submission to CAG Office after getting the approval of PAG.
- vi. To attend to the observations made by the Director of Inspection and furnish suitable remarks on action taken to the CAG's Office.
- vii. To furnish the required material to SFR section for inclusion in Chapter-I, II and III of State Finance Report and AMG II Report Section.

1.23 Staff Matters:

- i. To finalise the staff proposals and submit the same to Administration section for onward submission to the CAG.
- ii. To check the T.A .bills of the AMG II Field Audit Parties with their approved tour programme and weekly diaries of work done and other records maintained at AMG II Headquarters Section and to forward the same to the Bills Section of the office for reimbursement.
- iii. To arrange for the maintenance of Guard files of the circulars received from the CAG office and arrange for their circulation to the audit parties and also to Sr. Audit Officers / Inspection Officers to serve as their guide for the audit work.

iv. To act as a Liaison Section with AMG II Report Section, local /resident audit parties, Management and Statutory Auditors.

v. To maintain an institution-wise register to indicate details of yearly grants/loans sanctioned by the Central/State Governments to authorities/bodies, including details of unspent grants/loans of the previous years and expenditure incurred by such authorities/bodies for determining whether they fall under Section 14 of the DPC Act. At the close of the financial year, the departments should be asked to send a list of grants/loans sanctioned by them, including those sanctioned by subordinate authorities. When the grant/loan sanctioned, including closing balance of previous years, is not less than ₹ 25 lakh, the accounts of the authority or body should be called for from Government and scrutinised to determine whether audit under Section 14 is required to be undertaken. The State Government should be asked to notify the authority/body that their accounts will be audited by the Principal Accountant General under Section 14 and that they should make available their books of accounts and afford necessary facilities;

vi. To process requests for audit under Section 19 and 20 of the DPC Act, keeping in view the following factors:

a) whether the Government has satisfied itself that it will be necessary for the Comptroller and Auditor General of India to take up the audit in public interest;

b) whether the office is adequately equipped to take up the work with due regard to the staff position, availability of trained personnel etc.;

c) whether the duties cast on the auditor according to acts, rules regulations, etc., are capable of being adequately discharged and they do not contain any item of work which is not normally undertaken by Audit, such as verification of stores, etc;

d) whether audit will be conducted by the CAG's organisation alone or whether there will be primary auditor and in the later case what are the relative duties of the two auditors and whether such a situation is acceptable;

e) whether the results of audit are to be separately reported to the Parliament/Legislature or whether they can be reported as part of CAG's Report under Article 151 of the Constitution.

Note: The standard terms and conditions, and the form of request for audit are given in the **Appendix 1.11**. The form of request should be suitably modified when the Governor of a State is involved. A time schedule for the annual audit should also be chalked out and also for audit in arrears, if any. Practical difficulties in adhering to the schedule should be reported to Government for remedial action.

(Hqrs Office letter No. 1076/TA-I(RGL)/26.78 dated: 7.11.1978 and No. 2092/TA-I(RGL)/76-78 dated: 30.11.1979).

1.24 Quality Assurance

In order to have the uniformity and proper documentation in submitting the Draft Inspection Report and Supplementary/ Certification Audit files including the working papers, a Title Sheet for the Propriety Audit and Supplementary/ Certification Audit has been prescribed detailing that the audit is conducted as per the prescribed procedure, allocation of duties, contribution by the individual party members etc., to be complied by the Local Audit Parties. Compliance Auditing Guidelines by the Comptroller and Auditor General of India (February 2016) has prescribed the form of Inspection Report. The formats of Title Sheets as indicated is enclosed **Appendix 1.5**.

(Authority :CAG Letter No. 226-09-PPG/2017 Dated 23 August 2017)

Title sheet of the Inspection Report includes fraud noticed, complaint verification, reconciliation of treasury transactions, internal audit conducted by the department, etc. to ensure the effectiveness of internal control. A certificate that only important observations are included in IR is recorded by the audit party countersigned by those responsible for vetting of IR.

(CAG's observation on performance assessment conveyed by QA Section on 15 Oct 2015)

1.25 Processing and Issue of Inspection Report

The draft IR should be vetted carefully to ensure that all the working paper requirements as explained above have been complied with and the audit evidence in the form of key documents is available and is sufficient and appropriate.

The draft Inspection Report duly vetted is to be submitted to the Group Officer (AMG-II) for approval and to be issued within a month from the date of completion of audit or such other period as prescribed in this regard to the Management as per the Regulations on Audit and Accounts 2020. The potential Draft Paragraphs cases if any are required to be sent to the Report Section along with a copy of the para of the Inspection report along with relevant key documents for its further processing for inclusion in the Audit Report of Government of Gujarat.

1.26 Grading of Inspection Reports

As per Compliance Audit Guidelines-2016 and improving the quality of Inspection Report-PPG Guidance Note (issued in August 2017), the Local Audit Report or Inspection Report submitted by LAP duly vetted at Headquarters section. Group Officer gives grading to inspection report based on the criteria fixed as provided in enclosed **Appendix 1.6**.

1.27 Pursuance of Inspection Report

The officer in charge of the auditable entity shall send the reply to an inspection report within four weeks of its receipt. In case of non-receipt of replies, the periodical reminders may be issued at appropriate level till it is settled.

1.28 Watching of replies to Inspection Reports:

- i. The first replies to the Inspection Report should be sent within four weeks from the date of receipt of the Inspection Report through Head of Office.
- ii. All cases where first reply to the Inspection Report has not been received within one month from the date of issue should be pursued with the departmental officers through demi-official letters for a further period of two months. If audited entity fails to furnish the reply within the period of three months, the matter should be reported to the Government in the Administrative Department for taking action. The Officers/Divisions who repeatedly delay the first reply should also be reported separately to Government in the Administrative Department concerned for taking suitable action.
- iii. On receipt of the replies of the head of the office to the Inspection Report and the comments of the Controlling Officer/Head of the Department thereon the headquarters section will dispose of the points not requiring the attention of the Government and return one copy to the Head of the Department with further remarks. The subsequent procedure for the final disposal of the Inspection Report with regard to the outstanding paragraphs

which could not be settled from the replies to the Inspection Report is to settle them through correspondence.

1.29 Watching of objections arising out of Local Inspection

Pendency of old IRs /Paras was being noticed during inspections of various Audit Offices across India .Headquarters vide letter no 137 /RSCS /Coordn/.AudPln /2008 /279 dated 04 February 2009 issued instructions to review all outstanding para pertaining to the period more than five years to forward to the respective departmental Secretaries /Chief Secretary with a request for necessary follow up action in each case .In compliance to the same, Headquarter sections need to take necessary and continuous action in this regard and progress may be furnished along with Quarterly Compliance Reports being rendered by the Audit Officers to the Inspection Wing.

(Authority Letter No: 722/Inspection/307/2-13-14 Dated 9.09.2014)

1.30 Review of objection outstanding for more than three years

i. All inspection reports and audit objections outstanding for more than three years should be analysed and reviewed by AAO/Hqrs-I and II sections.

ii. Objections in respect of which the departmental views have not been accepted by Audit may be discussed by the Group Officer with the Secretary to Government concerned and pursued further if these are of such importance as to find mention in the Audit Report. Otherwise, attention of Government specifically having been drawn to these objections, they could be treated as having been not pursued further.

iii. Those objections that have clearly ceased to be of any significance with the passage of time may not be pursued further.

iv. Audit observations or objections relating to initial and subsidiary accounts included in earlier inspection reports and still outstanding may be clubbed with or merged with similar objections included in the latest reports. Objections that deal with the issues involved only vaguely or in respect of which specific action or measures for rectification or improvements have been specifically suggested may not be pursued further.

v. Audit observations relating to non-receipt of sanctions to works estimates or sanctions regularizing excesses over estimates can be treated as having been settled depending on the outcome of the discussions with the Heads of Departments and on the basis of a written assurance from them that the necessary sanctions would be accorded, and after making a mention thereof in the Audit Report.

vi. Objections dealing with non-receipt of formal sanctions to contingent and miscellaneous expenditure need not be pursued further if there is clear evidence in the departmental records of such expenditure having been sanctioned by the competent authority. Cases of unauthorized expenditure still to be regularized can be reported to Government for investigation and appropriate action.

vii. Audit observations relating to petty items and other items for which details are not available can be treated as having been settled. As regards audit observations not accepted by the Government, the Accountant General can either mention these in the Audit Report or not pursue them further depending upon their content and magnitude. In so far as cases relating to overpayments or amounts disallowed in audit that have been accepted by the departments concerned, they could be pressed to expedite recoveries. On the other hand, items that have clearly become irrecoverable could be reported to Government for regularization after necessary investigation. If the Government gives an assurance that

this would be done, the observations can be treated as having been settled subject to verification at the time of the next audit.

viii. Significant observations in the outstanding inspection reports involving substantial amounts or gross lapses or failure of systems can be commented upon in the Audit Report individually or collectively.

1.31 Audit Committee Meetings

Every year PAG assigns targets to the respective Wings to hold Audit Committee Meetings for settlement of old IR paras. The details of ACMs conducted by the Wings have to be submitted to the Quality Assurance Section quarterly and half yearly to Commissioner and Secretary, Bureau of Public Enterprises and CAG Headquarters.

With a view to ensuring quick settlement of audit objections and inspection reports, audit committees have to be constituted under the chairmanship of the Secretary of the concerned department. Principal Accountant General has nominated respective Group Officers as observers of the audit office in the committee. Headquarter sections will assist Group Officer in conducting the Audit Committee Meetings. Inspection Reports and objections which could not be settled through discussions at lower levels should, also, be referred to Audit Committees. When it is not possible to treat an objection raised in the course of audit as having been settled by the Principal Accountant General/ Sr. Dy Accountant General in consultation with the Head of Office, executive authorities and the administrative departments concerned or based on the recommendations of Audit Committees, where constituted, details thereof should be reported to the Managing Director of PSUs, Finance Ministry or concerned Department for a final decision. If there is a difference of opinion between that PSU/Ministry/Department and the office, the latter may take further action in terms of the instructions for preparation of the Audit Report contained in Chapter 3 under Section-VII of MSO (Audit) and/or, if deemed necessary, seek the advice of the CAG.

1.32 Miscellaneous Function of Headquarters Sections

i. Register of local audit

For the purpose of drawing up the audit programme, district-wise registers are maintained at headquarters showing the units/PSUs/Autonomous Bodies under local audit, their periodicity, time allowed for audit, dates of last audit, etc. The details in this register are regularly updated as and when the audit is conducted. The register thus contains an up-to-date list of units/PSUs/Autonomous Bodies under local audit for guidance of the section in the preparation of the programme.

ii. Inward Register

Dak Management to watch the disposal of important correspondence received from CAG, Government, etc., will be maintained in HQrs. Section. A weekly report of outstanding letters is to be prepared and submitted to the Branch Officer and once in a month to DAG/PAG.

iii. Monthly Arrear Report

The Monthly Arrears report of AMG-II (Headquarters I & II and Report) is submitted to the DAG/ Sr.DAG by 5th of every month and to the PAG (Audit-II), Gujarat, Ahmedabad by 10th of each month.

iv. Dealing with General Matters

Headquarters-I Section, AMG-II shall deal with all general matters and necessary instructions in the form of circulars etc. which are issued/ circulated after getting approval of Group Officer. The calendar of returns shall be maintained Headquarters I & II and Report and all the returns should be submitted on due date to the Group Officer, PAG & CAG office.

v. Register of Weekly diaries

A register to watch the receipt of weekly diaries from LAPs should be maintained by AMG-II (Co-Ordination section). The weekly diaries on receipt, may be entered in the register which shall be put up to the SAO Headquarters for approval. In case of supervised audits, the weekly diaries are to be countersigned by the Inspecting officers.

vi. Register of misappropriation, fraud, embezzlement, loss, etc

A register is maintained in the co-ordination section which includes cases of misappropriation, fraud, embezzlement, loss, etc. noticed during inspection or brought to the notice of this office through correspondence. The information is furnished by the Inspection Report Sections and the list of such cases is recorded in a register. Details of such cases are furnished annually to State Finance Report Section for inclusion in the report.

vii. Register of complaints

Complaints on various types of irregularities in the State Government Departments, autonomous bodies, Government companies and corporations received from the individuals, NGOs, etc are being forwarded to field offices by the office of the CAG They are included in the register of complaints and verified by local inspection party for further examination and comments. The fact of the complaint is verified and if necessary, included in the inspection report or a suitable note submitted that the case be closed on grounds recorded. Based on the report, AMG II (Co-ordination) section may submit a brief report of the complaint with the approval of the Principal Accountant General and intimate the status of the case to the CAG office. A quarterly return is also submitted to CAG's office through Administration Section intimating the status of the complaint.

(Authority Letter No: CAG's letter no. 614/Report (WR)/42-2012 dated 16 August 2013 read with Admn's letter No. Admn (Au)/Genl/Misc/General Circulars/Tr 3046 dated 9.10.2013)

The following procedure is to be followed for handling anonymous and pseudonymous complaints:

- i. No action is required to be taken on anonymous complaints, irrespective of the nature of allegations and such complaints need to be simply filed.
- ii. Complaints containing vague allegations could also be filed without verification of identity of the complainant.
- iii. If a complaint contains verifiable allegations, the administrative Ministry/ Department may take cognizance of such complaint with the approval of the competent authority. In such cases, the complaint will be first sent to the complainant for owning/disowning, as the case may be. If no response is received within 15 days of sending the complaint, a reminder will be sent. After waiting for 15 days after sending the reminder, if still nothing is heard, the said complaint may be filed as pseudonymous by the Department.

viii. Register of TA Bill

The register is intended to record the receipt of the TA Bill from Sr. Auditors and AAOs posted in the LAPs. The T.A. Bills shall be verified with reference to the tour programme, weekly dairies and leave account etc. and forwarded to the Bills section for sanction and disbursement. The Inspecting Officers may submit the TA Bills directly to Bills Section.

ix. Register for watching the receipt and issue of the Inspection Reports

The timely submission of inspection reports by the audit parties, their submission by Headquarters I & II to the Group Officer within the time fixed and the final issue of the report in time are watched through this register.

x. Objection Book and Adjustment Register

An Objection Book is intended to register all Inspection Reports received in respect of units planned and programmed. This register includes Inspection Reports and paras added in a month of a particular year. At the end of a month, the closing schedule contains the total addition of Inspection Reports and paras which is submitted to the Branch Officer and Group Officer.

Adjustment Register is intended to record all paras cleared as a result of compliance or dropped with the approval of competent authority.

xi. Half Yearly Reports of Objections

The results of review of objections (including outstanding Audit Notes, Inspection Reports and Paras etc.) are required to be reported to Government once in every six months. The above information will be supplied to Government in form of statements which are based on instructions issued from time to time.

Following are some guiding principles to be borne in mind while preparing six monthly statements.

- a. Statements should be prepared separately for each Secretariat Department e.g. Home, Legal, etc.
- b. Statement should be segregated into two parts (Parts I & II) Part II of the statements should contain objections which were not reported in the previous half yearly statement of objections. Brief particulars of the objection should be indicated in part I in respect of outstanding paragraphs of Inspection Reports. It is not sufficient to indicate only paragraph number of the Inspection Report.
- c. For determining whether an objection is six month old, in respect of Inspection Reports the period is to be reckoned from the date of issue of the Inspection Reports.

xii. Materials relating to outstanding Objections to be furnished to Audit Report Section:

In addition to the six monthly statements of objections it is also necessary to furnish material relating to outstanding objections etc. to DP Section for inclusion in Audit Report. For this purpose, the instructions issued by the Report Section every year for such material should be carefully followed.

xiii. Progress Report of Issue of Inspection reports

To watch the prompt disposal of draft inspection report received from the field parties, a return is to be submitted to the DAG /Sr. DAG)AMG-II(on 5th of every month .The Branch Officer in charge of the Section should ensure its submission.

xiv. Audit Planning and Execution through OIOS

After the implementation of “One IAAD One System” in the department, the audit process is to be executed through the system. The information related to audit execution and problems faced while working on the system are to be sent to Headquarters every month.

1.33 Preservation of Old Records

Sections of AMG-II should preserve the following records:

Sl. No.	Particulars of the Records	Period for preservation
1	Local Audit Reports finally closed as no audit objection is outstanding	5 years for annual and 6 years for biennial audits from the date of issue of report or till the settlement of all paras whichever is later.
2	Files related to the instructions and directions issued by the C & AG from time to time regarding scope of audit.	Permanent
3	Digest of important cases	Permanent
4	Digest of Supreme Court Decisions	One year from the end of the year in which all the cases included in the Digest have appeared in the Sales Tax Cases.
5	Files dealing with audit of Annual Accounts	5 years
6	Files dealing with Supplementary Reports of Statutory branch auditors	5 years
7	Files dealing with Quarterly Financial Reports	2 years
8	Printed Annual Reports of PSUs	8 years
9	Files dealing with receipts and disposal of audit of annual accounts of PSUs	8 years
10	Files dealing with Comments under section 619)4 (of the Companies Act 1956.	5 years
11	Detailed Schedules of Annual Accounts and working sheets thereof different PSUs	3 years
12	Audit Programme files	Three years from the end of the year to which it relates

Sl. No.	Particulars of the Records	Period for preservation
13	Clarifications issued by the Government	Till they are included in the bulletins.
14	Bulletin referred to in 13	Permanent

(Authority: CAG letter No.443/Tech.Admin/1/770-68 dtd.16/12/1968)

1.34 IR Main/ OPTIMA

In the erstwhile office of the Pr. A. G. (E&RSA), Gujarat, Ahmedabad, the RSA Hqs (I & II) Sections were required to maintain the 'IR Main / OPTIMA', a software developed in-house, to cater to the requirement of monitoring LARs and money value objections, ensure timely issuance of inspection reports, pursuance of objections and preparing the periodical returns. The database consists of four components namely, master date of auditee Offices to be audited, Inspection Reports, Audit Objections and Potential Draft Paragraphs as well as MIS reports. The systems are still in use by AMG-II Headquarters I and II Sections.

1.34.1 ONE IA&AD ONE SYSTEM (OIOS)

The OIOS project aims at creating a primary system of record (single source of truth) for the entire chain of audit activities (from audit planning and design through audit execution to issue and follow-up of Inspection Reports to processing and finalisation of the C&AG's Audit Reports and follow-up). All activities and workflow will be performed real-time through the IT system, not post facto recording. A single IT system will ensure consistent, reliable data in a uniform format across all Audit Offices.

OIOS covers all types of audit – compliance, financial and performance. The requirement specifications will include support for local languages (in addition to English and Hindi). Interfaces with auditee IT systems, as necessary and feasible, are also included within the scope of OIOS.

Currently, this project is in testing phase. Once fully rolled out nationwide, it will subsume the work performed in IR Main/Optima.

1.35 AMG-II Report Section

Functions

- i. Vetting of Factual Notes and their conversion into PDP
- ii. Issuance of Draft Paragraphs
- iii. Preparation of Audit Reports
- iv. Vetting of UORs and ATNs
- v. Attending PAC and COPU meetings

Forms of State Audit Report

1 State Performance Reports

All Performance Audits should normally feature as standalone PA reports. In exceptional circumstances, when the State Audit Wings/AGs are of the view that Pas do not have the heft to be presented as a Standalone PA report, the State Audit Wings/AGs also have the flexibility of combining more than one PAs in a combined PA report as separate chapters based on clusters/ departments.

2 State Compliance Reports

Each State AG Audit office (states with single AG Audit office or states with two AG Audit offices), shall bring out one or more Compliance Audit Reports for the year. The Compliance Audits finding may be consolidated cluster wise or sector wise and grouped either into a single Report or into multiple Reports (as Compliance Report 1, Compliance Report 2, etc).

3 State Commercial Reports

The major driver for restructuring was (i) vertical alignment by placing the audit of Ministry/Department, PSUs, Corporations, Autonomous Bodies etc. which are under administrative control of the Ministry/Department, under an HoD or a Group officer and (ii) Horizontal alignment by Ministries/Departments being grouped together to form clusters that have interconnected outcomes or inter-relationships. In the case of states with 2 AG Audit offices, after the restructuring, the audit of the PSUs has been distributed between the two offices.

In this regard, the existence and need for a separate commercial report has arisen and following is now approved /clarified:

- i. In the case of states with two AG Audit offices, the audit material relating to audit of PSUs falling in a particular AGs jurisdiction will feature in Performance/Compliance Report of that particular AG.
- ii. Performance Audits relating to PSUs should also normally feature as Standalone Reports. The state AGs also have the flexibility of combining more than one Pas in a combined PA report as separate chapters based on clusters/departments. However, the PA reports relating to PSUs should be identified separately for discussion in the COPU.
- iii. Normally, Compliance Audit material relating to PSU Audits will appear in the Compliance Audit Report of the office as a separate chapter. This will help in identifying the PSU material for separate discussion by the COPU. However, if the AG feels that the audit findings of a PSU are just a part of the overall examination of all issues in the cluster department, then they can choose to not include this material separately in a PSU chapter and instead include as part of the chapter relating to the cluster/department. However, this material should be identified separately for discussion in the COPU.
- iv. As regards the general analytical material on PSUs that formed chapter 1 of the erstwhile PSU reports, the following issues would be examined separately and decision will be taken thereafter
 - a. Need for presenting the PSU material as ‘Power’ and Non-Power’.
 - b. The introduction of a separate ‘General Purpose Financial Report’ for State PSUs.

Pending this decision, state PSU findings for 2019-20 may be regulated as per points (i), (ii) and (iii) above.

In keeping with the international standards, it should be the endeavour of all offices to bring out separate reports for Financial, Compliance and Performance audits. However, as an exception, in small states in the NE region or where the audit material is not sufficient to be presented in separate reports, the field offices may exercise the discretion of merging Compliance and Performance Audit findings into one combined report under the overall arrangement of clusters/ departments. SFAR for the State will however, continue to be processed as a separate report.

(Authority: Headquarters office letter no. 297/11/SMU/2020 dated 11 December 2020)

1.36 Draft Paragraphs

Headquarters I & II section identifies the Potential Draft Paras (PDPs) from the Inspection Reports and prepares Factual Note (FN) and forward the same to the Report Section after obtaining the approval of DAG. The approved FN received from Headquarters section are entered into PDP register and scrutinized with relevant key documents for further processing.

The Factual Note is issued to the Principal Secretary of Finance Department, Secretary of concerned department, and Managing Director/Head of the concerned institution with the approval of Deputy Accountant General in respect of PDPs fit for inclusion in the Audit Report. If the case is not found appropriate for inclusion in the Audit Report, a note would be put up for its closure with the approval of the PAG.

The cases wherein the FNs have been issued would be processed as Draft Para (DP) further in the Section and submitted to Central Audit Report Section which independently examines the case along with the relevant key documents and put up the case file for the approval of the PAG for issue to the Management and Government. After approval, the case would be entered in the DP Register after clearing the entry from the PDP Register. The DPs are sent to CAG's Office in batches which are returned with observations. The Report Section prepares compliance to these observations in annotated form and incorporates the reply of the Management/Government in the DP. The DP is revised or modified based on the observations of CAG's office or reply of the Company/Department.

The targets fixed by the PAG at the beginning of each financial year in sending the material to CAG's Office are communicated to field audit parties and need to be strictly adhered to. While sending the batch material to the C&AG's Office, the DP Section has to ensure that the audit evidences of DPs are marked, duly referenced and the calculation sheet are attached.

(Authority: C&AG Letter No: 481/ WR/ Coord/36-2017 dated 18 July 2018)

1.37 Monetary Value

The minimum monetary value limit for the DPs for inclusion in the State Reports for Revenue and Commercial Sectors were reviewed by ADAIs of State Report Wings and approved (March 2015) the monetary value for DPs of ₹ 10 lakh for Revenue Receipts and the monetary value for DPs of ₹ 25 lakhs for other reports for larger states like Gujarat. As an exception, if PAG feels a para of smaller value should be included in the Report, based on detailed justification submitted, respective ADAIs could take view on its inclusion in the Reports. In case of DPs involving fraud and embezzlement money value would not be a criterion. Further, the Committee of ADAIs decided (May 2019) that the considerations for DPs may also be based upon systematic deficiencies, materiality and nature of the observation.

(Authority: C&AG Letter No: 251/ WR/ Coord/ DPs/ 74-2014 dated 20 April 2015 and Letter No: 204-WR/ Coord/ 224/ 2016/ Vol-I dated 15 May 2019)

1.38 Drafting of Audit Report

The reporting style should be direct, simple and precise. Long and complicated sentences should be avoided. Legal jargons and complex words may be avoided as far as possible.

The 'Style Guide' issued by IAAD (2nd Edition November 2005) may be referred to while drafting the Draft Performance Audit Report.

1.39 Confidentiality of Material for Audit Reports

The issue of maintenance of confidentiality of the Audit Reports has been reconsidered in the light of media reports on leakage of audit reports prior to its tabling in the Parliament/ State Legislature. It has been decided that in order to maintain confidentiality/ secrecy of draft Audit Report and the material for Audit Report, the following points should invariably be practiced:

- i. The confidentiality may be claimed once a conscious decision is taken by the Head of the Department in the field office to develop any audit observation whether in the form of Draft para/ Long para/ Review etc for probable inclusion in the Audit Report.
- ii. Any such material and records relating thereto should have restricted access and placed in password protected computers. The level up to which the access to report material is to be provided should be decided by the Head of the Department in the field offices.
- iii. Confidentiality statement as per the prescribed format should be got signed from those dealing with the report material (including outside parties engaged for design and printing of report) and placed on record.
- iv. All the pages of the material decided to be processed for inclusion in the Audit Report should be marked as Confidential and issued to the Audited Unit or Administrative Department/Government in Sealed Cover with a remark "To be opened by Addressee only".
- v. While forwarding the draft material to the audited unit or concerned Administrative Department/ Government for verification of fact and figures mentioned in the draft material for Audit Report and for eliciting their comments thereon, it should categorically be mentioned that views expressed in the material so issued are interim and may change depending upon the response of audited unit or concerned Administrative Department/ Government. Besides, it should also invariably be mentioned in the forwarding letter that the audited unit/ Administrative Department/ Government should also exercise due care to ensure confidentiality of draft material for Audit report.
- vi. The report material may invariably be sent through official mail and to the official addresses only with a request to acknowledge receipt.
- vii. In case, the material is transmitted by Email the following should be expressed:

"This electronic mail message and any attached file(s) contain information intended for the exclusive use of the individual or entity to which it is addressed and may contain information that is proprietary, privileged, confidential, and/or recipient, you are hereby notified that any viewing, copying, disclosure or distribution of this information may be subject to legal restriction or sanction. Please notify the sender of any unintended receipt and delete the original message along with all attachments thereto without making any copies."

The above instructions may be strictly followed to ensure the confidentiality/ secrecy of the material contained in the draft Audit Report and may also be brought to the notice of all the officers/ staff connected with the Audit Report work for strict compliance. In addition to the above, HODs may also place further controls as deemed fit to ensure confidentiality of Audit Reports.

(Authority Letter No: II/S/5/258-PPG/24-2012 Dated 27.07.2012)

1.40 Bond Copy

A spot discussion on the paragraphs proposed for inclusion in the Audit Report is carried out in this office by the CAG Office team with reference to the annotated form and supporting key documents. Subsequently, the report is formatted as per the style guide issued by the CAG and the formatted bond copy after the approval of PAG is sent to CAG Office as per the schedule. The officials of Report Section visits CAG Office, New Delhi for assistance in approval of bond copy. While forwarding, the Bond copy of the Audit Reports to headquarter, PAG should indicate in the forwarding letter the number of cases of fraud and corruption if any, included in the Report with the money value of the concerned paras.

Headquarter instructed (12 July 2012) that a confidentiality statement may be obtained by those dealing with the Report related material including Group Officer and Consultants. The targets fixed by the PAG at the beginning of each financial year in sending the material to C&AG's Office may be strictly adhered to. Further, the following documents should also accompany the bond copy:

i. For the purpose of measuring audit effectiveness, the CAG Office has prescribed a matrix (**Appendix 1.7**) for allotment of weights for Audit Reports. The money value together with classification (R1, R2, etc.,) should be indicated in the margin of each paragraph included in the bond copy of the Audit Report. In addition to this, a consolidated report of the weighted matrix may also be sent at the time of sending bond copy of the Report. Further, in case of draft paragraphs where the entire amount of the draft paragraph issued to Government/Department has been recovered at the instance of audit, the money value may be taken into account for working out the financial impact of the Audit Reports from 2004-05 onwards. A reference in this regard may be made in the paragraph "Response of the Department to Draft Audit Paragraph" and the fact that recoveries have been made in full may be depicted in this paragraph.

ii. In order to assess the quality and impact of audit, the CAG Office had prescribed that the bond copy of Audit Report may be accompanied by Assurance Memo signed by the Pr. Accountant General/ Principal Audit Officers. The Assurance Memo should contain the following declarations: -

- a. That the Audit Plan for the year has been fully implemented.
- b. That all observations pointing out lapses in the implementation of systems and procedures and all weaknesses in the responsibility centers have been discussed with the heads of administrative departments and assurances obtained in regard to corrective measures for arresting potential risks.
- c. That all contested evidences have been conclusively handled with reference to the facts at the disposal of audit.
- d. That in respect of reviews of schemes, samples have been selected based on risk analysis and judgement sampling and that the evidence of such exercise is available on record.

iii. A Certificate from Dy. Accountant General (A & E) confirming the figures appeared in Chapter I of the Audit Report matches with Finance Accounts of the State for the year of Report may also be sent along with the bond copy.

The targets fixed by the PAG at the beginning of each financial year in sending the material to CAG's Office may be strictly adhered to.

(Authority: CAG Office letter No: 256-SRA/3(i)/2005 dated 29.04.2005& letter No: 116-Audit (AP)/4-2003 dated 22.08.2003)

1.41 Printing and Translation

In order to bring uniformity in allotment of number to Audit Reports and new design for front and back cover of the Audit Report (State Government), the detailed system enumerated in the Headquarter letter No. 99/PPG/8- 2012 Dt.26 March 2012 may be followed.

After approval of Bond copy, the English version is checked for correctness of facts and figures and thereafter given to the press. The English version of the approved and checked bond copy is given for translation in the local language. A weekly status report is sent to CAG office regarding the status of printing and translation. The translated material from the translator is received in batches and is verified by an official which is thereafter vetted by the DP section. The final translated Audit report received from the translator is formatted as per style guide and given for printing. Minimum two Proof reading are done at the press to ensure minimizing the mistakes in formatting or printing.

To have good quality of printing of Audit Reports and Annual Finance & Appropriation Accounts, Senior Management in this office has decided to get the same printed through private press. However, option for printing of Audit Reports and Annual Finance and Appropriation Account through Government Press is open, if the quality of printing is up to the desired standards.

For administrative approval in respect of printing of Audit Reports and Annual Finance & Appropriation Accounts through private press, the requisite details are to be furnished in the prescribed format to headquarter. While forwarding the proposal for requirement of fund, the following are to be ensured:

- i. Requirement of fund may be made after proper market survey and best competitive price;
- ii. Required fund may be projected only for which the printing is to be undertaken and payments to be made during the Financial Year;
- iii. Previous liabilities, if any, may also be mentioned with due justification. Administrative approval awarded previously and payment not made till date, will deem to have lapsed as at the end of the financial year.

(Authority Circular No: 15/STAFF/2012 Dated 26.04.2012)

1.42 Countersignature and Placement

The final hard rexin bound printed copies are sent to CAG Office for countersignature of the CAG. As per Article 147 of the Regulations on Audit and Accounts (Amendment) 2020, a signed copy of the audit report shall simultaneously be sent to the Secretary to the President of India or the Governor of the State or Union Territory having legislative assembly or the Administrator of Union Territory, as the case may be, informing him of requisite copies having been sent to the Ministry/ Department of Finance.

1.43 Discussion of the Audit Report

Replies which are received from the Government in UOR form after placement of the Report in state Legislature are processed further and vetting remarks are offered after the approval of PAG. The audit reports are selected by the Public Account Committee

(PAC)/Committee on Public Undertaking (COPU) for discussion. Replies to PAC/COPU remarks are submitted by the Department to PAC/COPU. The above reply is given by PAC/COPU to this office for preparation of Questionnaire for discussion during the PAC/COPU meetings. Based on our questionnaire, the PAC/COPU chairman or member questions the MD/ Secretary of the concerned Department. Based on the discussion, the PAC either settles the Para or gives recommendations on the Para. The PAC/COPU gives recommendations through its report. The Company/ Department has to give reply/ Action taken Note (ATN) on the PAC/COPU report to this office on which this office gives remarks which are further discussed by PAC/COPU.

1.44 Other Works

Apart from the above, this group conducts Central Reviews (if any) received from the Headquarters on various schemes of the Government. The Central reviews are processed and issued on the lines of PAs for Audit Reports (AMG II).

i. Dealing with General Matters

RSA Report Section shall deal with all general matters and necessary instructions in the form of circulars etc., are issued after getting approval of Group Officer. The calendar of returns shall be maintained by the Section and the various returns should be submitted on due date to the Group Officer/AG/C&AG.

ii. Procedure for sending letters to CAG Office

Para 2.17.4.2 of Manual of Standing Order (Administrative) Vol.1 (Third Edition) requires that all correspondence with CAG Office should be undertaken at the level of Head of the Office i.e. Pr. AG or AG. Invariably, such communications when signed by the Sr. DAG/DAG indicated to that effect that the communication has been issued with the approval of Pr. AG/AG.

iii. Media Policy for Indian Audit & Accounts Department

A need was felt to devise a proper media policy to interact with the print or the electronic media and dissemination of information to the masses in a promise manner regarding the activities of the CAG of India. A broad framework media policy is given hereunder for compliance.

a. The CAG will be the nodal officer, or in his absence, the senior most DAI, to interact with the media on (i) specific requests from the media (ii) dissemination of information to the media considered largely essential for mass consumption and (iii) issuing clarifications, if any need to remove distortions or misrepresentations of facts by the media or an individual or a group. Media Advisor will handle this work under the direct supervision of the CAG/DAI in close coordination with their Secretariats/Personal Staff.

b. Media Advisor will act as a focal point to process all media requests for formal interviews, except those coming directly to the CAG. He will be the CAG's interface before the media and after consultations with senior officers arrange suitable replies to the queries from the media.

c. No press release/press note or a formal reply will be issued to the media without the express approval of the CAG. It will apply even if the CAG is abroad or on tour. After approval, the press notes/dispatched, the process notes/release will be faxed/emailed/dispatched through special messengers to local media offices through normal channels.

d. No regular press meet/press conference will be held by any officer other than the CAG and in case of a State by the PAGs for their respective States after obtaining approval from the CAG. Media Adviser should be associated with A.G. press conference as far as possible.

e. The frequency of the regular press meet/press conference could be once a year after presentation of bulk reports to Parliament/State Legislatures, highlighting the main aspects of the report. If necessary CAG may hold regular press meet more than once a year. All such press meets for the CAG will be organized by the Media Adviser and Director and for the AGs by the AGs themselves.

f. Departmental Heads upto the level of DGs/ Principal Directors will keep the Media Adviser informed of the activities of their departments. They will provide him with suitable calendar of forthcoming events backgrounds agenda notes and recommendations of a Conference/Seminar which they deem fit to be disseminated to the media.

g. Media adviser will be part of all conferences participated by the CAG as far as possible.

h. Media Adviser will be given tabled Reports from all wings.

i. PAG will keep the CAG informed of the media developments in their States and e-mail/fax copies of any media reports published/telecast in local media relating to their CAG functions or regarding State Reports.

j. The Sr.AO in charge of the Section in DA wing will coordinate with the Media Adviser regarding feedback on reports published/telecast or broadcast in the media on CAG activities reports.

(Authority Letter No: 221/Com/Med/01/04 Dated 18.01.2005)

iv. Guidance Note regarding direct access to Private Sector records for audit by CAG

A Guidance note regarding direct access to Private Sector records for audit by CAG is enclosed for compliance (**Appendix 1.8**).

(Authority: Head Quarter letter no.119/3-PPG/2014 dated 4 July 2014)

v. Guidance Note on Preface to Audit Reports

A Guidance note on preface to Audit Reports is enclosed for compliance (**Appendix 1.9**).

(Authority: Head Quarter letter no.70 to 160/PPG/44-2013 dated 4 April 2014)

1.45 Preservation of old records

SL.NO	CATEGORY OF RECORDS	PERIOD OF PRESERVATION
1.	Policy files containing instructions of the C & AG issued from time to time regarding preparation of Audit Reports.	Permanent
2.	Files containing material to be collected by the audit parties for Audit Reports.	Three years from the end of the year in which PAC has issued their report on the concerned Audit Report.

3.	File dealing with the material for Audit Report on Revenue Receipts/Revenue Sector already sent to the C & AG for approval for inclusion in the State Audit Report.	(i) Statistical particulars as per item 2 (ii) Draft paragraphs and statements of under assessments etc., as per item 1.
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(Authority: CAG letter No.443/Tech.Admin/1/770-68 dtd.16-12-68)

1.46 Local Audit

Field standards provide an overall framework for conducting and managing an audit which inter alia include the following:

Planning: The auditor should plan audit in a manner which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner.

Supervision and Review: The work of audit staff at each level and audit phase should be properly supervised during audit and a senior member of the audit staff should review documented work.

Examination and Evaluation of Internal Control: The auditor, in determining the extent and scope of audit, should examine and evaluate the reliability of internal control. Auditors should obtain a sufficient understanding of internal control to plan the audit and determine the nature, timing and extent of checks to be performed.

Compliance with Applicable Laws, Rules and Regulations: The auditor shall verify compliance with applicable laws, rules and regulations and highlight deviations, if any.

Audit Evidence: Competent, relevant and reasonable evidence should be obtained to support the auditor's judgement as well as conclusions regarding the organisation, programme, activity or function under audit.

1.47 Conduct of Audit by Local Audit Parties

The Local Audit Parties (LAPs), on receipt of the quarterly audit programme from the AMG-II Headquarter duly approved by the DAG or PAG has to conduct (i) Compliance Audit or (ii) Subject Specific Compliance Audit or (iii) Performance Audit or (iv) Follow-up Audit, as the case may be.

The detailed guidelines in conducting the Performance Audit and Follow-up Audit are discussed separately in this chapter. Subject Specific Compliance Audit is the terminology which is being used for audits which may have both compliance and performance audit objectives. The objectives of such audits are to focus on a particular audit objective across sectors or audited entities. A brief about Compliance Audit given in the following paragraph:

1.47.1 Compliance Audit

The officers and the staff of IA&AD must follow Compliance Audit Guidelines -2016 in planning, implementation, reporting, observing follow-up processes and obtaining quality assurance in compliance audits. They outline principles, objectives, approach, methodology, techniques and procedures for conducting compliance audits. These guidelines are based on the existing guidelines and instructions applicable within IA &AD and have adapted the ISSAIs (International Standards of Supreme Audit Institutions) for compliance auditing.

Compliance audit examines the transactions relating to expenditure, receipts, assets and liabilities of Government for compliance with:

- i. the provisions of the Constitution of India and the applicable laws; and
- ii. The rules, regulations, orders and instructions issued by the competent authority either in pursuance of the provisions of the Constitution of India and the laws or by virtue of the powers formally delegated to it by a superior authority.

Compliance audit also includes an examination of the rules, regulations, orders and instructions for their legality, adequacy, transparency, propriety and prudence and effectiveness that is whether these are:

- i. intra vires the provisions of the Constitution of India and the laws (**legality**);
- ii. sufficiently comprehensive and ensure effective control over Government receipts, expenditure, assets and liabilities with sufficient safeguards against loss due to waste, misuse, mismanagement, errors, frauds and other irregularities (**adequacy**);
- iii. clear and free from ambiguity and promote observance of probity in decision making (transparency);
- iv. judicious and wise (**propriety and prudence**); and
- v. Effective and achieve the intended objectives and aims (**effectiveness**).

Compliance audit can be part of a combined audit that may also include other aspects. Though other possibilities exist, compliance auditing is generally conducted either:

- a. in relation with the audit of financial statements, or
- b. separately as individual compliance audits, or
- c. in combination with performance auditing

For improving quality of Inspection Report-PPG Guidance Note & Compliance Auditing Guidelines-2016, specific essential procedures for efficiency and effectiveness of the compliance audits, the following instructions for conducting and managing an audit which inter alia include the following:

Planning Compliance Audit: Use wherever necessary IT resources for data analytics, maintenance of guard file for each auditable unit, legislations, rules, policies, orders, financial outcome budgets and internal control procedures, etc.

Desk Review: Field parties have to carry out a desk review at Hqrs sections before proceeding for audit. This review should comprise study of guard file, data analysis to determine focus of audit, identify records. The criteria specified in Sl No 1(a) of Statement 7 have to be considered.

For this purpose, an audit party should submit an advance copy of the result of Desk Review to the Hqrs section for record purpose. However, the result of desk review has to be submitted by the party along with Audit.

Planning audit procedures include audit objectives, scope of audit, main focus areas for audit, assignment plan for team members, etc. along with Audit Design Matrix to be submitted for approval of the Group Officer before commencement of audit.

Copy of specimen Audit Procedure Plan w.r. to Compliance Audit Guidelines-2016 is enclosed for reference (**Appendix 1.10**).

1.48 Conduct of staff during inspection

All the members of the audit inspection party should conduct themselves professionally and try to avoid any misunderstanding or friction with the members of the auditee

institution. They should not indulge in verbal criticism and avoid frivolous objections. The party members should comply with the procedures indicated in Code of Ethics. The allocation of duties and responsibilities to AAOs, Sr. Auditors, Auditors, would be entrusted by the Branch Officer. The Branch Officer should ensure that Sr. Auditors and Auditors are assigned with the Audit Work invariably so that they would be acquiring the auditing skills over a period of time.

1.49 Procedure for local audit

The annual accounts present the financial picture of a Company/ Corporation. The audit party should apply their mind to appreciate any transaction in its proper perspective. The party should study the systems of internal check and control, various manuals prepared and adopted by the Company, administrative orders and annual report and should also review the agenda and minutes to form an idea of the institution as a prelude to commence the audit. The senior member of the Audit Party would meet the Head of the Unit on the commencement of the audit and conduct an Entry Conference and the minutes of the meeting would be authenticated and well documented.

1.49.1 Sampling

Quantitative Analysis is a way of measuring things. It involves examination of data available in any form; it could be the data relating to financials like earnings, revenue, market share or data relating to programme implementation like details of beneficiaries etc. The audited entities' data can be analysed by auditors to illustrate or corroborate a statement. Mathematical, economical, computational and statistical analyses are some of the quantitative techniques which can be used by the auditors while analyzing complex data of the audited entity. It is quite possible to analyze the whole population with the help of the various IT tools available. Data analytics and other techniques can be used for these purposes. The quantitative analysis can provide trends, explanation for a particular behaviour and other results.

However, when it comes to substantive testing, it may not be possible to work with the complete data due to the high volume of data and information associated with a programme or entity. In such cases, sampling techniques are required to be used. The nature of the population should be examined to decide the most appropriate sampling methodology. The sample selected and the sampling approach and methodology should be documented and shared with the entity.

When selecting an audit sample, specific audit objectives and the attributes of the population from which the sample is to be drawn should be taken into account. In determining the sample size, it should be considered whether sampling risk would be reduced to an acceptable low level. The sample items are to be selected so as to have a reasonable expectation that all sampling units in the population have an equal chance of selection. The extrapolation of audit findings based on substantive testing of audit sample to the whole audit universe has to be considered keeping in view homogeneity of the population, audit objectives and the analytical tools applied.

1.49.2 Review of Special Points Register

LAP should review the cases mentioned in the Special Points Register by the Headquarters section during the course of the compliance audit and submit a detailed report with evidence or Supporting records to substantiate the finality of the special point while submitting the Draft Inspection Report to Headquarters section.

1.49.3 Issue of Audit Observations

During the course of audit, the audit party may come across certain observations and the party members should prepare the "Half Margins" (HMs) by bringing out the facts of the case appropriately and with proper audit conclusion. The HMs should not be in the form of Audit Requisition calling information from the auditee.

Further, Pr. AG had instructed the Local Audit Party (LAP) conducting the Compliance Audit and Performance Audit should obtain the concurrence of Group Officer and Pr.AG before issuing the Audit Enquiry/ POM/ Half Margin of their audit observations involving the money value above ₹ 1 crore and ₹ 5 crore, respectively. Therefore, the LAPs should send their draft AE/ POM/ HM on high value cases should be promptly sent by e-mail to Group Officer for obtaining the concurrence of Group Officer or Pr.AG. The LAPs should issue the HM to the auditee after taking into account the instructions and modifications made by Group Officer/Pr. AG while giving their concurrence.

(Authority: Circular No.DAG (RSA)/Desk Dt.2-12-2014)

The above instructions were further amended w.e.f. 25-05-2018 is shown as follows:

- i. In respect of POM/ HMs having money value of ₹ one crore and above should be sent by LAP to the Group Officer for approval before issue and
- ii. In respect of POM/ HMs having money value of ₹ 5 crore and above should be sent to AG/ PAG for approval
- iii. If POM/ HMs having money value of ₹ one crore and above pertain to cases of serious irregularities and lapses which the Group Officer feels should be brought to the notice of the AG/ PAG, the same can be sent to the AG/ PAG for approval.
- iv. The above procedure will apply to all LAPs conducting compliance audit, performance audit and theme-based audits.
- v. It may be ensured that no LAP of any wing issues POM/ HMs to the auditee institution without following the above laid down procedure.
- vi. For speedy communication and avoiding delays, the LAPs and Hqrs Section may use email-based communication (through IDs provided by NIC).

(Authority: Note No.05 of 2018-19 issued vide letter PAG/126-B/Tr. No.110 dated 25.0-5.2018)

In some Court cases, audit has been made a respondent. These are due to the fact that the assessing officers make audit observations the basis for making additions in assessments or re-assessments. Hence, Pr. AG had instructed the LAPs conducting the audit of the offices of Sub Registrar, Dy. Collector (SDVO), Inspector General of Registration, Collector (in respect of paras pertaining to Stamp duty) to insert the following note after the audit query emphasizing that the Assessing Officer has to make an independent assessment:

“Above audit observations are based on the examination of records by the audit team purely on the basis of records made available by auditee on as is where is basis during the currency of audit. The audit is conducted under Section 16 of the Comptroller and Auditor General’s (Duties, Powers & Conditions of Service) Act, 1971. The Audit observations are a matter between the Audit and the Auditee. The auditee is required to reply to audit observations by taking a remedial action if it agrees with the audit observation or stating its reasons of disagreement with the audit observations.

The Assessing Officer (AO) is required to exercise independent application of mind while assessing tax/ determining additional demand for tax. Audit observations are one of the inputs that the AO has. In the end, AO has to reach the conclusion based on his independent assessment. After considering the audit input, if AO reaches the conclusion that additional demand needs to be raised, he should raise this independently without citing audit observations. If he cites audit observations in his demand, his act can be construed as an act in pursuance of audit observations without independent application of mind. In such a case, the demand notice issued by AO, even though correct and tenable according to the law, is likely to be set aside purely on technical ground that there was no independent application of mind. This, in the end, is not in the interest of revenue of the State.

Above position may please be kept in view while taking a remedial action on the audit observations.”

(Authority: Circular No.RSA-II/SAO/Misc/2015-16 dated 02.06.2015)

The acknowledgement of the receipt of the HMs by the auditee should be obtained and kept in a systematic and chronological order on record by the Audit Party. Every effort may be made to get the replies to the audit observations. However, the drafting of inspection report should in no case be delayed due to non-receipt of replies to HMs. It is the primary responsibility of the auditee to satisfy audit by furnishing replies to the audit observations. The information/ figures required during audit may be compiled by the Audit Party from the files, records and reports. However, a confirmation of the figures compiled should be obtained from the auditee.

No audit objection should be dropped without the specific approval of the Audit Officer-in-charge of the party or the Audit Officer-in-charge of RSA Hq Section. If any objection has been dropped from the draft LAR during its discussion with the head of the office, the minutes of exit conference should be kept to enable Headquarters to understand the circumstances under which the audit objection has been dropped. The senior member of the LAP should draft the Inspection Report in the prescribed manner.

1.50 Inspection Reports

According to Compliance Audit Guidelines-2016 and improving the quality of Inspection Report-PPG Guidance Note (issued in August 2017), the Local Audit Report or Inspection Report of an audit unit should provide a perspective of the unit level compliance and may comprise the following parts:

Part I – Introduction- This part may commence with an overview of the audit unit and may provide its functional/ geographical jurisdiction, budget, financial performance and a perspective of the relative significance of the unit in the overall hierarchy of the department in pursuit of organizational goals, audit objectives for conduct of Audit, brief explanation of the scope of audit, the sampling procedure followed and the audit sample, sources of criteria that have been adopted to evaluate the selected subject matter. It may indicate that the audit has been conducted in accordance with the applicable Auditing Standards of CAG.

Part II – Audit findings—This part shall contain all findings – both positive and negative findings that pertain to the audit unit and may be arranged in two distinct parts - Part IIA and IIB - the first part comprising significant audit findings relating to evaluation of the specific subject matter(s) and the second part comprising other incidental findings.

The audit findings should be organized in decreasing order of materiality and significance, if possible.

Part III – Follow up on findings outstanding from previous reports– This part may indicate the progress of settlement of audit findings outstanding from previous Inspection Reports and list out the findings that continue to be outstanding.

Part IV – Best practices – Any good practices or innovations, if noticed, during the course of audit may be mentioned.

Part V - Acknowledgement– This part may contain the acknowledgement of the extent of audit units' cooperation in all matters including production of records called for in Audit. It may also contain details of persons holding the leadership positions in the audit units.

The responsibility of drafting the Inspection Reports shall vest with the respective audit team and that of review and approval with the respective Group Officer in field offices.

1.50.1 Disclaimer Certificate

It has been decided by the C&AG of India that the inspection report as finally issued to the Administration or head of office inspected after scrutiny and editing in the headquarters office of an Accountant General should be formally approved by the Group Officer. Further, last page of the LAR should contain a disclaimer statement as given below:

"The Inspection Report has been prepared on the basis of information furnished and made available by the auditee(s). The Office of the Pr. Accountant General (E & RSA), Gujarat, Ahmedabad, disclaims any responsibility for any misinformation and / or non-information on the part of auditee."

1.50.2 Working papers and documentation

The LAP should prepare the working papers and the title sheets for the Compliance Audit as prescribed by the Headquarters Sections and indicated in Statement 'B' of Chapter 2 to 7 for compliance and submission to the Headquarters Sections along with the Draft LARs. The Draft LAR files for the Compliance Audit may be submitted within 5 working days from the date of completion of audit to the concerned RSA Headquarter Sections for further issuance to the auditee office. The AAOs, Sr. Auditors / Auditors should submit their weekly dairies to the senior member of the LAP for further submission to Headquarters –I Section. The Draft LAR files should be properly indexed and key referenced by the LAP before submission to the Headquarters section.

Copy of specimen showing Title Sheet in addition to existing Title Sheet, Exit Meeting, Duty list for each member of the audit team, follow up of supervision by Group Officer, Certificate of Conclusion of Audit, Daily diary of each member of the audit team, A certificate regarding compliance with CAG's Auditing Standards, Code of Ethics, etc. are enclosed in **Appendix 1.5** for ready reference.

1.50.3 Verification of outstanding paras of old IRs by LAP

The local audit parties shall strive to settle as far as possible, all the outstanding paras of previous inspection reports after verification of their compliance by the auditee units .If necessary, the paras may be settled after discussion with the head of the office audited . The results of verification may be recorded in the verification sheet of Inspection Reports which may be submitted to the Group Officer)AMG I (for final orders of settlement of

the paras .The settlement of paras is to be decided by the Group Officer and hence the local audit party must not state to the Auditee that the paras have been settled.

(Authority:CAG's Letter No :722 /Inspection /307 /2-13-14 dated 29 September 2014)

1.50.4 Entry and Exit Meetings

Audit teams should also hold entry meeting with the heads of audit units before the commencement of audit. During these meetings, the audit team should explain the purpose, objectives of audit, timelines and cooperation expected from the head of the audit unit. Similarly at the close of audit, the audit team leader or the Group officer in charge should also hold an exit meeting with the officer in charge of the audit unit to discuss the audit findings and request responses. The minutes of the exit meeting should be prepared and shared with the audit unit and acknowledgement requested.

1.51 Performance Audit

The Performance Auditing Guidelines 2004 helped the Department to adopt the prevalent International Standards of performance auditing and bring about rigour and discipline in selection of topics through risk based planning and scientific conduct of audit. However, with the passage of time, a need was felt for revision of these guidelines in order to stay aligned with the new International Standards for Supreme Audit Institutions (ISSAIs) and also, at the same time, contextualize it to the IA&AD based on the lessons learnt by us during conduct of performance audits in various sectors and governance environments. A stringent process of circulation of exposure drafts, their examination through workshops, discussions and obtaining written feedback from officers at all levels was undertaken which has culminated in the new Performance Auditing Guidelines, 2014.

The new guidelines have several distinguishing features which supersede the Performance Audit Guidelines 2004 which are as follows:

- i. They lay down a strong conceptual foundation of the principles of Performance Auditing and emphasise the need to organically link the strategic planning at the headquarters level with the planning process at the field audit level.
- ii. The guidelines elucidate different audit approaches that can be adopted.
- iii. A new Audit Design Matrix that is to be used and constantly reviewed throughout the period of audit and linked to the Audit Findings Matrix has been prescribed.
- iv. The forceful articulation and mandating of a stringent documentation process.
- v. While outlining the methods of reporting and making recommendations it focuses on the need for continuous interaction with the audited entities to ensure balanced reporting.
- vi. Further, the need for following up the Performance Audit reports to bring about improvement in governance has been highlighted. An attempt has also been made to make the guidelines more concise and focussed.

1.51.1 General Outlay of Performance Auditing Guidelines

These guidelines are presented in a sequence as the process of performance audit. The Department has to deal with a variety of subjects of performance audits and conduct audit in diverse entity environments. Besides, different structures for audit management exist in the Department for the Union Government (civil, defence, railways, communication, revenue and commercial audits) and the audit of State Governments. It may, therefore, be necessary to adjust the actual process of planning, field audits and consolidation of the

performance audits in the context of the entity environment and composition of audit offices.

Chapter 2 of these guidelines deals with the Mandate and General Principles for Performance Audits.

Chapter 3 deals with the strategic audit planning and selection of subjects.

Chapter 4 enumerates how to plan individual performance audits.

Chapter 5 discusses various elements of implementing the performance audit.

Chapter 6 deals with aspects relating to evidence and documentation.

Chapter 7 deals with the reporting process and general structure of draft performance audit report.

Chapter 8 deals with follow-up procedures.

The Performance Auditing Guidelines 2014 could be accessed on the CA&G's Office Website.

1.52 Quality Assurance

A peer review is performed by an independent team which may be internal or external to the Department to evaluate whether an organization's internal quality control system is suitably designed and operating effectively to provide the entity with reasonable assurance that established policies, procedures and applicable government auditing standards were being followed. The peer review involves testing the entire quality control system and not work in process. The Inspection and Peer Review Wing of Department is responsible for carrying out internal peer reviews. Besides, external peer reviews can also be arranged to seek assurance of robustness of the processes.

1.53 Consideration of Fraud in Performance Audit

In Performance Audits, while selecting Objectives, Sub-objectives and Issues the vulnerability/risk to fraud and corruption should be given due consideration. The effectiveness of internal controls to prevent and detect fraud and corruption should be considered as one of the objectives, depending on materiality and risk analysis. A Detailed guidelines / Standing Order on Role of audit in relation to cases of fraud and corruption issued by IA&AD in September 2006 may be referred to.

1.54 Follow up Audit

C&AG aspired (19 September 2014) the need of carrying out follow-up audits to review the outcome of accepted Audit recommendations in selected sectors was agreed to. For this purpose, the feasibility of such audits by identifying a sector based on performance appraisals conducted during the last five years needed review. A follow-up is expected to review whether the accepted Audit recommendations have actually led to any concrete action and, if so, with what results.

Depending on the nature of findings, the Audit product may be appropriately structured as a standalone Report or as a separate chapter/ paragraph in an existing Audit Report. Such findings of follow-up audit would supplement the present practice of giving statistical summary of the follow up action taken by the Government on Audit findings in the Audit Reports.

(Authority Letter No 745-755 WR/Coord/Sr Mgmt/405-2013 Dated 13.10.2014)

Consequent to the above, in order to implement the above requirement, the following instructions were issued.

1.54.1 Selection of Topics for Follow-up Audit

- i. At least one follow-up audit may be taken up for each State Government and included in the annual audit plan. In case of Union Government, one follow-up audit may be taken up in each sector. Selection of topic should be based on the following criteria:
 - a. Performance audits which have not been selected by PAC/COPU and are not expected to be picked up for examination in near future should be considered for selection.
 - b. Audits conducted at least 3 years ago should be considered, as sufficient time should be available to the audited entities to implement the recommendations.
 - c. Follow-up audits should be taken up of such performance audits where the audited entity has accepted recommendations given by Audit.
- ii. While selecting a follow-up, the Accountant General should consider the following questions:
 - a. Has the initial issue identified in the earlier audit evolved with time?
 - b. To what extent the chances have altered the risks associated with issue raised in the original report?
 - iii. The focus should be to determine the progress achieved in resolving the issues originally identified. However, issues may evolve with time, and focusing strictly on recommendations may result in missing a new concern, as the recommendations may not be fully relevant to new circumstances or the evolution of the issue. These concerns should be kept in mind while planning and conducting the audit as well at the time of reporting audit findings.

1.54.2 Audit Scope and Methodology

- i. The main objective of conducting a follow-up audit is to assess the progress the audited entity has made toward implementing recommendations of a previous performance audit. A follow-up should not merely be restricted to checking whether the recommendations have been implemented but should focus on whether the audited entity has adequately addressed the problem and remedied the underlying conditions. The auditor should adopt an unbiased and independent approach.
- ii. Follow-up audit should be initiated as a desk review. A well-structured questionnaires could be issued to the audited entity and those charged with governance of the audited entity to elicit an update on the status of the action taken to implement the recommendations from earlier audits. The request should include the following questions:
 - a. What action plan or strategy has been drawn by audited entities to implement the accepted recommendations?
 - b. What efforts have been made to implement the action plan or strategy?
 - c. How well are these efforts progressing?
- ii. Depending upon the responses received, field audit may be undertaken to validate the action reported by the audited entity. The extent of field audit to be undertaken would be decided after the responses of the audited entities. Interviews of the responsible officers from audited entities can also be taken as the evidence for this purpose.

iii. Ideally, the original audit team members should carry out the follow-up, but this may not always be possible because of conflicting scheduling needs or other reasons. However, it is important to ensure that team members assigned to the audit follow-up have the appropriate understanding of the subject matter of the audit. A session at the initiation of the follow up for a comprehensive briefing or orientation to transfer the knowledge from the original audit team should be organized, if possible.

1.54.3 Audit Findings

i. The status of implementation of accepted recommendations can fall in following categories:

a. Insignificant or No progress – assurance without concrete plans is regarded as insignificant progress.

b. Substantial implementation – Structure and process are in place and integrated in some parts of the organisation, and some achieved results have been identified.

c. Full implementation – Structures and process are operating as intended and implemented fully in all intended areas of the organisation.

ii. At the end of the follow-up, the audit team should present and discuss the results with the audited entity and prepare a report.

1.54.4 Reporting the Results of Audit

i. The follow-up audit should result in a report that provides an assessment of the adequacy of the corrective action taken to resolve previously reported issues. The report should not normally repeat recommendations from the previous report. Also, if there are observations and conclusions on new issues, the audit team may take “new” recommendations to address them.

ii. The decision of presenting the follow-up report to the legislature would be taken depending upon the significance of the audit results. The results of audit could be presented as a chapter in the Audit Report or appear as a para in the relevant chapter. Sometimes the audit team identifies issues that are important enough to be brought to the attention of entity management but not necessarily to the attention of the legislature. This may be done through a management letter.

iii. While conducting audit follow-up, the audit team may find that the issues have evolved and need to be redefined. New issues may also be identified and judged from a risk perspective. In such a scenario, the key issues should be identified for considering a fresh audit.

(Authority Letter No: 48/40-PPG/2012 Dated 25.02.2015)

1.55 Standard Operating Procedure for conduct of Information System (IS) Audits

In the Senior Management meeting held in June 2019, CAG stated that a formalized arrangement where iCED and iCISA can be part of the audit process organically should instead be devised and knowledge sharing between the concerned audit offices and the two institutes institutionalized. Accordingly, the following Standard Operating Procedure (SOP) is instituted for conduct of IS Audit. This SOP will supersede the instructions for conduct of IT Audits issued earlier vide letters no. IT Audit/2005-06/Policy dated 22nd March 2006, No.120-16/ SMU/2013 dated 3rd April 2013 and No.343/SMU /25-2017 dated 31st August 2017.

1.55.1 Risk Analysis and selection of topics for audits

i. In view of the fast evolving technology landscape, Chief Technology Officer (CTO)/ DG-iCISA will carry out, on a periodic basis, risk assessment in the areas of policy, strategy, governance, standards, security and implementation framework surrounding technology & its application to programme, activities, service design and delivery. The risk assessment exercise will involve effective stakeholder engagement (field offices, functional wings), research and survey of developments in above mentioned area and indicate broad area of focus in audit.

ii. The risk assessment exercise by CTO/DG-iCISA will be supported by field offices and functional wings at HQ. A Risk Assessment Committee will be formed to lead the exercise, with DAI (Coord, Commn & IS) and DAI (CRA) as chair and co-chair. The Committee will be convened by CTO/ DG-iCISA and comprise four representatives of State ADAIs Committee, one representative of CRA wing, one representative of GA wing, DG (RC), DG (Railways), DG (Co-ordination), DG (Commercial), DG/PD (SMU) and PD (P&T). CTO/ DG-iCISA will frame the ToR of the Committee and evolve the mechanism for collaboration and timely feedback from field offices.

iii. Incorporating the topics/ areas communicated by field offices, the Risk Assessment Committee will arrive at priority areas for audit in the next two years in respect of all related functional wings at HQ. The topics/ areas for the second year will be open for review in the next annual meeting of the Risk Assessment Committee.

iv. An annual workshop, guided by the deliverables of the Risk Assessment Committee, attended by external experts/ resource persons/ HoDs of IAAD offices and members from Senior Management, will be held by CTO/DG-iCISA which will precede the annual audit plan exercise for the Department. The workshop will be scheduled latest by middle of September for the audit cycle commencing from the following April.

v. A two-year rolling plan for the Department incorporating list of important topics/ areas/ subject matter, as per the scope of this SOP, will be prepared by Risk Assessment Committee. The risk associated with the topics and their priority will then be decided and depending upon the risk being national or local in character, it will be decided whether audit will be undertaken at State or All-India level. Association of experts, whether by field office or through CTO/ DG-iCISA, will also be decided and enumerated at this stage.

vi. In audit assignments of all-India nature, as decided at Sl. No. 5 above, CTO/ DG-iCISA will be involved as co-lead auditor to provide technical inputs, domain knowledge as well as consolidate further learnings from field experience.

vii. The workshop will prepare a calendar for submission of guidelines/ audit design matrix/ audit questions etc., by audit offices to CTO/ DG-iCISA for in-depth review. A tentative schedule of holding of mid-term and end-term reviews will also be prepared in respect of each audit.

viii. The two year rolling plan, incorporating actions listed at sl no 5, 6 and 7 above will be sent by CTO/ DG-iCISA to SMU and all functional wings, latest 15 October.

1.55.2 Audit Plans

i. On the basis of the two year rolling plan agreed in the workshop, audit offices will incorporate the topics/ areas/ subject matter in their annual audit plan. As per existing practice, audit offices will send their annual audit plan to the concerned functional/ regional wings by 15 November. Any variation between the topics/ areas/ subject matter

agreed in the workshop and that incorporated in their overall annual plan by audit offices will be accompanied by an explanatory note. Audit offices should have progressed in preparation of guidelines by this time.

ii. As per existing practice, SMU will obtain approval of the CAG for overall annual audit plan and communicate approval to audit offices, latest by 15 February. A final list of IS audit will be intimated to CTO/DG-iCISA by SMU after approval, for appropriate changes in their work plan for the year starting April.

1.55.3 Audit Planning and Execution

Mid & end term appraisals and review of audit guidelines (including pilot studies, evaluation, etc.) undertaken by concerned functional wing will be required to involve CTO/ DG-iCISA.

1.55.4 Audit Reporting

i. At the reporting stage, CTO/ DG-iCISA will participate in end term conference with lead auditors/ audit offices of all/ selected IS audits. These meetings may involve domain experts as previously co-opted (with due regard to maintaining confidentiality). The outcome of these meeting would be to agree on key messages/ conclusions arising from evaluation of sufficiency and appropriateness of evidence in respect of audit objectives already set out in the guidelines. Drafting of reports would ideally commence from this stage.

ii. CTO/DG-iCISA will assist the functional wings in examining the draft IS Audit Report from materiality and related angles. This would include Key Document (KD) verification (manual and electronic). The Audit Reports will then be processed for final approval by the respective functional wings for obtaining CAG's approval.

iii. Where the draft audit material (e.g. a Performance Audit or a Theme-based Compliance Audit) includes both IS audit and non-IS Audit findings and recommendations, the draft report may be vetted by both CTO/ DG-iCISA and the functional wing. CTO/DG-iCISA will examine the relevant sections relating to IS audit keeping the concerned functional wing fully informed and will also conduct KD verification for the IS audit related findings.

iv. The schedule of dispatch of the draft IS Audits from the field offices will be synchronized with that of the concerned Report of the respective functional wings so that undue delays are not experienced. Timelines between the CTO/ DG-iCISA and functional wings will be accordingly worked out.

1.55.5 Review and Monitoring of SOP

i. CTO/ DG-iCISA will submit a note on the functioning of the SOP for Senior Management review by March every year to SMU. The value chain and its effectiveness established by this SOP will be reviewed annually by Senior Management based on feedback from functional wings and CTO/DG-iCISA.

ii. If during the operationalisation of SOP, it is felt that there exist skill/ knowledge gaps, the concerned wing is encouraged to intimate the same to Training wing and iCISA.

iii. The SOP will be implemented with effect from the Annual Audit Plan for the year 2020-21. For the AAP 2020-21, the Risk Assessment Committee may consider selecting appropriate activities as applicable and re-work the schedule, but within the overall timeline of concluding all activities by February 2020. From 2021-22, the activities and timelines will be as per the SOP 19.

iv. For ongoing IS audits pertaining to AAP 2019-20, CTO/DG-iCISA will provide necessary support on request from the functional wings.

1.56 Standard Operating Procedure for conduct of audits relating to environment

In the Senior Management meeting held in June 2019, CAG stated that a formalized arrangement where iCED and iCISA can be part of the audit process organically should instead be devised and knowledge sharing between the concerned audit offices and the two institutes institutionalized. The following Standard Operating Procedure (SOP) instituted lists out the steps in this direction.

1.56.1 Risk Analysis and selection of topics for audits

i. iCED in collaboration with the Office of the DGA (SD) will carry out, on a periodic basis, risk assessment in the areas of policy, programme, activities, service design and delivery that encompass environment and sustainable development. The risk assessment exercise will involve effective stakeholder engagement, research and survey of developments in policy, programmes, scheme design and delivery in the sector, amongst other practices and indicate broad area of focus.

ii. The risk assessment exercise will be supported by field offices and the functional wings at HQ. A Risk Assessment Committee will be formed to lead the exercise, with DAI overseeing the work of DGA (SD) and DAI overseeing the work of iCED as chair and co-chair. The Committee will comprise of DG (iCED), DGA (SD), two representatives of ADAIs Committee, DG (RC), DG (Railways), DG (Co-ordination), DG (Commercial), DG (GA) and DG/PD (SMU). DG (iCED) will frame the ToR of the Committee and evolve the mechanism for collaboration and for timely feedback from field offices.

iii. Incorporating the topics/ areas communicated by field offices, the Risk Assessment Committee will arrive at priority areas for audit in the next two years in respect of all related functional wings at HQ. The topics/areas for the second year will be open to review in the next annual meeting of the Risk Assessment Committee.

iv. An annual workshop, guided by the deliverables of the Risk Assessment Committee, attended by external experts/ resource persons/ HoDs of IAAD offices and members from Senior Management, will be held at iCED which will precede the annual audit plan exercise for the Department. The workshop will be scheduled latest by middle of September for the audit cycle commencing from the following April, in association with DGA (SD).

v. A two-year rolling plan for the Department incorporating list of important topics/areas/subject matter, as per the scope of this SOP, that may be undertaken, will be prepared at the end of the workshop. The risk associated with the topics and their priority will be decided and depending upon the risk being national or local in character, it will be decided whether an audit will be at State or All-India level. Association of experts, whether by field office or through iCED, will also be decided and enumerated at this stage.

vi. In audit assignments of all-India nature, as decided at sl no 5 above, iCED will be involved as co-lead auditor to provide technical inputs, domain knowledge as well as consolidate further learnings from field experience. In respect of other audits, the workshop will decide the nature and extent of involvement of iCED.

vii. (a) For the audits selected for association with iCED, the workshop will prepare a calendar for submission of guidelines/ audit design matrix/ audit questions etc, by audit

offices to iCED for inputs/ comments.(b) A tentative schedule of holding of mid- term and end-term reviews will also be prepared in respect of such selected audits.

viii. The two year rolling plan, incorporating actions listed at sr no 5, 6 and 7 above, will be sent by iCED to SMU and all functional wings, latest 30 September.

1.56.2 Audit Plans

On the basis of the two year rolling plan agreed in the workshop audit offices will incorporate the topics /areas/ subject matter in their annual audit plan. As per existing practice, audit offices will send their annual audit plan to the concerned functional/ regional wings by 15 November. Any variation between the topics/ areas/ subject matter agreed in the workshop and that incorporated in their overall annual plan by audit offices will be accompanied by an explanatory note. Audit offices should have progressed in preparation of guidelines by this time.

As per existing practice, SMU will obtain approval of the CAG for overall annual audit plan and communicate approval to audit offices, latest by 15 February. A final list of audits approved for environment related areas will be intimated to iCED by SMU after approval, for appropriate changes in their work plan for the year starting April.

1.56.3 Audit Planning and Execution

The lead audit offices/ wings or audit offices will send the guidelines/ audit design matrix/ audit questions in respect of the audits taken up for the year to iCED for inputs and comments (in continuation of paragraph 6 above). iCED will communicate comments on each set of guidelines/ audit design matrix/ audit questions related to it within three weeks of receipt of the same. After receiving comments from iCED, the guidelines etc will be approved by functional wings. This process of preparation of guidelines and approval by functional wings will start as soon as possible after the workshop and end by February for the audit plan year commencing April. Consultation with iCED will be done as per the calendar developed at sl no 7 (a) above.

iCED will extend support during audit planning and audit execution by holding workshops, mid & end term reviews, engaging experts, providing expertise and providing inputs, as decided at sl no 7 (b) above.

1.56.4 Audit reporting

At the reporting stage, in keeping with audits selected under sr no 6 above, DG (iCED) would participate in end term conferences/ meetings with lead auditors/ audit offices of the previously selected audits. These meetings may involve domain experts previously co-opted (with due regard to maintaining confidentiality). The outcome of the meetings would be to agree on key messages/ conclusions arising from evaluation of sufficiency and appropriateness of evidence in respect of audit objectives already set out in the guidelines. Drafting of reports would ideally commence after this stage.

The SOP will be implemented with effect from the Annual Audit Plan for the year 2020-21. For the AAP 2020-21, the Risk Assessment Committee may consider selecting appropriate activities as applicable and re-work the schedule, but within the overall timeline of concluding all activities by February 2020. From 2021-22, the activities and timelines will be as per the SOP.

Review and Monitoring of SOP

iCED will submit a note on the functioning of the SOP for Senior Management review by March every year to SMU. The value chain and its effectiveness established by this SOP

will be reviewed annually by Senior Management based on feedback from functional wings and iCED.

The workplan of iCED will provide for all activities listed in the SOP and will be reviewed by CTAC until further governance structures for iCED are put in place.

If during the operationalisation of SOP, it is felt that there exist skill/ knowledge gaps, the concerned wing is encouraged to intimate the same to Training wing and iCED.

Appendix 1.1

Categorization and Risk assessment of units

Preliminary risk assessment of the departments of clusters allocated to the Audit Management Group –II is as follows:

1. General Administration Cluster: General Administration Cluster comprises the following Departments:

- i. General Administration Department, ii. Legislative and Parliamentary Affairs Department, iii. Information & Broadcasting Department, iv. Revenue Department (Land Revenue)

Department Name	Audit Classification		
	AAEs	AUs	IUs
General Administration	4	56	37
Information & Broad Casting	1	39	00
Legislative and Parliament Affairs	1	02	00
Revenue Department (Land Revenue)	7	67	494
Total	13	164	531

Categorization of Land Revenue units:

I. Percentage of revenue

Units with more than 2 per cent of total revenue of State	3
Units with 1/2 per cent or more but less than 2 percent	2
Units less than 1/2 per cent	1

II. Complaints / Media Reports

Complaints and Media Reports during last 1 year	3
Either Complaints or Media Reports during last 1 year	2
No Either Complaints or Media Reports during last 1 year	1

III. BudgetProposal

Budget proposal applicable to unit	3
Budget proposal if partially applicable to unit	2
Budget proposal if not applicable to unit	1

IV. Number of Documents: - Different parameters have been adopted for different taxes keeping in the view of nature of tax and available data.

Revenue received under Major head 0029 and 0035 only is used for preparation of Audit Plan. No detail of document finalized is available. Therefore this parameter is not taken in account for risk parameter.

V. Unit Audited in last three years

Unit not audited during last three years	3
Unit audited once in three years	2
Unit audited more than once in three years	1

VI. Reply of IRs during last three years

If first reply not received for all IRs	3
If first reply received one out of three IRs	2
If first reply received for three all IRs	1

VII. Part IIA Paras/ FNs issued during last three years

If no. of Part IIA Paras / FNs are more than 5	3
If no. of Part IIA Paras / FNs are less than 5 but more than 2	2
If no. of Part IIA Paras / FNs are less than 2	1

Weightage for categorization of Units in A, B and C category is considered as follows:

- i. Revenue: 30 points
- ii. Complaints / Media Reports: 10 points
- iii. Budget Proposal: 10 points
- iv. Number of Documents/vehicles/leases: not applicable.
- v. Units audited in last three years: 10 points
- vi. Reply of IRs during last three years :20 points
- vii. Part IIA Paras / FNs issued during last three years: Collector (LR): 30 points.

Department	Category	Criteria
LandRevenue (Revenue Department)	A	170 points and more
	B	130 and more but less than 170
	C	Less than 130

2. Law and Order Cluster: Law and Order Cluster comprises the following two Departments: i. Home Department, ii. Legal Department

Department Name	Audit Classification		
	AAEs	AUs	IUs
Home Department	1	228	708
Legal Department	3	56	601
Total	4	284	1309

3. Environment, Science and Technology Cluster: Environment, Science and Technology cluster comprises the following three Departments: i. Forest and Environment Department, ii. Science & Technology Department, iii. Climate Change Department.

Department Name	Audit Classification		
	AAEs	AUs	IUs
Forest and Environment Department	2	124	481
Science & Technology Department	1	08	00
Department of Climate Change	1	01	00
Total	4	133	481

A. Criteria for categorization of units under Section 13:

Category	Criteria
A	Units having more than ₹ 5.00 crore expenditure excluding establishment expenditure and audited annually
B	Units having expenditure between ₹ 1.00 crore and ₹ 5.00 crore and audited bi-annually
C	Units having expenditure less than ₹ 1.00 crore and audited once in 3 years depending on the availabilities of field staff

4. Risk analysis for PSUs as per Hqrs office instructions: PSUs are categorized into A, B and C category based on their risk analysis as per following formula:

Sl. No.	Criteria	Risk Points	
A	Positive Capital Employed	1	
B	Increase in Capital Employed (Comparison of 5 years)	2	>100%=2 <100%=1
C	Increase in Turnover	2	>100%=2 <100%=1
D	Profit making PSU	1	
E	Activity of the PSU contributed major part of the revenue	2	<50%=0 50% to 80%=1 >80%=2
F	Total Income and Expenditure: a. Is over ₹ 1000crore b. Is between ₹ 500crore to ₹ 1000crore c. Is less than ₹ 500crore	3 2 1	
G	Adequacy of internal control	1 to 2	
H	Areas of audit scrutiny	1 to 4	
I	Past audit concern	1 to 3	

Total Risk Points (RP) in all PSUs was worked out based on financial figures for the prior year. Thereafter, individual PSUs were categorized as per criteria given below:

- If RP equal to or greater than 12 of total 20 RP, the PSU is category 'A'
- If RP is equal to, or greater than 1 but less than 11, the PSU is category 'B'
- If RP is equal to 0, the PSU is Category 'C'.

Common Parameters for evaluation of risk

Common parameters for evaluation of risk in respect of Compliance audit, Supplementary audit and Performance audit have been developed at Headquarters and the same has been decided to be implemented in relation to audit of State PSUs /Commercial activities .In order to ensure effective implementation of above mentioned instructions, following steps may be taken which will also help in mitigation of the risk involved in the process:

- Information flow should be in place to assure timely accurate data to support risk identification.

ii. The significance of various risks should be estimated as to the likelihood of its occurrence.

iii. Actions should be planned to address the identified risks.

The period for audit of units should be revised based on assessment of total risks of unit and formula /criteria for determining periodicity should be clearly defined .

(Authority: CAG's letter No :605 /CA-II /Co-ord /.Inst /2005-06 /82-2005 dated 03 September 2007)

Appendix- 1.2

Code of Ethics

Declaration regarding adherence to the Code of Ethics of the Comptroller and Auditor General of India

(This declaration is required to be signed separately by each member of the audit team prior to the commencement of the audit. A copy of the declaration should be given to the head of the audited entity as soon as the audit commences. Each declaration should be enclosed in original with the Inspection Report).

I, -----(Name)----- (Designation)
hereby declare that:

- I have read and understood the SAI India's Code of Ethics.
- I will uphold and abide by the SAI India's Code of Ethics and CCS (Conduct) Rules.
- I do not have any personal or professional interest in the audited entity.

As a representative of the SAI India, I undertake to adhere to the following:

- I will conduct the audit assigned to me in a fair, honest, timely and competent manner.
- I will maintain strict confidentiality of all information gathered in the course of audit.
- I will not behave or conduct myself in an inappropriate manner with any official of the audited entity.
- I will not accept any kind of inducement prohibited under the Central Civil Services (Conduct) Rules, 1964, directly or indirectly from the audited entity.

Signed:

Date:

APPENDIX- 1.3

Code of Ethics

Declaration regarding adherence to the Code of Ethics of the Comptroller and Auditor General of India

(This declaration is required to be signed separately by each individual who has been engaged as expert, consultant, statutory auditor, etc. by the SAI India to assist him in his auditing and accounting functions. A copy of the declaration should be given to the head of the audited entity as soon as the audit commences. Each declaration should be enclosed in original with the Report required to be submitted to SAI India).

I, -----(Name)------(Designation)
hereby declare that:

- I have read and understood the SAI India's Code of Ethics.
- I will uphold and abide by the SAI India's Code of Ethics and CCS (Conduct) Rules.
- I do not have any personal or professional interest in the audited entity.

As a representative of the SAI India, I undertake to adhere to the following:

- I will conduct the audit assigned to me in a fair, honest, timely and competent manner.
- I will maintain strict confidentiality of all information gathered in the course of audit.
- I will not behave or conduct myself in an inappropriate manner with any official of the audited entity.
- I will not accept any kind of inducement prohibited under the Central Civil Services (Conduct) Rules, 1964, directly or indirectly from the audited entity.

Signed:

Date:

Annexure: 1.4
Format of Callender of Returns (CoR)
AMG-II Hq. I

Sl. No.	Name of Returns	To whom due	When due	Authority
	Part I			
I	Daily			
1	Attendance Register	Branch Officer	Daily	Part 4 of Office Procedure Booklet
II	Weekly			
1	Registers of Letters Ordinary/ C&AG	Branch Officer	Every Monday	Tm-V-6, dated 11.07.1970
2	Calendar of Returns (Weekly)	Branch Officer	Every Monday	Tm-V-6 dated 11.07.1970
3	Status of Accounts	Technical Cell	Every Monday	QA/2020-21 Tr. 28 dated 18.09.1920
III	Fortnightly			
1	Outward registers	Branch Officer	1 st and 16 th of every month	Tm No. 168 dated 11.01.1982
IV	Monthly			
1	TA Bill Register	Branch Officer	Every month	Estt/B/4/9/Tm/misc/329/3839 of 14.03.1986
2	Duty list Registers	Branch Officer	5 th of every month	TM No. dated 17.12.1966
3	Register of Files	Branch Officer	5 th of every month	OO No.1985 dated 15.06.1981
4	Registers of Factual Notes/ Draft Para	Branch Officer	5 th of every month	AA dated 17.05.1961
5	Attendance Register Closing (closing of musters)	Branch Officer	5 th of every month	Part 4 of Office Procedure Booklet
6	Calendar of Returns	Group Officer	5 th of every month	3. AM-II COR/91-92 dated 08.07.1992
7	Special Points Registers.	Group Officer	Every month	No.TM/SRA/18/js dated 09.02.2005 (RA-III/DIR/05)
8	Status of Accounts Certification for externally aided projects	CAR Section	Every month	CARS/EAP/53/tr. 131 dated 03.10.2016
9	Objection Book/ Adjustment Register (Home Department)	Branch Officer	Every month	Hqrs. letter No.3648/ Rec 109/RCA-63/26/ 12-63
10	Objection Book/ Adjustment	Branch Officer	Every month	Hqrs letter No.3648/ Rec109/ RCA-63/26/ 12-63

	Register (Legal Department)			
11	Objection Book/ Adjustment Register (Forest Department)	Branch Officer	Every month	Hqrs letter No. 3648/ Rec109/ RCA-63/26/ 12-63
12	Objection Book/ Adjustment Register (Science and Technology Department)	Branch Officer	Every month	Hqrs letter No. 3648/ Rec109/ RCA-63/26/ 12-63
13	Auditors Note Book	Branch Officer	Every month	O.O. No. 1985 dated 15.06.1986
14	OIOS implementation status	ITMG	7 th of every month	
15	e-office	ITMG	15 th of every month	Hqrs letter No. I/82082/ 2022/ 42-2016/ISN/ Note 6 dated 22.02.2022
V	Quarterly			
1	AAO's Note Book	Branch Officer	15 th April 15 th July 15 th October 15 th January	O.O. No. 1985 dated 15.06.1986
2	Quarterly Progress Report	Hqrs.	15 th April 15 th July 15 th October 15 th January	Hqrs. Cir No. 370/ SRA/ 10/VII/ 98 dated 05.09.1999
3	Report regarding Corporation/ Companies situated outside Gujarat (If Nil, report not to be sent)	A.M. Sn.	5 th April 5 th July 5 th October 5 th January	Circular File 12/ 4226 dated 03.03.1963
4	Quarterly Arrears of Accounts	Technical cell	7 th April, 7 th July 7 th October 7 th January	
5	Board Minutes (IR)	Sect. to PAG	5 th April 5 th July 5 th October 5 th January	
6	Quarterly Progress Report on SARs	Hqrs. office, New Delhi	10 th April 10 th July 10 th October 10 th January	Manual of Instructions for audit of Autonomous Bodies, March 2010
	Part II			
I	Monthly			

1	Information of Staff working in AMG-II	Establishment (Audit)	10 th of every month	Estt. (A) 54/301/ 3720 dated 26.02.1976
2	Officials absent from Hqrs. for a full calendar month	Bills (Au)	10 th of every month	Bills (Au) / Tr. ALL/05-06/ Circular No.4 dated 11.07.2005 (File No. RA. III /TAP. 4/c)
3	Monthly indent of stationery articles	GOM	15 th of every month	Appendix II of OAD Manual
4	Arrears Report	Group Officer/ ITA Section	5 th of every month	Letter No. AG-II(BO) TR-279 dated 28.03.1989
5	Watching of action on complaints	Secretariat	10 th of Every Month	AG/Seett./180/721 dated 20.01.1989
6	Prompt issue of Inspection Report	ITA Section	7 th of Every month	H. Qrs Circulars No.6/ Au/ Plg.195 dated 03.11.1995
7	Absentee Statement	Administrati on Section	7 th of Every month	
II	Quarterly			
1	Material for Quarterly Report on progressive use of Hindi	Hindi Cell	5 th April 5 th July 5 th October 5 th January	Hindi Cell 8(4) 21 dated 30.08.1978
2	Quarterly statement of Civil suits filed and pending in Court	Administrati on Section	30 th April 30 th July 30 th October 30 th January	Admn. No.114 (MSO VOL-II)
3	Quarterly local audit programme before implementation	Pr. AG	10 th March 10 th June 10 th September 10 th December	AG Secretary Tr.306 dated 01.02.1996
4	Information reg. In-house training.	Administrati on Section	10 th April 10 th July 10 th October 10 th January	As per Admn section order
5	Audit Committee Meeting	ITA Section	10 th April 10 th July 10 th October 10 th January	QAS/ IR/paras/ 53/ Vol-V/ Tr. 201 dated 23.11.1998
6	Compliance Report (Director of Inspection)	ITA Section	20 th May 20 th August 20 th November 20 th February	Sr. AO/ RA- 3's order dt.10.04.2006 F. No. RA3/(P.344/c)
7	Party Deviation	Secretary to PAG	20 th April 20 th July 20 th October 20 th January	As per AG's order

8	Quarterly Compliance Report	Sr. AO/ ITA Section	20 th May 20 th August 20 th November 20 th February	QA Section's Circular No. 4 dated 17.10.2014
III	Half yearly			
1	Half Yearly statement of objections outstanding for more than six months for all PSUs, ABs, Departmental units (IR-3)	Concerned Department	10 th January (July to December) 10 th July (January to June)	MSO Audit Para 7.1.12
2	Half Yearly Progress Report regarding implementation of integrated audit plan	Sr. AO/ RSA-II Hq. II	5 th April 5 th October	Hq. letter no. WR/Coord./Audit Plan /302-2013/ KW/448 dated 30.06.2014
IV	Yearly			
1	Information of Audit Plan and Target.	Director General, Hqrs. office	15 th February	Circular No.1 Aud/ Plg/998 No. 78 Audit (Aud. Plg) 19.03.94 dated 06.02.1998
2	Achievements against Targets (Report on Achievement)	Pr. Director (Audit) Hqrs. office (Through Secretariat)	31 st March	No. QA/ Admn. Report/ 2002-03/ Tr. 302 dt. 10.03.03 Cir No. 7 dated 06.03.2003
3	Assessment of Performance of field Audit Officer.	ITA Section/ Hqrs. office, New Delhi	15 th July	CAG letter no. V/Z/19/170-PPG/II/17-2012 dated 06.06.2012
4	Ranking the performance of Audit Offices (Tech)	Secretary to PAG	10 th April	207-Audit CAD/16-2004 dated 22.11.2004
5	Certificate to be given to GOM section regarding physical verification of library books	GOM Section	20 th April	Para 2.11 Manual of GOM
6	Performance Report	ITA Section/ CAG	30 th April	CA II/Cord/ROR38.2009 dated 08.06.2009
7	Hindi Annual Progress Report	Secretary to PAG	15 th April	Cir. No. -02 dated 18.04.2017
8	Annual Report on revision of local manuals	ITMG Section	10 th April	ITMG/Web hosting/17-18 Tr. No. 51 dated 13.06.2017

9	Annual Report on revision of local manuals	ITA Section	5 th April	No. 169-PPG/20-2016 dated 30.06.2017.
10	Peer Review Findings	ITA Section	5 th April	ITA/DGN/ Peer Review/2021-22/Tr. 89 dated 14.09.2021

AMG-II Hq. II

Sl. No.	Name of Returns	To whom due	When due	Authority
	Part I			
I	Daily			
1	Attendance Register Closing	Branch Officer	Daily	Part 4 of Office Procedure Booklet
IA	Weekly			
1	Calendar of Returns	Branch Officer	Every Monday	B. Genl. 7154 Dated 26.09.1966
2	Register Of Letters Ordinary/ C&AG	Branch Officer	Every Monday	O.O.TM/ 160 Dated 11.07.1960
IB	Fortnightly			
1	General Outward Register	Branch Officer	1 st and 16 th of every month	O.O No. TM 16 dated 15.07.1976
2	General Transit Register	Branch Officer	1 st and 16 th of every month	O.O No. TM 57 dated 15.01.1963
II	Monthly			
1	Departmental Note Book	Group Officer	1 st of every month	OO No. TM-29/19 dated 16.12.1960
2	Duty List	Group Officer	1 st of every month	OO No. TM-29/Misc dated 07.10.1960
3	Register of Complaints	Group Officer	5 th of every month	Local Order
4	Monthly Arrear Report	ITA Section	5 th of every month	Para 6.4 of Manual of Office Procedure
5	Register of Prompt issue of LAR	ITA Section	7 th of every month	As per e-mail (of QA Sec.) sent by Sr. DAG(SRA) Dated 18.05.2007
6	IR Main (Certificate) Prompt and watch of LAR.	Group Officer	5 th of every month	Letter No. AG-11(B.O) TR-279 dated 28.03.1989
7	Calendar of Returns	PAG/ ITA Section	1 st Monday of every month	II/Genl/7154 dated 26.09.1966
8	Register of Statistics	Branch Officer	10 th of every month	OO No. TM/87/dated 26.09.1966
9	Attendance Register Closing	Branch Officer	5 th of every month	Para 4 of Manual of Office Procedure
10	Register of Pending Case /Special Point	Group Officer	10 th of every month	Local Order

	Register			
11	Watch of action on complaints	Secretary. to PAG	1 st of every month	No.AG/ Sectt./180/ 725/dated 20.01.1989 (p/s at pg. 76/c of CoR 2018-19) (At present, this is consolidated by AMG-II Hq. I.)
12	OIOS	AMG-II/ HQ-I	5 th of every month	-
13	E-Office	AMG-II/ HQ-I	5 th of every month	Hqrs letter No. I/82082/ 2022/ 42-2016/ISN/ Note 6 dated 22.02.2022
III	Quarterly			
1	Auditor Note Book	Branch Officer	15 th of every quarter	O.O.TM 29.13 dated 16.03.1960
2	Audit Committee Meetings	ITA Section	5 th April 5 th July 5 th October 5 th January	Local Order
3	Compliance Report (Director of Inspection)	ITA Section	20 th May 20 th August 20 th November 20 th February	Sr. AO/ RA-.3's order dated 10.04.2006 F. No. RA3/(P.344/c)
4	Calendar of Returns	ITA Section	5 th April 5 th July 5 th October 5 th January	O.O.QA/9 dated 01.05.2001
5	Progress Report of Use of Hindi	Hindi Section	5 th April 5 th July 5 th October 5 th January	Hqrs letter no. 1321 HA /18/92 dated 24.03.1992
6	Director of Inspection (Consolidated)	ITA Section	5 th April 5 th July 5 th October 5 th January	ITA letter no. DG Inspection/ 2022-23/ ow 63 dated 06.05.2022
IV	Yearly			
	1. Auditee Profile			
A	Legislative and Parliamentary Affairs Department	Secretary, Legislative and Parliamentary Affairs Department	30 th April.	Sr. DAG-SRA's Orders dated 12.07.2006. (in CoR/ 2006-07/ Vol-II)
B	Land Revenue/ Expenditure	Pr. Secretary, Revenue Department	30 th April.	Sr. DAG-SRA's Orders dated 12.07.2006. (in CoR/ 2006-07/ Vol-II)
C	General Administration Department	Additional Chief Secretary,	30 th April.	Sr. DAG-SRA's Orders dated 12.07.2006. (in CoR/ 2006-07/ Vol-II)

		General Administration Department		
D	Information and Broadcasting Department	Information and Broadcasting Department	30 th April.	Sr. DAG-SRA's Orders dated 12.07.2006. (in CoR/ 2006-07/ Vol-II)
	2. Progress Report of use of Hindi			
1	Progress Report of Use of Hindi	AMG-II Hq. I Section	5 th of April	Hqrs letter no. 1321 HA/18/92 dated 24.03.1992
2*	Status of Sections Manual	DAG/ ITMG Section	10 th of April	DAG's approval dated 06.07.2017 *ITMG/Web hosting 17-18/Tr. No. 53 dated 13.06.2017 at pg 2/c of web hosting file
3	AMG II Manual Return	ITA Section	5 th of April	Local Order
V	Half yearly			
1	Status of Complaint	Secretary to PAG	5 th of April/ Oct	AG's instructions vide Letter No. AG's Sectt./2016-17/Tr.48 dated 26.04.2017 (At present, this is consolidated by AMG-II Hq. I.)
	Part II			
I	Monthly			
1	Objection Book of all taxes due within AMG-II Hq. II Section	Group Officer	5 th of every month	Hqrs letter no. 3648/ Rev/109/ RCA/63 Dated 28.12.1963
2	Adjustment Register of all taxes due within AMG-II Hq. II Section	Group Officer	5 th of every month	Hqrs letter no. 3648/ Rev/109/ RCA/63 Dated 28.12.1963
3	Register of watching of issue of LAR	Group Officer	5 th of every month	Hqrs letter no. 3648/ Rev/109/ RCA/63 Dated 28.12.1963
4	Factual Note Register	Group Officer	5 th of every month	Hqrs letter no. 3648/ Rev/109/ RCA/63 Dated 28.12.1963
5	Returns showing details of Civil Suits cases filed by Servicing/ Retired Government	Administration Section	2 nd of every month	Admn (Au)/ Court Cases/ 2012-13 Tr. 1035 dated 16.10.2012

	Employees			
II	Quarterly			
1	Quarterly Progress Report	ITA Section	10 th April 10 th July 10 th October 10 th January	Hqrs letter dated 03.05.84 OOTM-III-29-1/AR Genl dated 18.12.1983
2	Physical Verification of Dead Stock articles	GOM-I Section	10 th April 10 th July 10 th October 10 th January	Circular No. GOM/118/ 2012-13 dated 18.12.2012
III	Half yearly			
1	Half Yearly Statement of IRs/ Paras outstanding over six months	To be sent directly to (i) Head of Department (ii) Secretary. of the Administrative Department (iii) Finance Department	15 th of July 15 th of January	O.O. No. TM (9)A dated 17.06.2002 Q.A. letter No. QA/Six Monthly/ RAIII/ RAIV/ Tr. 452 dated 31.03.2006
2	Progress report of Integrated Audit Plan of IA and AD	CAR Section	1 st of April 1 st of October	CARS/AP14-15/37 TR-188 dated 16.05.2014
IV	Yearly			
1	Annual Audit Plan	AMG-II Hq. I Section	15 th of September/ August	Hqrs Office letter No.603/ REP (WR COORD)/Audit Plan/ 121-2015 dated 10.07.2015
2	Assessment of performance of Audit Office (Ranking)	AMG-II Hq. I Section	10 th of July	Hqrs. letter No. V/Z/19/170-PPG/II/17-2012 and Circular No. 4/QA/2012-13 dated 20.06.2012
3	Material for Performance Report	AMG-II Hq. I Section	15 th of July	Hqrs. letter No. V/Z/19/170-PPG/II/17-2012 and Circular No. 4/QA/2012-13 dated 20.06.2012
4	Peer Review Certificate	ITA Section	30 th of June	ITA/DG Inspection/ Peer Review/ 2022-23/ Tr.
	Part IV			
I	Material for Audit Report			
1	Result of Audit Material Chapter III, IV, V and VI	AMG-II (Report) Section	15 th of May	RAIII Cell/1(i)/AR/97-98/ Tr 372 dated 06.03.1998 (RAIII/ 1(i)/AR/ 03-04/O.O. No. I, 26.04.2004)
2	Outstanding Audit Objections of IRs (First Reply)	AMG-II (Report) Section	15 th of July	Local Order
3	Material for Audit	AMG-II	15 th of July	No. RA III Cell/1(i) AR/ 2002-03/

	Report (Chapter I)	(Report) Section		AR O.O. 122 dated 27.06.2003
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AMG-II Report

Sl. No.	Name of Returns	To whom due	When due	Authority
	Part I: Daily			
1	Attendance Register	SAO/ AMG-II (Report)	Daily	Para 4 of Manual of Office Procedure
	Part II: Weekly			
2	Calendar of Returns	SAO/ AMG-II (Report)	Every Monday	TMV/6 dated 11.7.1970
3	Inward Register	SAO/ AMG-II (Report)	Every Monday	O.O.TM/160 M dated 17.07.1960
4	Printing Status	CAR Section	Every Monday	CAR/17/Vol-II/Ars 16-17/transln./ Tr. 1093/ dated 04.01.2018
	Part III: Fortnightly			
5	Register outward	SAO/ AMG-II (Report)	1 st and 15 th of every month	TM-13 dated 12.03.1966
	Part IV: Monthly			
6	Closing of Attendance Register	SAO/ AMG-II (Report)	5 th of every month	MHA-1 S-37
7	Register of PDPs/DPs	SAO/ AMG-II (Report) DAG (AMG-II)	5 th of every month	upto Sr. DAG vide O.O Sr. DAG /SRA dated 09.09.2008
8	Calendar of Returns	Through SAO/ AMG-II Hq. 2 to SAO/ ITMG	5 th of every month	AM-II/CoR/91-92 dated 80.07.1992
9	Arrear Report	Through SAO/ AMG-II Hq. 1 to SAO/ ITMG	5 th of every month	AM o/o No.3 dated 24.02.1992
10	Indent for Stationery	GOM Section	10 th of every month	APP-II OAD Manual

11	Register of weekly action on PAC recommendations	SAO/ AMG-II (Report) DAG (AMG-II)	10 th of every month	Para 5.5 of MSO(A) Vol. II
12	Absentee Statement	SAO/ Admn.	5 th of every month	No. Admn. (Audit)/ VP/ dated 04.03.2021
13	Sectional Duty List Register	SAO/ AMG-II (Report)	5 th of every month	No. ITMG/AMG-I/2021-22/HM-02/ dated 23.12.2021
		DAG (AMG-II)	5 th June/ December	
14	e-Office- Monthly progress report	SAO/ AMG-II Hq. I	5 th of every month	Hqrs. Email No. 1/82082/2022/42-2016/ISW/Note 6 dated 22.02.2022
14A	OIOS status report of PA/ SSCA	SAO/ AMG-II Hq. I	5 th of every month	-
	Quarterly			
15	QPR of target and achievements	PA to DAG (AMG-II)	5 th of every quarter	Hqrs. letter DO No.311/RS-INDT/502-2009/CE/DP dated 02.06.2009
16	Hindi usage related quarterly progress report	Through SAO/ AMG-II Hq. 1 to Hindi Section	5 th of every quarter	Hqrs. letter No.132/Hindi/18/92 dt.24.03.1992
17	Maintaining of recovery at the instance of audit	CAG	15 th of every quarter	Hqrs. Letter No. 224. SRA/3(i)/200 dated 30.03.2007 Gr No. 1 of 2007
18	Auditor Note Book	SAO/ AMG-II (Report)	15 th of every quarter	O.O.No.1985 dated 15.06.1986
19	AAO Note Book	SAO/ AMG-II (Report)	15 th of every quarter	QA/ IA/ RSA/ 2019-20/ tr 457/ dated 04.03.2020
20	Quarterly Progress Report	SAO/ AMG-II (Report)	15 th of every quarter	Hqrs. Office letter No.254/ WR Co-ord/162/ 2012 dated 12.07.2012
21	Quarterly Progress Report-DG Inspection	SAO/ AMG-II Hq. II	5 th of every quarter	Hqrs. Office letter No.ITA/ DG Inspection/ 2021-2022/ Tr.194 dated 14.09.2021
22	Verification of Dead Stock Article	GOM	5 th of every quarter	Circular No.GOM-118/ 12/ 2012
23	Compendium of all important orders/ circulars/ court judgments	CAG	Every quarter	Hqrs. Office letter No.117/ WR-SRA/ 45/K. centre/ 2014-15 dated 28.09.2015

	Part V: Half Yearly			
24	Half yearly progress in respect of discussion of paras in PACs	CAG	7 th October 7 th April	HQ DO letter No. 239(RDP) 3291/ dated 28.07.1992
25	Report of Audit achievements from AMG-II (Hqrs-I and II) is to be called for in last week of June and December	CAG	15 th July 15 th January	This return is to be sent only in case of any audit achievement. No need to send Nil return.
26	Half yearly progress report regarding Implementation of Integrated Annual Audit Plan of IA & AD	AMG-II Hq. II (for CAR Section)	1 st April 1 st October	vide CAR Sec./AP/14-15/37/ Tr. No. 188 dated 16.05.2014
	Part VI: Yearly			
27	(i). Revised format of Performance Assessment of field Audit Offices, SAI India (ii). Performance of Audit Offices (Ranking of offices)	Through SAO/ AMG-II Hq. II to ITMG Section	15 July of every year (As per QA-A Circular No.4/ QA/ 2012-13 dated 20.06.2012)	Hqrs. Letter No. V/Z/19/170-ppg/ii/ 17-2012 dated 06.06.2012
28	Target and Achievement	SAO/ AMG-II Hqrs. I and II	10 th February of every year	Hqrs. letter DO No.311/RS-INDT/ 502-2009/ CE/DP dated 02.06.2009
29	Material for Chapter-I of Audit Report	Secretaries to the Department s of GoG	April month of every year	Authority Approved by PAG on 07.08.2012 in File No.COR/ Monthly Return
30	Change in composition of PAC and Committee on PUC to be reported to C & AG	CAG	When change of member of PAC takes place	Hqrs. Letter dated 29.05.1965
31	Crucial issues raised in the AR of the year material for inclusion in the letter addressed to Chief Minister (12-	CAG	For the report sent for printing after approval of Bond Copy by Hqrs. i.e. after	HQ. letter No 140/Report(S)I/93-95 No/I. 26.02.1999 kept in 1(I) file AR 99-00

	13)		completion of Audit Report	
32	Library Register Annual Certificate	GOM	15 th April of every year	O/o Circular No.14 dt 22.01.2007
33	Peer Review Report	SAO/ AMG-II Hq. 2	30 th June of every year	Hqrs. letter No.ITA/ DG Inspection/ Peer review/ 2021- 2022/ Tr. 189 dated 14.09.2021

Appendix 1.5

TITLE SHEET (TOBE SUBMITTED ALONGWITH DRAFT INSPECTION REPORT)		
I.	PART A (Summary of audit results)	
1	Name of the organization audited	
2	Name of party personnel	
	(i) Sr. Audit Officer/ Audit Officer	
	(ii) Asst. Audit Officer/ Supervisor	
	(iii) Senior Auditor/ Auditor	
3	Period of audit	
4	Dates of commencement and completion of audit (Extension of time, if any, granted may be separately indicated)	
5	Whether Entry Conference was held with the Audited Entity? If yes, enclose Minutes/ Record of discussions. If no, provide reasons	
6	Number of potential paras (drawing reference to para nos) included in Part–IIA of the Inspection Report	
7	Number of paras (drawing reference to para nos) relating to fraud or misappropriation, presumptive fraud and leakage of revenue etc	
8	Paras relating to persistent irregularities etc that need to be brought to the notice of HOD through Management Letter.	
9	Briefly mention the challenges faced during audit (non-production of records, manpower or resource constraints, scope limitation etc) and how they were addressed during the course of audit	
10	Suggestions for overcoming such challenges in future audits	
11	Whether Exit Conference was held and draft Inspection Report discussed with the Head/ Nodal Officer of the Audited Entity. If no reasons may be indicated.	Minutes as per Statement A to be enclosed.
12	Date of submission of Draft Inspection Report and all working papers to Hqrs. (may be submitted within a period of 7 working days from the date of conclusion of audit)	
13	Reasons for delay in submission of draft IR etc. to Hqrs with reference to the allotted time period, if any.	
14	General remarks, if any	
II.	Part B (Details of Audit Process followed)	
1	Whether the allocation of duties amongst each member of the Audit Team (SAO/AO/AAO/Sr. Auditor/ Auditor) was prepared in line with the planned broad assignment plan and acknowledged by the respective party members? If no reasons and justification may be provided.	Allocation of duties as per Statement B to be enclosed
2	Sampling methodology adopted (Use as many rows as needed)	List of files/ vouchers/ other documents reviewed may be enclosed

Sl. No.	Section/Wing being audited	Nature of document	No Selected for review	Percentage of selection	Sample method adopted
	Purchase/Works/ Establishment etc	Files/ Vouchers etc.	(Indicate actual number selected)	(Indicate percentage for each category)	Random/ Stratified/ Judgmental etc.
3	Whether focus areas identified and procedures applied were as planned (with reference to the plan as approved by Group Officer before commencing the audit)? If no, reasons and justification may be provided.				
4	Whether all issues marked for examination by Group Officer on supervision/ Hqrs section have been addressed?				Compliance to Group officer comments on supervision to be enclosed as per Statement C.
5	Whether all work assigned as per allocation of duties was completed? If no, provide whether the reasons and justification are provided.				Certificate as per Statement D to be closed.
6	Briefly indicate the potential focus areas for next audit				
7	Whether daily diaries indicating the documents/ records team members of the Audit Team have been and enclosed?				Daily Dairy as per Statement E to be enclosed for each member
8	Whether a certificate of obtaining sufficient and appropriate evidence (key documents) for the audit observations included in the Draft Inspection Report has been provided?				Certificate as per Statement F to be enclosed
9	Whether the key documents have been referenced in the para and the source of evidence has been provided as footnotes?				
10	Please indicate the position of outstanding paras of previous inspection Reports as under.				
	Period of Inspection Reports	No of paras outstanding (opening)	No. of paras outstanding (closing)	Reasons for the paras remaining outstanding	
	1	2	3	4	
11	Whether a certificate that the audit was conducted in accordance with the CAG's Auditing Standards 2017 has been provided?				Certificate as per Statement F to be closed
12	Whether a certificate that the audit party has complied with the Audit Quality Framework and Code of Ethics has been provided?				Certificate as per Statement F to be enclosed
Dated:				Sr. Audit Officer/ Audit Officer	

Statement A

Sample Format of Minutes/ Record of Discussions at the conclusion of Audit

Minutes of the Minutes hold on _____ to discuss audit observations to be included in the draft inspection report for the period _____ relating to the Ministry of _____ / Audited Entity _____

Present:

From Ministry's side	From Audit side

(Note:- The minor and procedural irregularities which were noticed during the course of audit have either been settled on spot after taking assurance from the auditee or have been issued to the Ministry in the shape of Test Audit Note).

The audit observations were discussed in detail and necessary clarifications, wherever sought, were given from the Audit side.

It was pointed out by Audit that initial replies from the Ministry in respect of ___ audit observations were still awaited and the same may be furnished on priority. In response, the Ministry assured to send the replies at the earliest possible.

The meeting ended with vote of thanks.

(Signature)	(signature)
(Name & Designation) From Ministry's side	(Name & Designation) From Ministry's side

Statement B
Proforma for Duty list of each member of the Audit Team

Duties assigned	Noted and signed (Acknowledgement)
SAO/AO :Name 1.	
AAO/Supervisor :Name 1. 2.	
Sr. Auditor/Auditor : Name 1. 2.	

Statement C
Follow up of supervision by the Group Officer

Name of the Audited Entity	Date of Supervision	Comments/Queries of the Group Officer	Action taken by the Audit Team on Comments/Queries

Statement D
Certificate at the conclusion of Audit

We have examined all the issues as per the duty list (except the following) and necessary audit observations based on audit scrutiny, have been issued.

Sl. No.	Brief particulars of the issues which could not be seen in audit	Reasons there for (non availability of records, time constraints, shortage of manpower, other constraints/reasons) etc.
1		
2		

Sr. Audit Officer

Statement E
Daily Diary of each member of the Audit Team

Date	Brief details such as file number, item of work done, records seen and examined etc

(Signature)

(Name of the Officer and Designation)

Statement F
Certificate

It is certified that:

- a) Sufficient and appropriate evidence (key documents) for the audit observations included in the Draft Inspection Report have been obtained and have been submitted along with the Draft Inspection Report
- b) That the audit was conducted in accordance with the CAG's Auditing Standards 2017
- c) The audit party has complied with the Audit Quality Framework and Code of Ethics

Sr. Audit Officer

Appendix 1.6

Sl. No	Process Parameter	Allocated Score	Scoring methodology	Actual Score
1	Planning	30		
1(a)	Desk review- Understanding the auditable entity			
	Review of guard file, data analysis and understanding internal controls. This should comprise review of both internal documents and external applicable data bases/data.	10 5 5	<p>This has two dimensions.</p> <p>Review of internal documents (Max score- 5): A comprehensive review of the entire range of available documents would yield the maximum score of 5 and a limited/restricted review would have to be correspondingly scored lower than 5.</p> <p>Review of internal documents include budgets-financial and outcome, rules/regulations, past audit findings etc.</p> <p>Review of relevant external data bases (Max score- 5): A comprehensive review of the entire range of available data/ data sets/ reports would yield the maximum score of 5 and a limited/ restrictive review would have to be correspondingly scored lower than 5.</p> <p>Review of external data includes data analysis of relevant external databases, reports/statistics of Govt. etc.</p>	
	Identification of potential risk /focus areas	10 5 5	<p>This has two dimensions.</p> <p>Focus areas from past audits (Max score- 5): Identification of persistent irregularities, systemic issues emerging from past audit findings would be scored based on the range of areas identified up to a maximum of 5.</p> <p>New focus areas (Max score- 5): Identification of any new focus area(s) would yield a score of 5.</p>	
1(b)	Determination of scope of audit and Audit Objectives	05	Determining the scope and audit objectives duly approved by the Group Officer (as per the prescribed template) prior to commencement of audit would fetch a score of 5. Not doing so would yield a score of zero.	
	Deciding the assignment plan for team members, audit procedures and preparation of audit	05	Deciding the assignment plan and broad audit procedure duly approved by the Group Officer (as per the envisaged template) prior to commencement of audit would fetch a score 5. Not doing so would yield a score of zero.	

	design matrix if applicable			
2	Conducting the audit	45		
2 (a)	Findings and evidence			
	Extent of findings from identified risk/ focus areas	25	The score against this parameter would have to be determined on the basis of the percentage/rate of conversion of risk/focus areas identified (as at 1 (a) above) into findings in the Inspection Report. The specific findings from other than focus areas included in the Inspection Report would also be considered.	
		25	(A) Clear cases of overpayments/ wasteful or infructuous expenditure /leakage of revenue/ revenue foregone or short collected/ frauds or presumptive frauds/losses /non-compliance with laws or rules/ violation of contractual obligations/ undue favour to contractors/service providers (scoring to be based on proportion of such paras to total paras in IR eg if all paras in the IR fall in this category it would fetch full score of 25. If 60% of the paras fall in this category, it would fetch a score of 15 i.e 60% of 25) – (Max score 25)	
		15	(B) Clear cases of idle investments/blocking of funds/delays in procurements, commissioning of equipment, project execution and diversion or mis-utilisation of funds (scoring to be based on proportion of such paras to total paras in IR eg if all paras in the IR fall in this category it would fetch full score of 15. If 20% of the paras fall in this category, it would fetch full score of 15. If 20% of the paras fall in this category, it would fetch a score of 3 i.e 20% of 15) – (Max score 15)	
		5	(C) Procedural issues either not involving financial implications or having financial implications lower than materiality (scoring based on proportion of such paras in IR eg if all paras in the IR fall in this category it would fetch full score of 5. If 20% of the paras fall in this category, it would fetch a score of 1 i.e 20% of 05) – (Max score -5) In case of 'NIL' Inspection Reports, the conduct of audit has to be evaluated against	

			the nature of the audited entity (high risk/medium risk/low risk) focus areas that have been pursued against applicable audit criteria. The scoring would be based on proportion of focus areas that were pursued vis-à-vis that were identified during planning stage and compliance to the envisaged audit process (if all areas were satisfactory pursued against applicable audit criteria and the audit process was followed it would yield a full score of 25 else the score would have to be proportionately reduced)	
	Extent of sufficient and appropriate Evidence (Key documents) obtained and evaluated.	10	<p>Part II A- (Max Score -8):The score against this parameter would have to be determined on the basis of the percentage of paras in the Inspection Report for which sufficient and appropriate evidence have been obtained and evaluated. (e.g. If the IR has 20 Part II A paras and full set of KDs (evidence) have been obtained for only 14 paras (70% of paras), this parameter would fetch a score of 5.6 (70% of the maximum allocated score of 8)</p> <p>Part II B – (Max Score -2): The score against this parameter would be on similar basis as envisaged for Part II A paras above.</p>	
2(b)	Documentation			
	Preparation of Audit file and documentation of Working papers – Extent of field work done-	10	Preparation of Audit file comprehensively as envisaged in Compliance Auditing Guidelines and containing the audit strategy, scope and methodology, sample selection, audit procedures applied, Audit Design and Audit Findings matrices (where applicable) etc and documenting the working papers comprehensively as envisaged in Compliance Auditing Guidelines and detailing the extent of work done, contracts/agreements examined etc would yield the full score of 10. The score against this parameter would have to be proportionately reduced based on the extent of gaps in documentation observed during the process vetting the IR. This is applicable for NIL IRs also.	
3	Reporting	25		
3(a)	Drafting and presentation			
	Drafting quality	05	The score against this parameter would have to be determined on the basis of extent of revision that was necessary while vetting the IR. This is not applicable for NIL IRs	

	Appropriate classification of paras into Part –II A and Part –II B.	05	The score against this parameter would have to be determined on the basis of the proportion of paras that were incorrectly classified to the total paras. (e. g. if two out of six paras in the IR were incorrectly classified (which had to be rectified during vetting process) ie. 30% incorrectly classified and 70% correctly classified, the (70% of the total score). This is not applicable for NIL IRs.	
	Mortality of paras	05	The score against this parameter would be determined on the basis of percentage of paras retained (number of paras wrt total paras in Draft IR) during the vetting process. i.e. if 80% of the paras have been retained, the score to be awarded would be 4 (80% of the total score). This is not applicable for NIL IRs.	
3(b)	Timeliness			
	Submission of Draft IR	05	Dispatch of Draft IT/ emailing the Draft IR promptly (7 days) would yield the full score of 5, which would be proportionately reduced for delays as under: Delay upto five days: 4 Delay upto seven days: 3 Delay upto nine days: 2 Delay of 12 days: 1 Delay > 12 days: 0 This would apply to NIL IR also	
	Issue of IR	05	Issue of IR promptly within the specified time (30 days) would yield the full score of 5, which would be proportionately reduced for delays as under: Delay upto five days: 4 Delay upto one week: 3 Delay of 10 days: 2 Delay of two weeks: 1 Delay > two weeks: 0 This would apply to NIL IR also	
	Total	100		

Grading of Inspection Reports

IR Grading

Score of IR	Less than 25	26-30	31-35	36-40	41-45	46-50	51-60	61-70	71-80	81-90	91-100
IR Grade	0	1	2	3	4	5	6	7	8	9	10

Appendix 1.7
Allotment of Weights on the Desirability Acceptability Matrix
Receipt Audit Reports

Acceptability index/para desirability index	Recovered	Accepted by the department/government	Not accepted by the department/government but effectively rebutted by audit	No reply from department or government
Non compliance to laws, rules, etc.	R1 (1)	R2 (0.8)	R3 (0.4)	R4 (0.2)
Lacuna in law/procedure, policy	-	S2 (0.4)	S3 (0.2)	S4 (0.15)
Control weaknesses	T1 (0.3)	T2 (0.2)	T3 (0.15)	T4 (0.10)

Weighted Aggregate of Money Value
Audit Report for the year ending

Para No.	Financial period	Money value	Premium for timeliness	Matrix identity	Matrix Weight	Weighted money value	Contributing office
(4.2)	(2001-02)	(50 lakh)	(55 lakh)	H4	(0.10)	(5.5 lakh)	

Signed

Accountant General/ Pr. Director

Note-1: Money value of paras pertaining to transactions of preceding two years will be enhanced by 10 per cent

Note-2: Last column needs to be filled up only for the reports for which materials is contributed by more than one office.

Figures in brackets are shown as illustrations.

PROFORMA

Bond copy of Audit Report (Revenue Receipts) Government of _____ for the year _____

**Para-wise Money Value of DPs/ Reviews
(In crore)**

Para No.	R1	T1	R2	S2	T2	R3	S3	T3	R4	S4	T4	Total

Chapter-wise Money Value of Paras and Reviews

Chapter	R1	T1	R2	S2	T2	R3	S3	T3	R4	S4	T4	Total

**Calculation Sheet for Weighted Money Value of Revenue Receipts for Audit Report
– Government Of _____ for the year _____**

Sl. No.	Category/ Reference of the paras	Matrix	Matrix weight	Money value	Premium for timeliness	Weighted money value
(1)	(2)	(3)	(4)	(5)	(6)	(7)
01.	Recovered					
	Non compliance to law, rules etc.	R1	1			
		T1	0.3			
	Total					
02.	Accepted by the Department/Government					
	Non compliance to law, rules etc.	R2	0.8			
	Lacuna in law, procedure, policy	S2	0.4			
	Control weaknesses	T2	0.2			
	Total					
03.	Non accepted by the Department/Government					
	Non compliance to law, rules etc.	R3	0.4			
	Lacuna in law, procedure, policy	S3	0.2			
	Control weaknesses	T3	0.15			
	Total					
04.	No reply					
	Non compliance to law, rules etc.	R4	0.2			
	Lacuna in law, procedure, policy	S4	0.15			
	Control weaknesses	T4	0.10			
	Total					
	Grand Total					

Appendix 1.8

Direct access to Private Sector Records for audit by CAG-Protocol

The duties and powers of the Comptroller and Auditor General of India (CAG) to directly access and audit the records of the private sector have been under discussion for some time. This issue was examined by the Hon'ble Delhi High Court and the Supreme Court of India in the case of access of records of Private telecom companies by the CAG. The Hon'ble Courts recognized that the records for private players entrusted with the responsibility of delivering public goods and services by utilizing the state owned resources should be accessible to the CAG for audit.

Important arguments accepted the rationale behind the judgments and the highlights of the above mentioned judgments that have wider implications for audit by the CAG of private sector organisations are brought out below:

Judgement Dated 6th January 2014 of the Delhi High Court

Applicability of Principle of 'Res Communes' – The doctrine of 'res Communes' claims that some things are common to mankind – the air, the water etc. Thus, the titles of these resources are vested with the State as the sovereign, in trust for the people (Para No 21). Licensees are the accountants of the Central Government and are expected to maintain complete, accurate and honest books of accounts as to any transaction(s) involving revenue as a fiduciary duty. (Para No 31).

Revenue would include any income of the nation derived from any source, to be credited into the Consolidated Fund of India. Therefore, the revenue shared by the Licensees with the Central Government, flowing into the CFI is the income of the nation and it comes under Article 266(1) of the Constitution (Para No 48).

Judgement Dated 17th April 2014 of the Supreme Court of India

Article 149 of the Constitution and the Comptroller and Auditor General of India (DPC) Act 1971 is to provide for Parliamentary control of executive on public funds, consequently ambit of audit by CAG has to cover all issues that are required to be examined by the Parliament (Para No 18).

Article 266 of the Constitution of India take in "all revenue receipts by the Government of India" and submitted that a combined reading of Sections 13, 16 and 18 of the C&AG (DPC) Act would indicate that it is obligatory on the part of the CAG to audit all transactions entered into by the Union and the States pertaining to the consolidated Fund (Para No 19).

When nation's wealth/natural resources, like spectrum, are being dealt with either by the Union, State or its instrumentalities or even the private parties, like service providers, they are accountable to the people and to the Parliament (Para No 37).

CAG's examination of the accounts of the Service Providers in a Revenue Sharing Contract is extremely important to ascertain whether there is an unlawful gain to the Service Provider and an unlawful loss to the Union of India, because the revenue generated out of that has to be credited to the Consolidated Fund of India (Para No 41).

The Expression "to audit all receipts" doesn't distinguish the revenue receipts and non-revenue receipts (Para No 45).

Section 13 read along with the Section 16 makes it clear that the expression 'to audit all transactions' so also "audit of all receipts". Payable into Consolidated Fund of India

would take in not only the accounts of the Union and of the State and of any other authority or body as may be prescribed or under any law made by the Parliament but also to audit all transactions which Union and State have entered into which has a nexus with Consolidated Fund, especially when the receipts have direct connection with Revenue Sharing (Para No 45).

Unless the underlying records which are in the exclusive custody of the Service Providers are examined, it would not be possible to ascertain whether the Union of India as per the agreement, has received its full and complete share of revenue, by way of license fee and spectrum charges (Para No 48).

CAG is not actually auditing the accounts of the UAS Service providers as such, but examining all the receipts to ascertain whether the Union is getting its due share by way of License fee and Spectrum charges, which it is legitimately entitled to, by way of revenue sharing (Para No 50).

CAG's function is separate and independent and is not familiar to the audit conducted by the DoT under clause 22.5 or special audit under clause 22.6 (Para No 51).

Role of CAG in a changing audit environment

In essence, these judgments have emphasized that the duties and powers of the CAG being part of the basic structure of the Constitution, are to be interpreted and carried out to meet the changing needs and requirements of accountability. In the current scenario, the purpose of audit by CAG of records of private sector organizations can be stated as under:

- Providing an independent assurance that the terms and conditions of the agreements have been complied with in letter and spirit.
- Assisting in protecting the legitimate interest of public at large.
- Ensuring parliamentary oversight.

An independent assurance by the CAG, as an external auditor, to the Government is necessary and different from the roles of executive, the statutory auditor and the regulator. As the audit of such private sector records is to safeguard the interests of the State or its agencies of instrumentalities, it is the constitutional mandate of CAG and has been upheld in the above said judgment. Therefore, there may be no requirement of specific entrustment of such audits.

Protocols

The emerging audit scenario requires a new protocol to be established for accessing/auditing private sector records. This guidance note aims at laying down the procedure on the following aspects:

- Identification of agreements involving private sector participation
- Determination of need to access private sector records
- Scope of examination of private sector records
- Mode of interactions with private sector
- Composition of Audit parties and capacity building.

Identification of agreements involving private sector participation

The field audit offices are required to prepare a master data base of all agreements entered into by the Union and State Governments and their agencies or instrumentalities with private sector:

- a) For delivery of public goods and services
- b) Dealing with transfer or natural resources (like land, water, spectrum and general resources) or public properties to private sector, if such transfer affects public interest.
- c) Nexus with consolidated fund of India or State.
- d) Having an impact on public matter.

Presence of one or more of the above mentioned parameters could be the basic identification of agreements for this purpose. These parameters would help in identifying agreements/ contracts which could require access to private sector records by CAG to provide assurance as indicated above.

Determination of need to access private sector records

The decision to access the records of any private sector organization has to be taken with the approval of controlling DAI/ADAI. The necessity of accessing the private sector records would be decided by the HQ on a case by case basis, depending upon the risk assessment of the subject matter and the ability /inability of the CAG to effectively fulfill his mandate only through audit records of the government/public entity which comes under the CAG audit purview. HQ would also decide the applicable section of the CAG's DPC Act under which such audit would be conducted deciding in turn the scope of audit. A self contained proposal giving justification/ necessity for such direct access has to be sent by the field audit officer to the headquarters. While recommending the need to access/audit private sector records the following aspects may be kept in view:

- a) The contract may provide for specific agreements clauses requiring private sector organization to provide access to information/records to public sector partners or any other public authority.
- b) In most of the cases it may be possible to get the required information through the public sector audited entity entering into agreement with the private sector entity in question. The public sector entity should be the first port of call.
- c) In certain cases, it would not be possible to provide assurance that the terms and conditions of the agreement are being complied with, unless the underlying records that are in the exclusive custody of the private sector organization are examined.
- d) In all cases, the materiality and the risk perception need to be given due consideration.

Appendix 1.9

Guidance Note

Preface to Audit Reports

A need has been felt for bringing about some uniformity and consistency in the preface to the audit reports of CAG of India. The preface is essentially to convey to the reader of the purpose and scope of the report. It is therefore necessary that the following essential elements must be present in the preface of all the audit reports of the Union and State Governments.

Mandate- Constitutional mandate that the report has been prepared under Article 151 of the Constitution for submission to the President/ Governor, as the case may be, has to be mentioned in all reports other than the reports prepared exclusively on the Public Sector Undertakings (PSUs).

In case of reports dealing exclusively with the audit of PSUs, a reference has to be made about the mandate available under the Companies Act, 2013. A reference has also be made about the supplementary nature of the accounts/audit which is being done under Section 19(i) of the CAG's DPC Act.

There is no requirement of mentioning the provisions of the CAG's DPC Act for any other report.

Scope of the Report- Scope of the report would be to cover the following 4 sub-elements:

Year of the Report – In case of the reports which are prepared on an annual basis i.e. the report on State Finances, the compliances and performance audit reports, a reference has to be made about the year for which the report has been prepared. However, there is no requirement of mentioning for the year ended _____ in the case of the stand-alone audit reports.

Audited entities – Names of the departments whose results of audit are covered in the report may be mentioned. This has become necessary after restructuring of the Department and splitting of reports among different sections. A reference may also be made that departments not covered in this particular report would feature in other reports. However, it is not required to mention the name of department under audit in the report No 1 of the Union Government and the report on the State Finances as those reports cover the concerned Government as a whole. In case of the stand-alone reports the subject matter under audit may be mentioned.

Type of Audit – The preface should contain the information about the nature of the audit i.e., that this report contains results of performance/financial/compliance audit as applicable.

Period of Audit – The preface should explain period to which the instances pointed out in this report belong to. Mention that certain instances may also belong to the earlier years or subsequent year as applicable may be required.

Standards – Preface should mention that the audit has been undertaken in conformity with the CAG's auditing standards.

Acknowledgement – In case of the standalone reports, an acknowledgement of the cooperation extended by the Executive may be mentioned. However, in the case of other reports the acknowledgement could appear in the relevant chapters.

Formats designed for different types of Audit Reports are attached. The modifications in the structure and language can be made, if necessary, with the approval of DAI/ADAI for the report concerned.

Draft Preface (Specimen-No.1)

This report for the year ended March [the relevant year] has been prepared for submission to the President/ Governor of [name of state] under Article 151 of the constitution of India.

The report contains significant results of the performance audit and/or compliance audit of the Departments of the Union Government/Government of [name of the state] under the [economic/general and social services] including Departments of [name of departments covered in the report]. However, Departments of [name of the department not covered in the report] are excluded and covered in the Report on [General and Social Services/Economic].

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period [relevant financial year] as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to [relevant financial year] have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

(Applicable to the Reports dealing with Economic (including Revenue) and General and Social Service sectors)

Draft Preface (Specimen No.2)

This report deals with the results of audit of Government Companies and Statutory corporations for the year ended March (**title of relevant year**).

The accounts of Government Companies (including companies deemed to be government companies as per the provisions of the Companies Act) are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act 1956. The accounts certified by the Statutory Auditors (Chartered Accountant) appointed by the Comptroller and Auditor General of India under the Companies Act are subjected to supplementary audit by officers the CAG and the CAG gives his comments or supplements the reports of the Statutory auditors. In addition, these companies are also subject to test audit by the CAG.

Reports in relation to the accounts of Government Company or Corporation are submitted to the Government by CAG for laying before Parliament/State Legislature of (as applicable) under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and conditions of Service) Act, 1971.

(Reference may be made to the corporations and authorities who accounts stipulate that they come under the ambit of sole audit CAG, if applicable)

The instances mentioned in this Report are those which came to notice in the course of test audit for the period (relevant financial year) as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; matters relating to the period subsequent to (relevant financial year) have also been included, wherever necessary.

Applicable to reports dealing exclusively with PSUs.

Appendix 1.10
Format for planning audit procedures

SI No	Description	Details
1	Name of the Entity	
2	Period of audit	
3	Duration of audit	
4	Have the documents of the Entity (such as the Financial budgets/ Outcome budgets/ Result Framework Documents/ Annual Report/ New Policies and changes in policy, previous Inspection Reports/ Performance Audits Reports conducted earlier etc) been desk reviewed	
5	Have documents and data from secondary sources (such as Reports of the State and Union Governments and of various Commissions/ Census data/ Statistics put out by Government/ NSSO data/ digitized data available in data.gov.in, VLC data, Beneficiary data (if applicable) etc, and other sources like media reports, research reports, academic reports etc) been desk reviewed	
6	Potential risk/ focus are as that emerge of the review conducted as at (4) and (5) above.	
7	List the Audit Objectives that are intended to be pursued both on regularity and propriety aspects	
8	Summarize the planned scope of audit	
9	Audit procedures that are intended to be applied (review of records, physical verification, joint inspections, external evidence collection etc)	
10	Broad Assignment Plan for each party member	
11	Other remarks	

Senior Audit Officer

Appendix 1.11
Government of India,
Ministry of Finance,
Department of Economic Affairs, New Delhi
Date:

To,
The Comptroller and Auditor General of India, New Delhi

Subject: Entrustment of audit of accounts to the Comptroller and Auditor General of India under section 20 of the C&AG (DPC of service Act, 1971).

Sir,

I am directed to state that the President of India is pleased to request the Comptroller and Auditor General of India to undertake the audit of the accounts of _____ in terms of Section 20 of the CAG's (Duties, Powers and Conditions of Services) Act, 1971.

As required under the said section, the office of the Comptroller and Auditor General of India has been consulted vide their U.O.

No. _____.

Provisions of sub-section (3) of Section 20 of the said Act are satisfied in this case.

The terms and conditions for conducting the audit of the accounts of the said Institution/Body/Authority shall be as indicated in the annexure hereto.

Yours faithfully,

Officer on Special Duty (Budget)

Terms and Conditions

Any expenditure incurred in connection with the audit will be payable by the body to the Comptroller and Auditor General of India.

The Comptroller and Auditor General of India or any person appointed by him in connection with the audit shall have the same rights; privileges and authority the C&AG has in connection with the audit of Government accounts.

The result of audit will be communicated by the C&AG or any person appointed by him to the Governing body who shall submit a copy of the report along with its observations to the Government. The C&AG will also forward a copy of the report direct to the Government.

The audit is entrusted to the C&AG in public interest for period of 5 years in the first instance, subject to review of arrangement after that period.

No other auditor will be appointed for any purpose whatsoever in connection with the accounts of the body (except with the prior approval of the C&AG).

The scopes, extent and manner of conducting audit shall be as decided by the Comptroller and Auditor General.

The C&AG will have the right to report to Parliament/ State Legislature the results of audit, at his discretion.

CHAPTER II

General Administrative Department

2.1 The General Administration Department is one of the most important regulatory departments of the State Government. The Department is divided into four divisions, each of which is headed by an officer of the level of Secretary or above.

Acts and Rules: Following Act and Rules are implemented by four divisions.

Sl. No	Division	Act or Rule
1	Personal Division	Gujarat Civil Services (D&A) Rules-1971
2		Gujarat Civil Services (Conduct) Rules-1971
3		Gujarat Government Rules of Business, 1990
4		Instruction regarding Gujarat Government Rules of Business, 1990
5		The allocated Government Servants Rules, 1957
6		Recruitment Rules-1967 for Gujarat Civil Services Classification
7		The Gujarat State Guests Rules, 2004
8		Warrant of Precedence
9		The State Emblem of India (Prohibition of Improper use) Rules, 2005
10		GPSC (Exemption from consultation) Regulation 1960
11		Gujarat Essential Service Maintenance Act 1972
12		The Gujarat Lokayukta Act 1986
13		The Gujarat Lokayukta Rules 1989
14		The Inquiry Manual
15		Gujarat Civil Services (D&A) Rules-1971 with GRs and Circulars
16	Gujarat Civil services Tribunal/Personal Division	The Gujarat Civil Services Tribunal Act,1972
17		Gujarat Civil Services (Conduct) Rules, 1971
18		Gujarat Civil Services (Discipline & Appeal) Rules, 1971
19		Department Inquiry Manual
20	State Election Commission/Personal Division	The Gujarat Panchayat Act-1993
21		The Gujarat Panchayat Act-1993 (Election Rules)
22		The Bombay Provincial Municipal Corporation Act, 1949
23		The Bombay Provincial Municipal Corporation Act-1949 (Election Rules)
24		The Gujarat Municipalities Act. 1963
25		The Gujarat Municipalities Act. 1963 (Election Rules)
26		The Gujarat Anti defacution Act 1986 and Rules their under.
27	Planning Division	The Director, Economics and Statistics, in Gujarat Statistical Services, Class-I Recruitment Rules-2012
28		The Joint Director, in Gujarat Statistical Services, Class-I Recruitment Rules-2015
29		The Deputy Director, in Gujarat Statistical Services, Class-I Recruitment Rules-2012

30		The Research Officer, in Gujarat Statistical Services, Class-II Recruitment Rules-2012
31		The Research Assistant, Class-III, Recruitment Rules-2010
32		The Statistical Assistant, Class-III, in the Directorate of Economics and Statistics, Recruitment Rules-2009
33		The Gujarat Non-Secretariat Clerks, Class-III, (Direct Recruitment Procedure) Rules, 2014
34	Information Commission	Right to Information Act, 2005

I. Personal Division

2.2 Personal Division prescribes rules and procedure to be adopted in personnel matters specially issues concerning recruitment, training, career development, staff welfare as well as the post retirement dispensation, whereas on the other it acts as the cadre controlling department of Indian Administrative Service, Gujarat Administrative Service, Gujarat Secretariat Services, Gujarat Secretariat Stenographer Services and Gujarat Secretariat Clerk Services. The department also coordinates with the two Commissions- GPSC (Gujarat Public Services Commissions) and GSSSB (Gujarat Subordinate Staff Selection Board) which looks after appointment to the gazetted post and non-gazetted posts respectively.

Main Functions: i. Matters relating to Indian Administrative Services (IAS), ii. All service matters relating to IAS services including Posting, transfer, Promotion of IAS Officers, iii. Matters relating to Gujarat Administrative Services (GAS), iv. Approval & framing Departmental Examination Rules, v. Framing of Discipline and Conduct Rules for Government Servant, vi. Consultation of GPSC, Advisory role in respect of public service and training, vii. All service matters & training relating to of IAS and GAS, viii. Advisory role in respect of framing of Terms & conditions in various Government Services of state level government employees, ix. Consultation with UPSC, x. Appointment and establishment matters of Lokayukta, xi. Gujarat Administrative Tribunal, xii. Gujarat Subordinate Staff Selection Board, xiii. RTI and relating work, xiv. Appointment of CIC and IC, xv. Advisory role in respect of service matters of all class I officers, xvi. Departmental Inquiry policy for all Government Officers/Employees, xvii. Consultation in Departmental Inquiry for all Class-I Officers and above of the State Government, etc.

2.2.1 Principal Secretary to Hon'ble the Governor (HOD)

The Governor's Secretariat is headed by the Principal Secretary to the Governor who is in the overall command of two officers functioning with the Raj Bhavan

1. Governor's Secretariat [Office of the Secretary to the Governor of Gujarat]
2. Office of the Comptroller of the Governor's Household.

Functions: The Governor's secretariat attends to all the work pertaining to his constitutional duties and responsibilities.

The Secretariate also attends to the work relating to the Swearing-in-ceremonies of the council of Ministers, Chief Justice of the Gujarat High Court and the Lokayukta. It also provides assistance to the Governor in the performance of his functions such as the Chancellor of the Universities. Besides, it deals with all the administrative matters with reference to those organizations with which the Governor is associated either as President

of Chairman. It performs the following functions: i. The establishment matters of the Secretariat, ii. Files regarding legislative and constitutional matters including assent to Bills, iii. Promulgation of Ordinances, iv. Summoning and proroguing of the Assembly sessions, v. Approvals to Draft Recruitment Rules of the Department, v. Complaints/ grievances of public, vi. Requests for patronage of various social service institutions and trusts, vii. Files relating to the appointment of Vice Chancellors, viii. All matters related to several organizations headed by the Governor, ix. Organising review meetings with the concerned officials for reviewing the programmes/schemes for the development of the Scheduled Tribes, x. Organising various events/ functions at the Raj Bhavan as and when required, xi. Protocol duties during the VVIP visits

2.2.2. Comptroller of the Governor's Household (HOD)

Function: The main function of the office of the Comptroller of the Governor's Household (headed by the Comptroller of the Governor's Household) is to ensure efficient management of the Raj Bhavan household at Gandhinagar. All the household activities pertaining to the catering arrangements for the Governor and his family members as well as official guests of the Raj Bhavan are looked after by the office of the Comptroller of Governor's Household.

Besides, the Comptroller of the Governor's Household office looks after all the arrangements for all state functions, official meetings, receptions, lunches and dinners hosted at the Dining Hall and Banquet Hall of the Raj Bhavan. It looks after all the arrangements for the visiting dignitaries, arrangements for the cultural activities, travel arrangements for the Governor and guests as well as the other staff members within and outside the State.

2.2.3. Resident Commissioner, New Delhi (HOD)

Office of the Resident Commissioner is the liaison office of the Government of Gujarat situated at New Delhi. It liaises with the Central Government, State Governments and National/International organizations and also manages Gujarat Bhavan, New Delhi.

The Commissioner office look after two Guest Houses situated at Delhi: i. **Garvi Gujarat** Garvi Gujarat is situated at 25-B, Akbar Road in New Delhi, ii. **Gujarat Bhawan** The Bhawan is located at 11, Kautilya Marg, Chanakypuri in New Delhi.

2.2.4. Secretary, Gujarat Subordinate Staff Selection Board

The Board was entrusted with the task of filling up vacancies by conducting competitive examination / oral examination through direct recruitment. Chairman is the head of the Board and he is assisted by one Secretary and two members.

Main functions: i. Recruitment in Class-II posts under the control of the Director of Accounts and Treasury under the Finance Department, ii. All the work of selecting candidates for recruitment on all the technical and non-technical Class-II posts of the State including Class-II vacancies in the Departments of the Secretariat which are not under the jurisdiction of Gujarat Public Service Commission, iii. Work of conducting departmental examinations for all the posts of Class-3 in the departments of the secretariat, the offices of the head of the department and the district offices, iv. Work of allotment of dependent candidates for appointment and its coordination by obtaining information of vacancies for gracious appointment of dependents of late government employees.

2.2.5. Secretary, Gujarat Civil Services Tribunal: It is the appellate authority for class II, III and IV employees to appeal against the orders of punishment made by heads of departments.

Any specified civil servant aggrieved by an original or appellate order or decision of any competent authority including heads of departments, but where such order or decision is not that of the State Government, regarding any of the specified matters may file an appeal before this Tribunal. Every decision of the Tribunal under the Gujarat Civil Services Tribunal Act, 1972, is final and cannot be called in question before any civil court or any other authority and all orders passed by the Tribunal are executed in the same manner in which similar orders, if passed by the State Government could have been executed. With effect from 19.1.2015 the Tribunal also functions as the Referral Board for the disposal of appeals concerning Performance Appraised Reports filed by the aggrieved officers reported upon.

2.2.6. Registrar, Office of the Lokayukta

Functions:

The main function of this office is to investigate allegations against public functionaries in the State of Gujarat, such as: i. A Minister including Chief Minister, Minister of State, Deputy Minister and a Parliamentary Secretary, ii. The Chairman or the Vice Chairman or a non-official Director or a non-official Member of a Government Company, iii. The Chairman or the Vice Chairman or a non-official Director or a non-official Member of a Corporation or a Board, The Vice Chancellor of a University in the State of Gujarat.

2.2.7. Gujarat Public Service Commission (GPSC)

As per the provision of the Constitution of India formation of the Gujarat Public Service Commission came into existence w.e.f 01.05.1960. Gujarat Public Service Commission is headed by Chairman.

Important Functions of GPSC

Functions have been entrusted to the Gujarat Public Service Commission under Article 320 of the Constitution of India as follows: (i) To conduct examinations for appointment to the services of the State; (ii). To advise on: (a) The matters relating to methods of recruitment to various Civil Services of the State; (b) The principles to be followed in making appointments to civil services of the State and granting promotions, transfers from one service to another and the suitability of candidates for such appointments, promotions and transfers; c. All the disciplinary matters affecting the Government servants, (d) The claims of reimbursements of legal expenses incurred by Government Servants in defending themselves in legal proceedings initiated against them for the act done or purported to be done by them while executing their duty; f. The claims for granting injury-pensions to Government Servants; and g. Any other matters that may be referred to the Commission by His Excellency the Governor

II. Planning Division

2.3 The Planning Division is dealing with formulation of Development Programme, Monitoring of State Plans, Flagship Programs, implementation and monitoring of Decentralized District Planning and 20-Point Programs. For formulation of 3-year Action, 7-year Strategy, 15- years Vision document, the Planning Division is assisted by three heads of departments viz. Directorate of Economics & Statistics, Directorate of Evaluation and Gujarat Social Infrastructure Development Society (GSIDS).

The activities of Directorate of Economics and Statistics include collections, compilations and analysis of the statistical data to support planning and policy decisions. The Directorate of Evaluation evaluates the effectiveness and outcome of plans schemes in the State. Gujarat Social Infrastructure Development Society (GSIDS) supplements the efforts of the State Government to bring up improvement in the Human Development. The main vision of Planning Division is to fulfil the aspirations of people at large and to ensure social and economic sustainable development through effective implementation of plans schemes, Flagship Programs, 20-Point Programs and monitoring of Decentralized District Planning.

2.3.1. Directorate of Economics and Statistics: The head of the office is Director, DES and he is assisted by Joint Directors.

Functions: i. to collect, compile and process the statistical data and disseminate in the form of important statistical publications pertaining to the economy of the State, ii. conduct socio-economic studies, surveys and census related to various socio-economic aspects vital to the development in the State, iii. compile and prepare estimates of State Domestic Product and related aggregates, iv. assist the State Government in the formulation of economic policies by furnishing technical note on current economic situation in the State, v. participate on matching sample basis, in the yearly survey rounds of National Sample Survey Organization, vi. co-ordinate the statistical activities of various State Government departments with a view to suggest improvements in the existing methods of data collection, vii. provide statistical information to various Government Departments, offices, committees, working groups, commission's set-up by the government and the research institutions, viii. organize regular training programmes for various statistical personnel working at different levels, ix. undertake or assist in undertaking special and ad-hoc studies or surveys as desired by the State Government and the Government of India, x. provide technical guidance to District Statistical Officers and coordinating statistical activities at district level with reference to statistical activities, various census and surveys.

2.3.2 .Directorate of Evaluation Gujarat: The Directorate is headed by the Sr. Class I officer from the cadre of Gujarat Statistical Services.

Main functions: 1. Assessment of financial and physical achievement of plan schemes/programmes against the targets, 2. Measurement of their impact on the beneficiaries, 3. impact on the socio-economic condition of the beneficiaries, 4. Difficulties and remedy for the betterment of the schemes/programmes.

2.3.3. Gujarat Social Infrastructure Development Society (GSIDC):

The State Government had set up "Gujarat Social Infrastructure Development Society (GSIDC) as an Autonomous Body under the provisions of the Societies Registration Act, 1860 and Bombay Public Trust Act, 1950 vide GAD's resolution no. SAB- 102006-1699-S dated 12th April 2007.

Secretary (Planning) is the Chairman of the GSIDS. Two Joint Secretary, Planning & Admn and one Deputy Secretary (MLP) are working under him.

Main Function: i. To publish Human Development Reports (State & District), ii. To publish District & Taluka Development Plans (DDPs & TDPs), iii. To receive and compile best practices from the District level, i. To update District Profiles and District Human Development Reports, v. Implementation & monitoring of Sustainable Development Goals, vi. To creating awareness programme at State, District & Taluka

level, vii. To publish the document related HDI & SDGs, viii. To update the key performing indicators at State, District & Taluka wise.

Audit of the Gujarat Social Infrastructure Development Society (GSIDS) is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971.

2.3.4. District Statistical Officer

The District Statistical offices at district level is charged with the responsibility of co-ordination of all statistical activities at the district level and of keeping liaison with the Directorate of Economics and Statistics, Gujarat.

Main functions: i. to collect, compile and disseminate important statistical information pertaining to the economy of the district, ii. conduct socio-economic surveys as per DES guidance and provide statistical information to various district offices, committees, groups and the research institutions at district level.

Regular publications: i. Socio - Economic Review of District, ii. District Statistical Abstract

2.3.5. District Planning Officers

District Planning officer works under direct control of District Collector. Works at District level under the Decentralized District planning Scheme, Works for community Development from Honorable Member of Parliament's Grant of Central Government, meetings of District Planning Boards, review and evaluation of District level schemes, long term Annual Planning, implementation/ Evaluation of Works under 20 points scheme and District Planning committee for 49 Developing Talukas scheme are some important works implemented by District Planning Offices. Citizen Charter scheme is also implemented in the office of the District Planning Officer.

Decentralised District Planning and its constituents:

District Planning Boards: District Planning Boards are broad-based and represent various sections of the society. Chairman of each District Planning Board is a Minister of the State Government. The meetings of the District Planning Boards are to be held three times in a year.

Functions of District Planning Boards: (i) To prepare a perspective Plan, Five Year Plan and the annual Plan of the District, (ii) To formulate schemes in various field to be funded from the outlays under decentralised District Planning, (iii) To ensure maximum participation from local bodies, voluntary agencies and the public, (iv) To undertake review and evaluation of district levels schemes and strive to remove bottlenecks in their implementation.

District Planning Boards Committees

i. Executive Planning Committee

The Executive Planning Committee is a Committee which includes the Collector as Chairman and District Panchayat President as Co-Chairman, District Development Officer, District Planning Officer and all Members of Legislative Assembly of that District. The Executive Planning Committee assist the District Planning Board in a number of ways. Every proposals coming up for funding has first to be placed before them for scrutiny. This ensures that proposals coming up before the District Planning Board are in accordance with the guidelines issued by State Government from time to

time. It also monitors the progress of schemes, identifies bottlenecks and takes remedial steps.

ii. Taluka Planning committee

The Taluka Planning Committees include the President of Taluka Panchayat as Chairman and Prant Officer/Dy. District Development Officer as Vice Chairman, All MLAs of the Taluka, Members of District Panchayat elected from the Taluka, Chairman of the Taluka Social Justice Committee, Mamlatdar as Members and Taluka Development Officer as Member Secretary. Taluka Planning Committees are expected to formulate the proposals looking to the urgent needs of villages within the limit of likely allocation and also to suggest priorities. Taluka Planning Committees are supposed to monitor the progress of works implemented in the taluka by calling meeting every month.

iii. ATVT (Aapno Taluko Vibrant Taluko) Executive Committee

The ATVT Executive Committee include Prant Officer as Chairman and All MLAs of the Taluka, President of Taluka Panchayat, Mamlatdar, Prayojana Officer, Deputy Engineer road/water resource/water supply, Deputy Engineer (electric), Medical Officer (C.H.C./P.H.C.), 3 Members appointed by Government and Research Officer as Members and Taluka Development Officer as Member Secretary.

The committee will decide the list of works to be undertaken. This committee has to give priority to those villages which are deprived of structural and basic amenities by considering the information of Village Profile. The Villages which are deprived of the basic infrastructure facilities and the basic minimum needs should be given priorities. The other taluka level committees will send the list of works sanctioned by them to the ATVT committee to avoid the duplication/ overlapping of the works and to converge the schemes of the same types of works. The committee should find out the missing links and should decide the works of minimum links and the works of community based missing links like internal roads, sewage and arrangements, solid waste, drinking water facilities etc. The committee should undertake only this 4 type of works and for this types of work the 100 % government grant should be utilized and there should not be utilization of any public fund.

Instead of grant allocation on the basis of percentage, from the year 2010-11, Government has declared a new policy of Taluka Centric Approach, in which grant allocation is based on the numbers of villages of talukas as follows: a. Grant of ₹ 1.00 Crore per annum to the taluka having number of villages up to 50, b. Grant of ₹ 1.25 Crore per annum to the taluka having 51 to 100 villages, c. Grant of ₹ 1.50 Crore per annum to the taluka having more than 100 villages, d. ₹ 25.00 lakh per taluka for the discretionary outlay of the concerned Prant Officer, e. ₹ 100.00 lakh per taluka for the 41 developing taluka scheme for the discretionary outlay of the concerned incharge Secretary at the recommendation of the Prant Officer

Schemes and Programmes being implemented at district level:

(A). Member of Parliament Local Area Development Schemes (MPLADS): Under the scheme, each MP has the choice to suggest to the District Collector for, works to the tune of ₹ 5 Crores per annum to be taken up in his/her constituency. The Rajya Sabha Member of Parliament can recommend works in one or more districts in the State from where he/she has been elected.

(B). Twenty Point Programme: Its thrust is towards programmes for eradicating poverty and improving the quality of life of the poor and the under-privileged people all over the

country. The Programme covers various socio-economic aspects like poverty, employment, education, housing, health, agriculture, land reforms, irrigation, drinking water, protection and empowerment of weaker sections, consumer protection, environment, e-Governance, etc.

(C). Developing Taluka Scheme: A grant of ₹ 3 crore per year is given to each Taluka, by which, basic infrastructural facilities like health, education, nutrition, electric facility are provided to the deprived people for their collective development.

(D). Sagarkhedu Sarvanti Vikas Yojana: A unique twelve-point flagship programme amounting to ₹ 11,000 crore for Eleventh Five Year Plan focuses attention in an integrated manner on the Developmental issues of 60 lakh population living in 3000 Villages of 38 coastal Talukas in 13 Districts. This programme addresses special problems to improve quality of life and HDI in coastal areas, especially fisherman population

III. Administrative Reforms and Training Division and NRI/NRG Division

2.4 The Administrative Reforms and Training Division focuses on capacity building and training of government personnel to meet the needs of good governance and on promoting citizen centric governance. Administrative reforms including people's participation in development, use of technology for improving transparency and effectiveness of government programmes would be the hallmark of this approach. The NRI/NRG division is dedicated to building partnerships with the Gujarati Diaspora and facilitating their continuing bonds with the homeland. NRGs are facilitated to contribute to the development of the state. The Diasporas are encouraged to keep alive the Gujarati culture and spirit in their communities worldwide.

2.4.1. Sardar Patel Institute of Public Administration - SPIPA (HoD)

SPIPA was established by the Government of Gujarat in 1962 as the apex Training Institution of the state. The Institute provides state-of-the-art training in public administration, rural development, local self-government, disaster management and related areas so as to optimize the competence of Government employees and, thereby, helps realize the endeavour of ideal governance. Senior IAS officer is the head of the institute works as Director General.

Core objectives: i. To bring together various State Government institutions desiring to share resources of common infrastructure, ii. To provide foundation training to the new recruits of the State Government, conduct pre-service and in-service training to gazetted and non-gazetted employees at all levels – be it at Secretariat, departmental or district level, iii. To organize seminars, conferences, discussions, symposia, workshops etc. on issues relevant to good governance, iv. To assess training needs and devise course structures for various departments of the State Government, v. To design programs for preparing meritorious students for civil service examinations, vi. To establish and maintain libraries and publications for information and awareness on public administration.

Audit of the SPIPA is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971.

2.4.2. Gujarat State Non-Resident Gujaratis' Foundation (GSNRGF)

Gujarat State Non-Resident Gujaratis' Foundation (NRGF) has been established by the Government of Gujarat to further the common interests, concerns and historical ties that bind the people of Gujarat to NRGs (Non- Resident Gujaratis) or people of Gujarati

origin living outside Gujarat, in other states within India as well as places outside the country) with a firm belief that the contact and friendship established through programs of the foundation can go a long way towards generating mutual benefits for the people of Gujarat as well as NRGs.

Objectives: i. To establish effective communication with NRGs in various parts of the world, prepare and maintain a comprehensive data-base about NRGs, ii. To study from time to time, social and cultural issue of NRGs and take steps to formulate schemes for meeting their requirements, iii. To take effective steps to survey and assess the technical and professional skills of NRGs and to dovetail the same into Gujarat's development effort, iv. To tap the technological, managerial and financial resources of the NRGs so as to upgrade the technical and professional skills and the human resource of the state for the economic and industrial development of the state, v. To channelise the savings and surplus financial resources of the NRGs into the Gujarat's developmental efforts for mutual gain, vi. To monitor the general welfare of the NRGs and in time of crisis identify specific problems of Gujarati Non Resident Indians groups and take up the same with and through Government of India, vii. To take up other such activities as may be entrusted by State Government, viii. To do the Listing /Data Collection of NGOs who are approved by the Charity commissioner under the law, ix. To co-ordinate with the NGOs on behalf of the State Government during the natural/manmade calamities.

Projects:

(i). **Creation and maintenance of NRG Database:** The foundation is established with the main objective of creation of the database on Non Resident Gujaratis. The database is collected from individuals, members of Gujarat Card scheme, members of Gujarati Samaj, Collectors, District Development Officers (DDOs), District Superintendent of Police and Municipality offices in various formats. The same has been compiled in an uniform format and is available with foundation.

(ii). **Gujarat Card-A distinctive identity for NRGs:** NRGF issues the Gujarat Card-a distinctive identity connecting every NRG with their motherland. There are special value privileges extended to NRGs having a Gujarat Card. Gujarat Card holders, can avail exceptional discounts at several venues including prestigious hotels, garments stores, jewelry shops, major hospitals and more

Possession of a Gujarat Card also certifies the card holder to be a genuine NRG and is provided priority support and assistance at all NRG Centres established by NRGF, and local Gujarat Government offices such as Collectorate or the Police. Assistance may be sought for tourism guidance, accommodation, medical services, business opportunities, foreign exchange guidance, etc.

(iii). **A Scheme of appointing honorary representative:** The NRG Community is known for their knowledge, skill, capacity and interest in contributing towards the betterment of their Home State. The Government of Gujarat has decided to have a new scheme to facilitate and motivate contribution of NRG Community to the affairs of the State. The Government of Gujarat has decided to appoint suitable persons/organizations of eminence as "Honorary Representative of the Government of Gujarat" from the Non Resident Gujarati community residing outside the country.

(iv). **Financial Aid for Gujarati Samaj Bhavan:** The Government of Gujarat has introduced a scheme extending financial assistance to Gujarati Samaj upto ₹ 22.00 lacs to build the Gujarati Samaj Bhavan or buildings and for renovation upto ₹ 6.00 lacs.

(v). NRG District Committees : The Government has formed NRG committees in all the districts of the State of Gujarat for resolving any problems/issues faced by the Non-Resident Gujaratis, including those related to their property/land in the native place in Gujarat. Non-Resident Gujaratis can directly contact the Member Secretary Resident Deputy Collector of the committee of the concerned district or can get in touch with the N.R.I. Division or The NRG Foundation.

Audit of GSNRGF is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971.

IV. Election Division

2.5. State Election Commission

State Election Commission, Gujarat was constituted in September 1993 under Article 243K of the Constitution of India. State Election Commission has been entrusted with the function of conducting free, fair and impartial elections to the local bodies in the state. State election commission carries out activities related to preparation of wards / election division as per local bodies rules, decision of boundaries and distribution of seats along with preparation of voters list for the local bodies organizations like Gram Panchayat, Taluka and District Panchayat / Municipality and Municipal Corporation of the State and conducting general / mid-term / bye-elections and supervising them.

State Election Commission is headed by the Chief Electoral Officer and he is assisted by Additional Chief Electoral Officer and Joint Chief Electoral Officer.

Functions: i. to conduct Election for Member of Parliament, Election for Member of Legislative Assembly and by election of both the MP and MLA, ii. responsible for various programme for voter education and awareness, iii. to carry out the function related to updating of Electoral Roll and printing/ issuance of voter's identification card, iv.maintaining model code of conduct at the time of Parliamentary and State legislative Assembly General/by Elections.

V. State Information Commission (SIC)

2.6 Section 15 of the Right to Information (RTI) Act 2005, provides for constitution of State Information Commission, a multi-member body consisting of the State Chief Information Commissioner and some State Information Commissioners.

The State Information Commission shall consist of the Chief Information Commissioner and such number of Information Commissioners, not exceeding ten, as may be deemed necessary.

Objectives for SIC: i. Transparent judgment, ii. Quick disposal and provides user friendly status updates, iii. Providing insights to improve the PIO office based on second appeal trends to SIC, iv. Building up a sharable knowledge base system, v. Reduced cycle times and dependencies

Special Powers of SIC: i. To direct to appoint PIO in a Public Authority if not exists, ii. Require Public Authority to compensate for any loss suffered by requester due to unreasonable denial, iii. Seek annual report from Public Authority of compliance within this law, iv. Get the Public Authority to publish all information it is required to publish under this law. Enhance training provisions for officials on RTI, v. Get Public Authority to make necessary changes to records, management, maintenance and destruction procedures, vi. Impose penalties as stipulated in this law, vii. The SIC has been given the

powers of a civil court. This allows the SIC to even requisition records relevant to a particular case even if they are exempt under section-8.

Audit of SIC is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971.

Note: For Expenditure Audit under Section 13 of Comptroller & Auditor General's DPC Act, 1971, General Principles enumerated in MSO (Audit) should be kept in mind.

For Audit of Autonomous Bodies/ PSUs/ Companies/ Corporations, General Principles enumerated in MSO (Audit) should be kept in mind.

Besides, following Annexure may also be referred to:

1. Annexure 1: Audit of Autonomous Bodies
2. Annexure 2: Audit of Government Companies and Corporations
3. Annexure 3: Audit of Expenditure/ Establishment Audit
4. Annexure 4: Audit of Grants or Loans given to Authorities/ Bodies for Specific Purpose

CHAPTER III

HOME DEPARTMENT

3.1 Introduction: The main objective of this department is to effectively maintain law and order throughout the State and to provide internal security to the people of the State.

Additional Chief Secretary (Home) is the administrative head of the department. All operations of the Home Department are carried out under his supervision and guidance.

Goals/ Objectives: **i. To maintain peace and harmony** in the State by intensifying land and maritime border security by bringing effectiveness in police operations, **ii. 100 % computerization** of all police stations and the police stations will 100 per cent connected to each other, **iii. Police Housing** aims to construct residential houses for the department, Renovation of all police stations in urban areas, improvement of infrastructural facilities in the police line as well as police stations, **iv. Crime investigation:** Increase the investigation of property related crimes by 5%., 10 *per cent* reduction in the number of offenders moving around, Increase the number of cases through the Anti-Corruption Bureau by 10 per cent, as well as increase the valuation of disproportionate property cases, **v. Police training:** Under the modernization of police training institutes, it is planned to increase the existing training capacity of the state police training institutes by three.

Main Functions of the Department: i. Maintenance of law and order, ii. Maintaining internal security, iii. Crime Investigation and Prosecution, iv. State security

To perform smooth operation, the subjects assigned to the Department are below:

i. Public peace: For the maintenance of law and order, matters related to strikes, agitations, elections, fasts, group clashes, etc. are handled by this department..

ii. All kinds of crimes occurring in the state: Details of various crimes in the state, such as murder, robbery, burglary, injury, kidnapping are reviewed regularly. There are regular high-level meeting to discuss required action for reduction in these crimes and take necessary measures as required.

iii. Intelligence

The Intelligence Branch follows major operations- a. Gathering the intelligence information, needed to maintain law and order, b. Keep a close eye on the movements and activities of foreigners, c. Supervision of persons/ institutes involved in looting activity, d. Work on security of dignitaries/ public enterprises and security of the country

Gujarat state is having a 512 KMs long international border with Pakistan at the border districts of Banaskantha, Patan and Kutch. To control cross-border infiltration and anti-national activities, it plays the role of a nodal agency, as a representative of the state police force, in coordination with the defence forces. Necessary coordination and exchange of information in the field of border security in the State is carried out regularly with the Central Agency. In addition, the Coast Guard is being contacted to prevent infiltration from the maritime border.

iv. Proceedings regarding political and communal incidents:

Standing instructions have been issued to the Director General of Police and Chief of Police, and Additional Director General of Police (Intelligence) on how to deal with communal riots in the event of a riot.

v. Disruptions caused by unforeseen incidents, communal unrest, and riots

Week of communal harmony is celebrated to maintain communal sincerity. During this week coordination programs are organized by District Ekta Samiti and City Samiti as well as Mohalla Samiti.

vi. Passport and Visa: The following operations are carried out in the Home Department relating to foreign nationals including citizens of Pakistan / Bangladesh: a. Matters of obtaining their Indian citizenship, b. Regarding Pakistan-Bangladesh citizens, raising the short-term visa, approval of places of their residence during extension of visas period, change in the Route, c. Issue of blacklist, look out notice, prior reference category notice etc. regarding Pakistan-Bangladesh citizens, d. Matter of visa inquiries of citizens of Pakistan, e. Matter of verifying the national status of foreign nationals and issuing Police Clearance Certificate, "No Obligation to Return India Certificate to Foreign Citizens, f. Matter of deportation of fishermen/ intruders to Pakistan and other foreign intruders, g. Matters relating to their death/ arrest, h. Indian citizens multipurpose national identity card (MNIC) scheme, i. Matters relating to District Passport Application Acceptance Center (DPACC) for accepting Indian Passport application, j. Complaints/ Correspondence Matters relating to Regional Passport Office (RPO), k. Matters relating to "Domicile Certificate"

v. Corruption/ bribe

The State Government has set up an Anti-Corruption Bureau under the control of the Chief Police Officer and the Director General with the intention of eradicating the contamination of Corruption from the public servants in the state system. The office of the Bureau has been given the post of Head of Department. In addition to the Director, Additional/ Joint Director and Deputy Director level police officers have been appointed at the Bureau. A district-wise ACB police station has been set up to take complaints related to bribery and corruption and the district headquarters has been given the status of ACB police station.

The Bureau conducts proceedings to detect and investigate offenses under Sections 7, 12, 13 (1) and 13 (2) of the Prevention of Corruption Act, 1988. Corruption traps are organized on the basis of complaints/ confidential information received by the Bureau regarding corruption. A thorough investigation is carried out against the public servant from the bureau level and proceedings are taken against the concerned public servant, with the prior approval of the competent authority to conduct criminal proceedings in the court of justice.

vi. Home Guard: It is a supplementary force to assist in law and order and social service activities such as blood donation, adult education. There are 34 district home guard offices, 3 training centres and a total of 400 sub-centres are working in all districts.

vii. Others: a. Civil Defence Mechanism, b. Gram rakshak Dal, c. State Reserve Police Force, d. Railway Police, e. Weapons and ammunition license, f. Forensic Science, g. Raksha University, h. Jails, i. Narcotics and excise duty, j. Human rights

3.2 Heads of Departments

- A. Director General of Police and Chief Police Officer
- B. Director, Forensic Science Laboratory
- C. Director, Anti-Corruption Bureau
- D. Additional Director General of Police and Inspector General of Jails

- E. Commissioner and Additional Director General of Police, Prohibition and Excise Department
- F. Commandant General, Homeguards
- G. Director, Civil Defence
- H. Gujarat State Police Housing Corporation
- I. Director, Soldier Welfare and Rehabilitation

3.3 Acts/ Rules: The following are major Act and Rules which are applicable on functioning of Home Department:

- i. The Gujarat Police Act, 1951
- ii. Bombay Police (Gujarat) Amendment Act, 2007
- iii. Bombay Village Police Act, 1867
- iv. Code of Criminal Procedure (Gujarat Amendment) Act 2003
- v. Gujarat (Right of Citizen to Public Services) Act, 2013
- vi. Gujarat Drugs (Control) Act, 1959
- vii. Gujarat Home Guards Act, 1947
- viii. Gujarat Lokayukta Aayog Act, 2013
- ix. Gujarat Money Lenders Act, 2011
- x. Gujarat Prevention of Anti-Social Activities Act, 1985
- xi. Raksha Shakti University, 2009
- xii. The Gujarat Prohibition (Amendment) Act, 2015
- xiii. Gujarat Forensic Sciences University Act, 2008
- xiv. Arms Rules, 2016
- xv. The Citizenship Act 1956 and Citizenship Rules 2009
- xvi. Jail Manual
- xvii. The Prisoners Act, 1900

3.4. Director General of Police

The Gujarat Police Department is headed by Director General of Police and Chief Police Officer. Adherence to and enforcement of all government policies, orders, directives and instructions as well as orders from time to time from the Home Department as well as other necessary instructions to the Police Department, local orders and other necessary instructions on maintaining law and order in the state as well as strengthening policing are done by this office.

It has four Commissioners offices at Ahmedabad, Vadodara, Rajkot and Surat.

There are nine ranges in the Gujarat Police: Ahmedabad, Vadodara, Rajkot, Junagadh, Bhavnagar, Dahod-Panchmahal and Border Range. For police administration the state is further divided into 33 police districts and Western Railway Police.

Gujarat Police has some branches for special tasks: Crime, Anti-terrorist Squad (ATS), Economic Offences Wing, Intelligence Wing, etc.

Main Functions

- i. Maintain law and order, prevent and detect crime by enforcing law firmly and impartially.
- ii. Maintain internal security. Collects/ compiles all confidential information about internal security and makes it available.

- iii. Strive to build up a strong Police-Public bond in order to encourage community participation in law enforcement and promote harmony and to remove practices derogatory to the dignity of women and disadvantaged sections of society.
- iv. Collect crime data and send the state information to the National Crime Records Bureau, New Delhi.
- v. Conducts research on police issues as well as the effects of economic and social factors on crime.
- v. Its Narcotics Cell deal with illicit trafficking of narcotics.
- vi. Its Economic Offences Wing deal with cases related to copyright, counterfeit currency notes and cases related to the Forward Market Commission.
- vii. Cyber crime related applications and cases are investigated and guidance is given to the local police in detecting crimes.
- viii. Issue Red Corner notices in liaison with CBI.
- ix. Also responsible for raising issues related to human rights and social justice.
- x. Deal with serious allegations and offenses against police officers / employees, Take necessary legal action, e.g. Complaint registration, disciplinary proceedings, etc.
- xi. Keep the Gujarat police constantly trained and equipped and Carry out Police reforms, modernization of police force as per the directives of Home department.

3.4.1 Acts/ Rules

- i. Gujarat (Financial Institutions) Depositors Protection of Interests Act, 2003
- ii. Gujarat Narcotics Prohibition Act, 1949
- iii. Medicinal and Toilet Access Act, 1955
- iv. Medical and Toilet Rules, 1956
- v. NDPS Act, 1985
- vi. Indian Citizenship Laws, 1955
- vii. Citizenship Act, 1955
- viii. Passport Act, 1967
- ix. Foreigners Act, 1946
- x. Foreigners Registration Act, 1939
- xi. Passport Rules, 1950
- xii. Citizenship Rules, 2009
- xiii The Bombay Police (Punishments and Appeals) Rules, 1956
- xiv The Prevention of Corruption Act, 1988
- xv. Government of Gujarat Scheduled Castes and Scheduled Tribes (Prevention of Atrocities) Act, 1989
- xvi Bombay Act No. LXI of 1959
- xvii Child Labour (Prohibition and Prohibition) Act, 1996
- xviii. Gujarat Rural Police Act, 1867
- xix. Gujarat Gambling Prohibition Rules, 1887
- xx. Weapons Act, 1959
- xxi Weapons Rules, 1962
- xxii. Gujarat Police Act, 1951 (Mumbai Act 22/59)
- xxiii. Official Secrets Act, 1923
- xxiv. Religious Institutions (Abuse) Detention Act, 1988
- xxv. Prevention of Cruelty to Animals Act, 1960

- xxvi. Explosive Substances Act, 1908
- xxvii. Explosive Rules, 1983
- xxviii. National Security Act
- xxix. Prevention of Antisocial Activities Act, 1985
- xxx. Protection of Human Rights Act, 1993
- xxxi. Prison Manual

3.5 Home Guards

The Home Guard is a voluntary body to supplement the ordinary Police Force in different parts of the province, in relation to the protection of persons, the security of property and public safety, and such other services to the public they may be called upon to perform.

The Home Guards Organization consists of the Commandant, the 2nd-in-Command, the Adjutant, the 34 Divisional Commanders 2 Border Wing Offices and three Training Centres and various officers of the Division. To assist the Commandant for Staff Work and planning, he has a few officers who are from the Command Staff.

Each Division comprises of 3 companies; each company of 3 Platoons; each Platoon of 3 sections. A Section is the smallest unit in a Division. A Section consists of a Section Commander, 2nd-in-Command of the Section, and 12 men. As far as possible Section, Platoons and Companies are formed after training and for the purposes of Duty according to localities.

Home Guards are of two types – rural and urban. In border States, Border Wing Home Guards (BWHG) Battalions have been raised, which serve as an auxiliary to the Border Security Force.

The Ministry of Home Affairs formulates the policy in respect of role, raising, training, equipping, establishment and other important matters of Home Guards Organisation. Expenditure on Home Guards is generally shared between Centre and State Government in the ratio 25% by the Centre and 75% by the State Government for raising, training and equipping on reimbursement basis.

Main Functions: i. Assist Police in enforcing Law & Order, ii. Assist police as well as local administration in man-made and natural disasters, iii. Security Provision- Security arrangements, iv. Guarding Public Buildings, v. To recruit, train and prepare a disciplined citizen who wants to provide honorary service to different sections of the society, vi. Home Guards Modernization-Modernization of training centres, office automation, personnel, vii. Category Rescue operations in the city, viii. Categories of Civil Defense Rescue operations in the city, ix. Organising Blood donation camps, x. Ceremonial parade, xi. Plantation, Adult Education Classes, xii. Monument Cleaning, xiii. Sports

3.5.1 Acts/ Rules under which it functions

- i. The Bombay Home Guards Act, 1947
- ii. The Bombay Home Guards Rules, 1953
- iii. Indian Penal Code

3.6 Additional Director General of Police and Inspector General of Prisons

Main Functions: i. Implementation of sentences by Hon'ble Courts, ii. Maintaining the safety, physical and mental health of the prisoners, iii. Positive change of minds of prisoners, iv. Training, employment and rehabilitation of prisoners, v. Protection of human rights of prisoners.

All correspondence between the jail authorities and the State Government should be done by the Inspector General of Jails.

The Director General of Police Prisons and the Correctional Administration will be the controlling authority for prisons and reformed administration for prison expenses.

The Inspector General of Prisons should submit a detailed report of the administration of the prisons during the previous financial year to the State Government every year before the 31st of May in the form required by the State Government

The Director General of Police Prisons and the Correctional Administration should inspect every Central Jail and District Jail at least once a year.

The Inspector General of Police (Prisons) will inspect each sub-prison in his territory every year. Such an inquiry should be made in relation to the matters stated in the previous rules. He should send a tour program to the Director General of Police Prisons and the Correctional Administration for timely investigation.

3.6.1 Acts/ Rules under which it functions: i. The Prisoners Act, 1894, ii. The Prisoners Act, 1900, iii. The Bombay Jail Manual, 1955, iv. The Bombay Jail Accounts Manual, 1956, v. Gujarat Jail Manual (Amendment), 1980, vi. The Bombay Sub Jail Manual, 1954, vii. The Bombay Furlough, Parole Rules, 1959, viii. The Criminal Procedure Code, 1973, ix. The Protection of Human Rights Act, 1993

3.7. Anti Corruption Bureau

Its objective is to increase the loyalty of the employees of the state government and make the administrative work free from corruption.

A Chief Police Officer of the rank of Director General of Police is appointed as the Director of the Anti-Bribery Bureau. He has been given the status of head of the department under the administrative control and direct guidance of the Home Department. More than one Director (Inspector General of Police) and one Joint Director (Deputy Inspector General of Police) have been appointed.

In addition, to make the operation of Anti-Bribery Bureau more effective, seven different divisional offices are functioning at Ahmedabad, Mehsana, Vadodara, Surat, Rajkot, Junagadh as well as Border Unit, Bhuj.

A total of 102 police inspector level officers have been established at the Anti-Bribery Bureau. ACB police station is located in all the districts of the State except Dang.

Main Functions: i. To make all the government affairs of Gujarat State completely free from corruption, ii. To eradicate bribery from various departments of the state government as well as various public sector boards and corporations by organizing bribery traps and decoy traps on state servants, iii. Strives to create an environment where all the citizens of the state get the services they need from government employees without any hindrance, without any hassle iv. The Bureau registers offenses against such corrupt state servants and conducts investigations under the Prevention of Corruption Act, 1988. The bureau also prosecutes state servants who obtain disproportionate assets in proportion to their apparent income sources, v. The Bureau also investigates allegations of corruption against corrupt state servants from the Government, Vigilance Commission and members of the public.

3.7.1 Acts/ Rules under which it functions

Prevention of Corruption Act, 1988

3.8 Forensic Science Laboratory

It provides on-site scientific assistance to investigative agencies, in obtaining physical evidence as well as scientific opinion about such collected evidence. Its aim is to provide fast and reliable services of international standard as the country's leading forensic science laboratory and to provide necessary assistance in the judicial process.

A full-fledged Directorate of Forensic Science was established in July 2003 at Gandhinagar. DFS functions under the control of Home Department, Government of Gujarat. The Handwriting & Photographic Bureau and Fingerprint Bureau are functioning under the control of Director, DFS since 2002.

There is one Forensic Science Laboratory at Ahmedabad, 4 Regional Forensic Science Laboratories at Vadodar, Surat, Rajkot and Junagadh, one District Forensic Science Laboratory at Valsad

Main Functions

The department functions in four tier system: i. Crime Scene management, ii. Analysis of Physical, Chemical, Biological & Psychological clues, iii. Imparting training, iv. Preventive Forensics

The main function of this department is to examine the cases of crimes sent by the police or other government investigative agencies including narcotics, drugs, heroin, alcohol, bomb blasts, arson, female burning, murder, rape, voice recognition, cybercrime, theft, robbery, weapons.

Its main duty is to extend the scientific skill in the area of prevention of crimes and to cooperate in the solution of any crime. In this regard, it provides on-site scientific assistance to investigative agencies in obtaining physical evidence; gives a scientific opinion about the evidence collected and develops innovative scientific methods to deal with all types of crimes. Besides, there are 47 investigating vans and 5 mobile meat testing labs.

3.8.1 Acts/ Rules: i. I. P. C., ii. Cr. P. C., iii. Indian Arms Act, iv. NDPS Act, v. Explosive Substances Act, vi. Petroleum Act, vii. Gujarat Police Act, viii. Essential Commodities Act, ix. Motor Vehicle Act, x. Wild Life Protection Act, xi. GUJCOCA

3.9 Prohibition and Excise

The goal of the Prohibition and Excise office is to save the society from all the vices of alcohol and drug abuse. The Department of Drug Enforcement, with the help of various social organizations, women's groups, youth groups as well as social workers, educates the people about the disadvantages of drug abuse through audio and visual and print media such as Akashwani and Doordarshan.

At the same time, the office ensures that the legitimate manufacturers, users, sellers, etc. of such various items can easily obtain valid licenses / permits for such use-consumption-use-sale etc. without any kind of harassment.

Director of Prohibition and Excise (Gujarat State, Gandhinagar) acts as the head of the department (HoD). Under his hands, administrative staff is working in different cadres. There are 33 District Offices---8 Class I districts and 26 Class II districts. Each District office is headed by a District Superintendent (Drug and Excise). Passes, permits, licenses are issued by this office. Control of narcotics has also been going on since the inception of the state.

Prohibition Board: Section 7 of Gujarat Prohibition Act, 1949 contains provisions for the creation of Gujarat State Prohibition Board. Utilizing this provision, the state Home Department passed a resolution on 27th May, 2013 resulting in the establishment of Gujarat state Prohibition Board. It has the following members: i. Home Minister (Gujarat State)—Chairman, ii. Secretary (Home), Gujarat state, Gandhinagar, iii. DGP, Gujarat state, Gandhinagar, iv. Director, Prohibition and Excise, v. Deputy Director, Prohibition and Excise (Member Secretary), vi. 15 Non-Governmental Members

Main Functions: i. Usage, sale, production, trafficking, import or export of prohibited substances controlled by the office in such a way as not to cause any inconvenience and legal use of such goods, ii. Issuance of various types of licenses, permits, authorizations to manufacturers, users, sellers and consumers of prohibited substances, iii. The office has also taken steps to collect such excise fees and fees prescribed by the government for issuing such licenses, permits and passes, iv. Issuance of pass for movement, import, export of such prohibited substances in cases as prescribed by Rules, v. Penalise those who are knowingly and unknowingly involved in the illicit use of narcotics, vi. Organizing various publicity programs social education of people from all sections of the society

Additional work of implementation of drug ban was handed over to this office by the resolution of the government dated 20.06.2017. For this operation, Superintendent of Police level officers have been deputed as Deputy Commissioners at Ahmedabad, Surat and Rajkot

At present, the regulation of such substances is done by this office by giving licenses, permits, passes etc. of various prohibited substances as before.

3.9.1 Acts

- i. Gujarat Prohibition Act, 1949
- ii. The Mumbai Drugs Control Act, 1955
- iii. The Narcotics Drugs and Psychotropic Substances Act, 1985

3.9.2 Rules

- i. Bombay Sacramental Wine Rules, 1950
- ii. Bombay Sacramental Wine (Manufacturing) Rules, 1950
- iii. Bombay Mahuda Flower Rules, 1950
- iv. Bombay Neera Rules, 1951
- v. Bombay Rectified Spirit Rules, 1951
- vi. Bombay Foreign Liquor Rules, 1953
- vii. Bombay Molasses Rules, 1955
- viii. Neera Consumption Order, 1958
- ix. Bombay Denatured Spirit Rules, 1959
- x. Bombay Foreign Liquor (Storage in bond) Regulation, 1959
- xi. Gujarat Poppy Capsules Rules, 1963
- xii. Bombay Prohibition (Manufacture of Spirit) Gujarat Rules, 1963

xiii. The Gujarat Industrial Alcohol (Import, Storage and Sale for Export Overseas in bond) Rules, 1966

xiv. Gujarat Methyl Alcohol Rules, 1981

xv. Gujarat Spirituous Preparation Rules, 2005

xvi. The Medicinal and Toilet Preparations (Excise Duties) Rules, 1956

3.10 Civil Defence

The Civil Defence Act 1968 provides for Civil Defence measures and provides the legal status for Civil defence. The Civil Defence Act 1968 has been suitably amended by the Civil Defence (Amendment) Act, 2009 to include Disaster Management as an additional role for the Civil Defence Corps while retaining its primary role.

The main goal of the Civil Defense Force is to normalize public life as soon as possible, protect the lives and property of the people and keep the economy afloat in any adverse situation.

The Department is headed by Director at State level. At district level, unit offices are headed by District Collector as Controller. The District Magistrate and the Controller appoint commanding officers to carry out the services of the Civil Defense Force.

Main Functions: i. To save life, ii. To minimise damage to property, iii. To maintain continuity of production, iv. To keep up the high morale of public during the war, v. Imparting basic civil defense training to the people in peacetime, vi. Mitigation/prevention of disasters as well as for response and relief.

Basic training of Civil Defence is given to civilians at every units / offices by the trained instructors of Civil Defence. State level special training is given at Civil Defence Training Center, Ahmedabad. Volunteers are also sent to N.C.D.C., Nagpur for national level advance training.

3.10.1 Services of Civil Defence

Service Name	Details of Service
Headquarter Service	All type of management, coordination, regulatory action at the time of disaster and was at district Headquarters
Communication Service	Operation as a message carrier for sharing information and warning during disaster and air strikes
Warden Service	Regarding all warden regulating natural and unnatural catastrophe, providing help to the rescue, to promote civil protection during peace
Casualty Service	Treat the injured civilians at the time of disaster, move the citizens safely to ambulance
Fire Fighting Service	Prevent fire from any place, send immediate citizens to safe place
Training Service	To provide citizens with the basic, special and advance training of civil protection, to provide information on how to self relate to disaster or war
Rescue Service	To save lives of citizens at the time of disaster or war, to work safely to evacuate the trapped citizens
Depot and Transport Service	To carry the vehicles safely to safe place from the accident site, and to carry out the immediate delivery of equipment, life requirement, drugs etc.

Supply Service	Provide food , medicine and other equipment to the people to get thing needed for life during time of disaster or war
Salvage Service	Removing the necessary goods moving it to a safe place or a warehouse or a trail that has been damaged or collapsed in a natural disaster or war
Welfare Service	Provide accommodation to unrecognised citizens at the time of disaster and to provide their food, essential items and medicine,
Corps disposal Service	The task of disposing of a body that is killed in a war or a natural catastrophe that is dead or debris removed.

3.10.2 Civil Defence Categorized Offices

As per the Civil Defence policy, the revision and renewal of categorized towns is being done at regular intervals. The basic criteria of categorization is based on threat perception.

Category 1 Town: i. Vadodara, ii. Surat, iii. Kakrapar

Category 2 Town: i. Ahmedabad, ii. Jamnagar, iii. Vadinar, iv. Okha, v. Bhuj, vi. Nalia, vii. Gandhidham, viii. Gandhinagar, ix. Ankleshwar, X. Bhavnagar

Category 3 Town: Bharuch

Acts/ Rules: i. Civil defence Act 1968, ii. Civil Defense Rules and Regulations, iii. General Principles of Indian Civil Defense, Director General, Civil Defense, Ministry of Home Affairs, Government of India.

3.11 Sainik Welfare and Rehabilitation

In Gujarat, Directorate of Sainik Welfare and Rehabilitation formulates welfare schemes for ex-servicemen and their dependents residing in Gujarat and implements such schemes through the District Soldier Welfare and Rehabilitation Offices in the State.

This office operates under the administrative control of the Home Department. The Director is also a member secretary of the State Military Board in his capacity. Nine District Soldier Welfare and Rehabilitation Offices are functioning under the Directorate

Main Functions: i. Formulates and implement policies for Resettlement and Welfare of ex-servicemen and their families, ii. Maintains an uptodate register of war widows, dependents and those disabled inaction with a view to ensure their welfare, iii. Deals with redressal and queries related to welfare of ex-servicemen and families of deceased service personnel, iv. Local Central/State/private industrial organization, v. District Industries/Block Development Offices and assisting those ex-servicemen desirous of setting up small scale industries, vi. Explore avenues for providing educational and vocational training facilities for ex-servicemen and their dependents to enable them to seek employment or set up self-employment venture, vii. Maintaining close liaison with the Pension Disbursing authorities/agencies in the state to ensure prompt and correct payment of pension and reliefs to ex-servicemen pensioners or their dependents, viii. administers Chief Minister's Jawan Relief Fund to provide financial assistance to family of martyred soldier, ix. Financial assistance for medical treatment in Military/ Civil hospitals, x. Providing assistance for settlement of land and other disputes, xi. Cash prize for bravery medal and medal of commendable performance, xii. Maintain Liaison with Ministries of the State, State undertaking and enterprises and Banks to seek vacancies for ex-servicemen and widows as per reservation policy of the State and as per recruitment rules. Monitor such vacancies and ensure these are filled up by ex-servicemen or widows. Have the policy on reservation for ex-servicemen in the State amended in conformity with that of Centre,

xiii. Exercise general control and supervision over the Zila Sainik Welfare Offices in the State and ensure their effective functioning, xiv. Canteen stores department facility: In accordance with Army Order AO 32/84, Ex-servicemen and their families and ex-Defence personnel with minimum 5 years of service are entitled to CSD (I) Canteen facilities available in units/ establishments.

3.11.1 Rajya and Zila Sainik Boards

Kendriya Sainik Board is the Apex Body of Govt of India, which formulates policies for Resettlement and Welfare of ex-servicemen and their families. The Board has Hon'ble Raksha Mantri as its President and there are 43 other members in the Board, which include Chief Ministers of 13 States, Ministers in other Central/ State Government departments and the three Services Chiefs.

At the State level, the Chief Minister of the State is the Chairman of the Rajya Sainik Board. Collector is the Chairman of the Zila Sainik Board.

3.11.2 Welfare and Rehabilitation Offices in Gujarat: 1) **Ahmedabad-** Ahmedabad and Gandhinagar, 2) **Vadodara-** Vadodara, Kheda, Anand and Chhotaudepur, 3) **Surat-** Surat, Bharuch, Narmada (Rajpipla), Valsad, Navsari, Tapi (Vyara) and Dang, 4) **Jamnagar-** Junagadh, Jamnagar, Porbandar, Devbhumi Dwarka and GirSomnath (Veraval), 5) **Rajkot -** Rajkot, Bhavnagar, Amreli, Surendranagar, Botad and Morbi, 6) **Himmatnagar (Sabarkantha) -** Sabarkantha and Aravalli (Modasa), 7) **Kutch (Bhuj) -** Kutch (Bhuj)

8) **Mahesana -** Mehsana, Banaskantha (Palanpur) and Patan, 9) **Panchmahal (Godhra) -** Panchmahal, Mahisagar and Dahod

3.11.3 Acts/ Rules: i. Gujarat Rajya Sainik Welfare Fund Administration Rules 1983, ii. Rules and Regulations of Special Fund 1982, iii. The Gujarat Governor's Defence Fund Administrations) Rules 1992, iv. Admission to Military Boys hostel Rules 1992, v. Rules for Sainik Rest Houses (Aramgrih).

3.12 Gujarat State Police Housing Corporation Limited (GSPHCL)

3.12.1 Gujarat State Police Housing Corporation Limited (GSPHCL), Gandhinagar was incorporated on 1 November 1988 under Companies Act, 1956. The authorized and paid up share capital of the Company is ₹ 50 crore as on 31 March 2014 which is wholly subscribed by the Government of Gujarat.

Main objectives

The main objectives of the Corporation as per Memorandum and Article of the Association are as under:

- i. To undertake construction of residential, non-residential and all others type of buildings required for Gujarat Police, Jails, Home Guards and for other in the state of Gujarat.
- ii. To engage in the business of builders, contractors, engineers, architects, surveyors, estimators and designers in respects of all type of police buildings, office accommodations, residential buildings, administrative offices, etc., including maintenance thereof.
- iii. To undertake all kinds of construction and allied works as also welfare activities required for the Gujarat Police and others entrusted by the Government from time to time
- iv. To carry out the above works departmentally or through approved contractors or both.

v. To formulate and execute various housing schemes for serving and retired employee in the Police Department, Government of Gujarat.

vi Keeping above in view, process is underway in consonance with the Companies Act, 1956 to change the name of the Corporation as "Gujarat State Police Housing and Welfare Corporation Limited.

The Corporation completes and hand over various projects/ works at cost including administrative and other expenses (net of income, if any, realised during the course of operations) to the Government. The cost of completed project is adjusted against funds/ advances provided by the Government/ Government Department. Hence, only the Statement of Income and Expenditure Account as the Corporation works on 'No profit No Loss' basis.

The management of the Corporation is vested in the Board of Directors headed by the Chairman appointed by the Government of Gujarat. The day to day management of the Company is looked after by the Managing Director in the Chief Executive capacity and he is assisted by the Superintendent Engineer, Executive Engineer, Deputy Executive Engineer, Assistant Engineer at projects, Manager (Finance), Manager (Administration), Company Secretary, Manager/ Deputy Manager, Accounts, etc.

The Corporation has Eight Divisional offices at Ahmedabad, Rajkot, Gandhinagar, Surat, Junagadh, Vadodara, Mehsana and Godhra. The accounts of the Divisional offices are maintained at Head Office.

3.12.2 Special points to be seen during audit

- i. To review the various manuals prepared by the Management and approved by the Competent Authority for conducting its business. To examine the cases of any inconsistencies and non-compliances with reference to the manuals.
- ii. To examine the Delegation of Powers approved by the Competent Authority.
- iii. To examine the Management Information System (MIS) Reports and identify the key areas for conducting the audit. To also examine the Exception Reports if any, while auditing in the ERP environment by using Interactive Data Extraction Analysis (IDEA) Software.
- iv. To examine the effectiveness of the Internal Audit System so as to ensure adherence to its policies and mitigation of operational risks.
- v. To examine the corporate plan (including physical and financial targets) *vis-à-vis* the achievements. Analyse the reasons for deviations if any, for not achieving the targets.
- vi. To examine the system of e-tendering.
- vii. To examine the system of payment of price escalation for steel and cement.
- viii. To examine the advances paid to the contractors is as per the contract conditions in line with Road and Buildings Department, Gujarat.
- ix. To examine whether the Company has taken suitable action for non-completion of the work within the timelines on defaulting contractors.
- x. To examine the system of financial management of the Company and also examine the grants are received before the commencement of the civil works being 'deposit works' promptly from the Central and State Government.
- xi. To examine the Arbitration Cases which are pending.
- xii. To examine all the overheads including personnel and administrative cost are recovered fully.

- xiii. To examine whether norms have been followed for disposal of unserviceable stores/vehicles.

3.12.3 During the audit of Expenditure, the followings may be examined:

- i. Whether there is proper sanction, either special or general, accorded by competent authority authorising the expenditure;
- ii. Whether the payment has actually been made, and to the proper person and it has been acknowledged and recorded so that a double payment on the same account would not be possible;
- iii. Whether the expenditure has been incurred with due regard to financial propriety, e.g. supplies in excess of requirements have not been obtained, the purchases have not been made at unreasonable rates and the expenditure has been incurred only for legitimate purposes, etc.
- iv. To examine whether the buildings were constructed and handed over to user agency within the time frame.
- v. Whether entries in the local accounts are properly vouched;
- vi. Whether all materials and stores billed for, have been brought on to the respective inventories;
- vii. Whether contract agreements for the supply have been executed;
- viii. Whether expenditure has not been incurred with a view to preventing the lapse of budget allotment, or charges incurred in one year have not been met from the budget allotment of the next year.

3.12.4 During the conducting of audit of grants, the following checks should be applied:

- i. Whether the expenditure incurred is closely related to the object for which the grant was made and whether there is any diversion of funds.
- ii. Whether the expenditure has been incurred with planning and economy.
- iii. Whether the grants are spent according to the conditions and action has been taken to refund the unutilised portion within the time specified.
- iv. Whether all the registers including stock register for purchases from Government grants have been maintained properly and checked periodically.
- v. Whether in the case of recurring grants the grantee continues to function in accordance with the terms and conditions attached to the grant and whether the circumstances in recognition of which the grant was sanctioned still continue to exist.
- vi. That the unspent balance is not utilised in subsequent year without obtaining sanction of the competent authority.

3.13 Suraksha Setu Societies

Suraksha Setu is a State-wide public outreach programme of the Home department aimed at taking the role of Police beyond solving crimes by bridging the gap with the society and by creating a feeling of trust among residents with their proactive and prompt actions. The project intends to give a human face to the police force and minimize incidents of crime in the society.

Objectives

- a. To assist, support, undertake and supplement activities relating to law and order, peace, safety and security in the traffic, home security, disputes vacant house information/ issues, dowry, women safety, elderly people's security, burglary, forgery, coercion, pressure-tactic, domestic violence, theft, hawker problem,

- vendors problem, noise pollution, cattle grazing, caste issue, terrorism, eve-teasing, ragging, family problem etc.
- b. Bridging the gap between public and police and creating a feeling of mutual trust between the two
 - c. Encouraging public to approach police for their problem without any fear and changing police's mindset and instilling a culture in the department to help citizens proactively
 - d. Creating alert citizens and secure neighborhoods
 - e. Preventing crime and immoral activities thus making Gujarat the safest place to live in, in the entire world.
 - f. Providing equal opportunities to every citizen irrespective of their caste, religion & gender to prosper and live peacefully in Gujarat.
 - g. Achieving the goal of world brotherhood by creating proactive and responsible societies.
 - h. Uniting the power of "Raksha Shakti (Police)" and "Jan Shakti(Public)"
 - i. Augmenting the public image of Police
 - j. Providing single window system for police services through Surksha Setu Kendras.

Suraksha Setu Societies in Gujarat

1. SurakshaSetu – Gandhinagar
2. SurakshaSetu Society-Ahmedabad City
3. SurakshaSetu Society – West-Kutch
4. SurakshaSetu Society – Mahisagar
5. SurakshaSetu Society – Sabarkantha
6. SurakshaSetu Society – Dang-Ahwa
7. SurakshaSetu Police – Surat
8. SurakshaSetu Society – Mehsana
9. SurakshaSetu Society – Khavda Police Station
10. SurakshaSetu Society – Girsomnath

Audit of the Suraksha Setu Societies is conducted under Section 14 of Comptroller & Auditor General's DPC Act.

Note: For Expenditure Audit under Section 13 of Comptroller & Auditor General's DPC Act, 1971, General Principles enumerated in MSO (Audit) should be kept in mind.

For Audit of Autonomous Bodies/ PSUs/ Companies/ Corporations, General Principles enumerated in MSO (Audit) should be kept in mind.

Besides, following Annexure may also be referred to:

1. Annexure 1: Audit of Autonomous Bodies
2. Annexure 2: Audit of Government Companies and Corporations
3. Annexure 3: Audit of Expenditure/ Establishment Audit
4. Annexure 4: Audit of Grants or Loans given to Authorities/ Bodies for Specific Purpose

CHAPTER IV

Legal Department

4.1 Introduction

Legal Department is headed by the Secretary and Remembrance of Legal Affairs, who is normally a judicial officer from the cadre of District Judge, appointed as such on deputation basis. Legal Department plays a very important role in the administration of justice in the State.

The Legal Department functions through Officers and staff drawn through three streams, viz. (i) the Officers and staff on legal side of the Secretariat; (ii) Officers and staff on the general side of the Secretariat; and (iii) the Judicial Officers on deputation to the Legal Department.

Functions: i. To monitor and supervise litigation of Government in all the courts; ii. To advise the Government and its Departments in connection with legal matters; iii. To administer all offices of Government Pleaders at the District, High Court and Supreme Court level, the offices of Charity Commissioner, Court fees, Wakf Board, Gujarat Public Works Contracts Disputes Arbitration Tribunal, Gujarat State Legal Services Authority etc.; iv. To make appointment of Law Officers, Special Counsels, Special Public Prosecutors etc.; v. To act as a nodal Department between the High Court and Government for matters pertaining to administration of justice; vi. To establish Courts, provide infrastructural facilities in the courts and make appointment of Judges in the Subordinate Courts in the consultation with the High Court.

4.1.1 Subjects Assigned to the Legal Department: 1. Criminal law, including all matters included in the Indian Penal Code at the commencement of the Constitution but excluding offences against laws with respect to any of the matters specified in List I or II and excluding the use of Naval, Military and Air Forces and any other armed forces of the Union in aid of the civil power; 2. Criminal Procedure, including all matters included in the Code of Criminal Procedure, 1973 but excluding (i) appointment of executive magistrates, special magistrates, sub-divisional magistrates and district magistrates under the said Code, and (ii) conferment of special power on them and withdrawal of such powers from them under the said Code; 3. Civil Procedure, including all matters included in the Code of Civil Procedure, 1908 at the date of commencement of the Constitution, the recovery in a state, of claims in respect of taxes and other public demands, including arrears of land revenue and sums recoverable as such arising outside the State; 4. Evidence and oaths, recognition of law, public acts and records and judicial proceedings, State law Reports; 5. Marriage and divorce, infants and minors, adoption ((except registration of marriage and the Child Marriage Restraint Act, 1929); 6. Wills, intestacy and successions save as regards agricultural lands, joint family and partition, all matters in respect of which parties in judicial proceedings were immediately before the commencement of the Constitution subject to their personal law; 7. Contracts, including partnerships, agency contracts of carriage and other special forms and contract but not including contracts relating to agricultural lands; 8. Arbitration; 9. Bankruptcy and insolvency, administrator general and official trustee; 9. Actionable wrongs; Examination of clauses of all bills relating to imposition of legislation of punishments by the fine, penalty or imprisonment, for enforcing any law of the State; 10. Admiralty jurisdiction; 11. Legal Profession; 12. The administration of justice, constitution and organization of all courts except the Supreme Court and the High Court, officers and servants of the High Courts, fees taken in all courts except Supreme Court; 13. Jurisdiction and powers of all

courts except the Supreme Court; 14. Pauper costs; 15. Appointment, remuneration etc. of Public Prosecutors, including Assistant Public Prosecutors; 16. Conduct of civil litigation to which the Government is a party and appointment and remuneration of the State Law Officers, Government Pleaders and Special counsels; 17. Writing off any decretal dues; 18. Appeals against acquittals and applications to enhance sentences; 19. Suits and summons including notices and execution of decree; 20. Administration of Societies Registration Act, 1860 literary, scientific, religious and other societies and associations; 21. Notaries Act, 22. Trust and Trustees, administration of the Bombay Public Trusts Act, and the Charitable Endowments Act, charities and Charitable, religious institutions and endowments (including wakfs); 23. Administration for the Commissions of Inquiries Act, 1952 and matters arising there from, 24. All matters pertaining to appointments, posting, transfers, promotions, conduct, grant of leave, pensions etc. in respect of all Gazetted Officers other than those allotted to GAD under the relevant entry and non-gazetted Government servants under the administrative control of the department; 25. All matters pertaining to grant of leave and to impose penalties as specified at serial no. 1 and 2 of Rule 6 of the Gujarat Civil Service (Discipline and Appeal) Rules and to institute disciplinary proceedings for imposing penalties as specified at serial no. 3 to 8 of the said rule 6 in respect of Class II officers of the Secretariat cadre under the control of the department; 26. Works, lands and buildings vested in or in the possession of the Government for the purposes of the State and assigned to the Legal Department; 27. Inquiries and statistics for the purpose of any of the matters in this list; 28. Fees in respect of any of the matters in this list.

4.1.2 Acts and Rules

1. Gujarat State Prosecution Rules, 2020 Dated.18th July, 2020
2. Gujarat Court-fees (Amendment) Act, 2016 (For abolition of Process fees)
3. Gujarat Public Authorities Seals Act, 2004
4. Gujarat National Law University Act, 2003
5. Gujarat Court Fees Act, 2004
6. Gujarat Civil Courts Act, 2005
7. Bombay Public Trusts Act (Gujarati)
8. Law Officers Rules,2009
9. Gujarat State Litigation Policy

4.2 Secretary to Legal Department

Functions: i. To establish new courts and provide them all modern infrastructural facilities, ii. To assist the courts to reduce the arrears of cases by framing Scheme and Rules for Evening Courts, iii. To establish E-courts and Technology courts in the State of Gujarat, iv. To augment IT applications and implement IWDMS (Integrated Workflow and Document Management System) in the Legal Department and its affiliated offices, v. To repeal outdated laws and enact new laws to meet with the changing needs of the society, vi. To motivate other Departments of Government to weed out infructuous cases and to settle cases through ADR mechanisms like Lok Adalats, Arbitration, Conciliation and Mediation; vii. To create legal awareness and hold Lok Adalats under the aegis of Gujarat State Legal Service Authority, viii. To streamline and make offices of Law Officers more effective under the new Law Officers Rules.

4.3 Charity Commissioner (2) and Assistant Charity Commissioner (27)

Functions: a. the general superintendence of the administration and carrying out the purposes of this Act under Section 3, b. power to entertain and dispose of appeals from the findings of a Deputy or Assistant Charity Commissioner under Section 20, 22 or 28, c. power to determine which of the Deputy or Assistant Charity Commissioners shall proceed with an inquiry relating to the registration of any public trust under section 25, d. power to direct a special audit of the accounts of a public trust under section 33, e. power to require an auditor to forward to him a copy of a balance sheet and income and expenditure account under section 34, f. power to permit a trustee to invest money of a public trust in any manner other than in public securities under section 35, g. power to sanction a sale, mortgage, exchange, gift or lease of immovable property belonging to a public trust under section 36, h. power to enter on and inspect any trust property, to call for and inspect any proceedings of a trustee, and to call for any return, statement books of account document or report from trustees or any person connected with a public trust under section 37, i. power to hold an inquiry in regard to any loss caused to a public trust under section 40 and to order a surcharge under section 41, j. power to the Charity Commissioner, Bombay, to act as the Treasurer of Charitable Endowments under the Charitable Endowments Act, 1890 (VI of 1890) under section 43, k. power to act as a trustee of a public trust, l. power to file a suit under section 50, power to frame, or modify scheme under section 50A, m. power to give or refuse consent to the institutions of a suit under section 51, n. power to give notice to trustees for the cypress application of the trust money and to make an application to the court under section 55, o. power to publish the lists of assessors under section 62, p. to exercise such other powers and perform such other duties and functions as may be prescribed.

4.4 Gujarat National Law University

Gujarat National Law University (GNLU) is the statutory university established by the Government of Gujarat under the Gujarat National Law University Act, 2003. The University is recognized by the Bar Council of India (BCI) and the University Grants Commission (UGC). The University is also a member of the Association of Indian Universities (AIU), United Nations Academic Impact (UNAI), International Association of Law Schools (IALS), Asian Law Institute (ASLI) and Shastri Indo-Canadian Institute.

Objectives: i. to advance and disseminate learning and knowledge of law and legal processes and their role in national development, ii. to develop in the students and the research scholars sense of responsibility to serve society in the field of law by developing skills in regard to advocacy, legal services, legislation, parliamentary practice, law reforms and such other matters; iii. to make law and legal processes efficient instruments of social development; and iv. to promote inter-disciplinary study of law in relation to management, technology, international cooperation and development.

4.5 Chief Justice of High Court of Gujarat

Functions:

The high court is the principal civil courts of original jurisdiction in each state and union territory. Below the high court is a hierarchy of subordinate courts such as the civil courts, family courts and various other district courts. High courts are instituted as constitutional courts under Part-VI, Chapter V, Article 214 the Indian Constitution.

High court exercises its original civil and criminal jurisdiction only if the subordinate courts are not authorized by law to try such matters for lack of pecuniary, territorial jurisdiction. High courts may also enjoy original jurisdiction in certain matters, if so

designated specifically in a state or federal law. The work of high court primarily consists of appeals from lower courts and writ petitions in terms of Article 226 of constitution.

High Court Original Side: Registrar, High Court acts as DDO for all transactions of the High Court Original Side. The accounts of the High Court Original Side are maintained in two Sections: (1) Accounts Section, (2) Cash Section.

High Court, Appellate Side Registrar (Administration) acts as DDO in respect of the transactions of the officers of Higher Judicial Services and Registrar (Vigilance and Protocol) acts as DDO in respect of the transactions relating to other employees and other expenses.

The functions of the High Court, Appellate Side are being executed through various sections, of which the following are the main sections: i) General Accounts Section, ii) Paper Book Section, iii) Cash and Central Stores Section, iv) Appeal Section, v) Copying Section, vi) Bench Section.

4.5.1 High Court Judges Establishment: Registrar General acts as DDO towards the personal claims of the High Court Judges.

Note: 1. The IR on the accounts of Registrar, High Court (Original Side) requires the approval of PAG, prior to issue and need not be sent to Headquarters.

2. The paras included in the IR on the accounts of Registrar, High Court (Appellate Side) containing objections other than those involving High Court Judges, require the approval of PAG, but need not be sent to the Headquarters.

3. The observations involving personal entitlements of High Court judges are to be sent to Headquarters Office (Director RS) for vetting and clearance for issue. In no case the IR shall be issued without prior approval/ clearance of the Headquarters Office. The procedure of bringing such points to the notice of Judges concerned by way of a confidential D.O.letter is to be continued (vide. /D.O. letter No. 610-Rep(s)/98-97/June, 23 1999)

(Headquarters letter No. 807—Rep (S)/324-2003 dated 06-7-2005)

4.6 District Courts

The highest court in each district is that of the District and Sessions Judge. They administer justice at district level. These courts are under administrative and judicial control of the High Court.

There are many other courts subordinate to the court of District and Sessions Judge. There are three tier system of courts. On the civil side, at the lowest level is the court of Civil Judge (Junior Division). On criminal side, the lowest court is that of the Judicial Magistrate. Civil Judge (Junior Division) decides civil cases of small pecuniary stake. Judicial Magistrates decides criminal cases which are punishable with imprisonment of upto five years.

4.6.1 Metropolitan Magistrate Courts

The High court appoints Chief Metropolitan Magistrate for every metropolitan court. The High court may also appoint Additional Chief Metropolitan Magistrate for an area, with all or any of the powers of a Chief Metropolitan Magistrate, as may be directed by the High Court. Other than Chief Metropolitan Magistrate and Additional Chief Metropolitan Magistrate, there are also Metropolitan Magistrates also known as Magistrate of the first

class who work as subordinates of Chief Metropolitan Magistrate. Any two or more metropolitan magistrates may, subject to the rules made by the CMM, sit together as a bench. All metropolitan magistrates including the ACMMs and benches of general magistrates are subordinate to the CMM.

4.6.2 Civil Courts

A civil court handles legal disputes that are not crimes. In civil cases, there is not a prosecution by the government. Rather, the plaintiff, a person, group, business, institution, or a government body, brings a claim of harm against the defendant, another person or group.

4.6.3 Family Courts

The Family Courts Act 1984 was enacted to provide for the family courts with a view to promoting conciliation in and secure speedy settlement of disputes relating to marriage and family affairs. State Government after consultation with the High Court and by notification shall establish a Family Court for every area of the state consisting of a city or town whose population exceeds ten lakhs and for other areas in the state as it may deem necessary. Family courts are subordinate to the High Court, which has power to transfer the case from one family court to the other.

The matters which are dealt in the Family Court in India are matrimonial relief which includes nullity of marriage, judicial separation, divorce, restitution of conjugal rights, declaration as to the validity of marriage and matrimonial status of the person, property of the spouses or any of them and declaration as to the legitimacy of any person, guardianship of a person or custody of any minor, maintenance including the proceeding under the Cr. P.C.

4.6.4 Small Causes Courts

The Small Causes Court is responsible for adjudicating matters related to civil cases. The court is responsible for cases relating to tax, property disputes which relate to rent and leave and licence and other such cases.

These courts decide only civil cases of small value in a summary manner. High Court possesses a power of revision on the judgments of Small Causes Courts.

4.6.5 Industrial and Labour Courts

Industrial and Labour Courts deal with the matters such as strikes, lockout, bonus, service conditions, unfair labour practices, granting recognition to the Labour Union and awarding compensation to the employees on account accident in respect of fatal or non-fatal accidents. Labour Courts or tribunals are constituted under the Industrial Disputes Act, 1947 for the purpose of disposal of any proceeding involving any question pertaining to the application or interpretation of a Standing Order certified under the Industrial Employment (Standing Orders) Act, 1946.

Section 11-A of the Industrial Disputes Act, 1947 defines the powers of Labour Court and Tribunals to give appropriate relief in case of discharge, dismissal and reinstatement of workmen.

4.7 Gujarat State Legal Services Authorities

Gujarat Legal Services Authority has been established by the Government in Legal Department under the Legal Service Authority Act, 1987 to provide free and competent legal service to the weaker sections of the society, to ensure that opportunities for

securing justice are not denied to any citizen by reason of economic or other disabilities, and to organize the Lok Adalats to secure that the operation of the legal system promotes justice on the basis of equal opportunity.

The Hon'ble Chief Justice of the High Court of Gujarat is the Patron in Chief of the said Authority. A serving or retired Judge of the High Court is nominated by the Governor, in consultation with the Chief Justice of the High Court, who shall be the Executive Chairman.

At the High Court level, the Authority has the High Court Legal Services Committee. At the District and Taluka level, it has District Legal Services Committees and the Taluka Legal Services Committees constituted under the Act.

The Lok Adalats organized by the Authority/ Committee, consist of serving or retired judicial officers and other persons, who have jurisdiction to determine and to arrive at a compromise or settlement between the parties to a dispute. Every award of Lok Adalat is deemed to be a decree of a Civil Court or as the case may be, an order of any other Court, and is final and binding on all parties to the dispute.

Functions of the State Authority

- i. It shall be the duty of the State Authority the State to give effect to the policy and Authority directions of the Central Authority.
- ii. Without prejudice to the generality of the functions referred to in subsection (1), the State Authority shall perform all or any of the following functions, namely; (a) Give legal service to persons who satisfy the criteria laid down under this Act; (b) Conduct Lok Adalats, including Lok Adalats for High Court cases; (c) Undertake preventive and strategic legal aid programmes; and (d) perform such other functions as the State Authority may, in consultation with the Central Authority, fix by regulations

4.8 District Legal Services Authorities

The State Government shall in consultation with the Chief Justice of the High Court, constitute a body to be called the District Legal Services Authority for every District in the State to exercise the powers and perform the functions conferred on, or assigned to the District Authority under this Act.

A District Authority shall consist of: (a) The District Judge who shall be its Chairman; and (b) Such number of other Members, possessing such experience and qualifications as may be prescribed by the State Government, to be nominated by that Government in consultation with the Chief Justice of the High Court.

Functions of District Authority

- (1). to perform such of the functions of the State Authority in the District as may be delegated to it from time to time by the State Authority.
- (2) (a) Co-ordinate the activities of the Taluk Legal Services Committee and other legal services in the District, (b) Organise Lok Adalats within the Districts; and (c) Perform such other functions as the State Authority may fix by regulations.

4.9 High Court Legal Services Committee

(1) The State Authority shall constitute a Committee to be called the High Court Legal Services Committee for every High Court, for the purpose of exercising such powers and performing such functions as may be determined by regulations made by the State Authority.

(2) The Committee shall consist of: (a) A sitting Judge of the High Court who shall be the Chairman; and (b) Such number of other Members possessing such experience and qualifications as may be determined by regulations made by the State Authority, to be nominated by the Chief Justice of the High Court.

(3) The Chief Justice of the High Court shall appoint a Secretary to the Committee possessing such experience and qualifications as may be prescribed by the State Government.

4.10 Taluka Legal Services Committee

(1) The State Authority may constitute a Committee, to be called the Taluk Legal Services Committee, for each Taluka or for group of Talukas.

(2) The Committee shall consist of -(a) The Senior Civil Judge operating within the jurisdiction of the Committee who shall be the ex-officio Chairman and (b) Such number of other Members, possessing such experience and qualifications, as may be prescribed by the State Government, to be nominated by that Government in consultation with the Chief Justice of the High Court.

(3) The committee may appoint such number of officers and other employees as may be prescribed by the State Government in consultation with the Chief Justice of the High Court for the efficient discharge of its functions.

(4) The administrative expenses of the Committee shall be defrayed out of the District Legal Aid Fund by the District Authority.

Functions of Taluka Legal Services Committee: (a) Co-ordinate the activities of legal services in the taluka, (b) Organise Lok Adalats within the taluka, and (c) Perform such other functions as the District Authority may assign to it.

Audit of the District Legal Services Authority is conducted under Section 19 (2) of Comptroller & Auditor General's DPC Act, 1971

4.11 Gujarat State WAKF Board

The Wakf Act, 1995 was enacted with the object of providing the better administration of Wakfs and for matters connected therewith and incidental thereto

The Government has constituted the Gujarat State Wakf Board vide notification dated 30.11.1996, and was reconstituted on 19.05.2000. After the Wakf Act, 1995 became applicable to the State of Gujarat, the muslim Wakfs which were governed under the provisions of the Bombay Public Trusts Act, 1950 are now governed under the Act. The Board runs its administration from the income received in the form of Wakf Contributions from the Wakfs under section 72 of the Act. The Government in Legal Department has vide its notification dated 25.09.1998 constituted Tribunals and appointed the Civil Judge (Senior Division) in each district for the determination of disputes/questions relating to wakf/wakf properties under the Act.

The Government has also framed Rules in exercise of powers conferred under Section 109 of the Act vide the notification dated 21.03.1998. The Board has also framed Regulations under Section 110 of the Act.

4.12 Chief Inspecting Officer (Court Fees)

The Office of the Chief Inspecting Officer (Court Fees) is established for the implementation of the Gujarat Court Fees Act, 2003 and it functions through seven

offices of Inspecting Officers (Court Fees) located at Ahmedabad, Mehsana, Nadiad, Bhavnagar, Rajkot, Surat and Vadodara.

The main task of the Chief Inspecting Officer (Court Fees) is to scrutinize the court fee stamps used in the court matters and to recover the deficit court fee stamp value from the litigant in case the litigant has paid court fee less than that prescribed in the Act. In case of need, the Chief Inspecting Officer (Court Fees) is required to file Court Fee Reference in the concerned court to have the deficit court fees paid by the litigant.

4.13 Gujarat Public Works Contracts Disputes Arbitration Tribunal (GPWCDA)

The Gujarat Public Works Contracts Disputes Arbitration Tribunal (GPWCDA) is constituted under the provisions of the Gujarat Public Works Contracts Disputes Arbitration Tribunal Act, 1992. It deals with the disputes relating to the Works Contracts as defined in Section 2(k) of the said Act involving State Government or Public Undertakings.

The GPWCDA Tribunal has the powers of a civil court and under Section 13 of the said Act, the jurisdiction of the civil courts to deal with or decide a dispute to which the Tribunal is empowered under the Act to deal with.

Note: For Expenditure Audit under Section 13 of Comptroller & Auditor General's DPC Act, 1971, General Principles enumerated in MSO (Audit) should be kept in mind.

For Audit of Autonomous Bodies/ PSUs/ Companies/ Corporations, General Principles enumerated in MSO (Audit) should be kept in mind.

Besides, following Annexure may also be referred to:

1. Annexure 1: Audit of Autonomous Bodies
2. Annexure 2: Audit of Government Companies and Corporations
3. Annexure 3: Audit of Expenditure/ Establishment Audit
4. Annexure 4: Audit of Grants or Loans given to Authorities/ Bodies for Specific Purpose

CHAPTER V

Revenue Department

5.1 Introduction

The Bombay Land Revenue Code, now renamed as Gujarat Land Revenue Code, 1876 took effect in 1879. During the period from 1879 to 1913, Collectors were maintaining the land records and collecting the revenue with reference to Section 17 of the Code. In 1913, Revenue Account Manual prescribing the Village Forms, Taluka Forms and District Forms was prepared by Mr. F. G. Hartnell *Anderson* and subsequently, the Bombay Land Revenue Rules, 1921 came into effect. These Rules were replaced by the Gujarat Land Revenue Rules, 1972 from 04.06.1972.

The Gujarat Land Revenue Code, 1879 and The Gujarat Land Revenue Rules, 1972 are the principal laws enacted prescribing the constitution and powers of Revenue Officers, the methods/process of assessments and collection of revenue, management of alienated and unalienated land, surveys, assessments, and settlements, etc.

5.1.1 Organisation and Function of the Land Revenue Department

The administration of Land Revenue Department vests with the Additional Chief Secretary of Revenue Department at Government level. For the purpose of administration, the State is divided into 33 Districts. The District Collectors are responsible for the administration of their respective districts. Each district is further divided into talukas and villages. The *Mamlatdar* and Executive Magistrates are in charge of the administration of their respective *Taluka* and exercise supervision and control on *Talatis* who are entrusted with the work of collection of land revenue and other receipts including recovery of dues treated as arrears of land revenue.

Objectives: i. Provide a transparent and client-friendly administration, ii. Evolve policy to address changing trends, iii. Simplify procedure in the delivery of services, iv. Identify and implement ways and means to enhance resource through proper land management and registration of documents, v. Create a committed and responsive staff through capacity building and better personnel management

Vision: Modernise land revenue administration in Gujarat by making it more sensitive, responsive to the needs of citizen and dynamic to strengthen overall development.

Strategies: i. Digitisation of VF-VII/XII and VIII-A by computerisation of land records project, ii. Online mutation operation in all talukas under E-Dhara Project, iii. Simplification of process of land allotment for various non-agricultural purposes, vide Government Resolution dated 6.6.2003, iv. Accurate and timely maintenance of Revenue records, v. Strengthening of City Survey office to provide property card and maps having particular details of houses, roads, open space, etc. which can be useful for urban planning, own land acquisition for various infrastructure project i.e. irrigation, roads, water supply, drainage, gas pipeline etc.

5.1.2 Branches of Revenue Department and their functions

There are 42 branches working in the Revenue Department. The work is distributed among the Additional Chief Secretary and their Secretaries. The Additional Chief Secretary (Revenue) is the administrative head of the Revenue Department. The department is having One Additional Secretary and 10 Deputy Secretary looking after various function. Chief Information Officer is looking after IT related subject whereas

Project Officer State Monitoring Cell monitors e-Dhara. The branch wise distribution is as under:

Branch	Activities
A Branch	This branch deals with matters of the disposal of government land allied matters of districts of Kheda, Anand, Junagadh, Porbandar, Surat, Kachchh, Sabarkantha, Amreli, Panchmahal, Dahod, Bhavnagar, Surendranagar, Banaskantha, Valsad and Navsari.
A-1 Branch	Allocation of Government land for non-agricultural purpose in districts of Ahmedabad, Gandhinagar, Mehsana, Patan, Vadodara, Jamnagar, Rajkot, Bharuch, Narmada and Dang.
B Branch	To create temporary posts in local establishment and its continuation.
B-1 Branch	Compilation and forwarding information to high level teams and such reform teams, committees etc.
B-2 Branch	All work under General Provident Fund.
Ch-Branch	Land acquisition for railways. (all districts).
Chh – Branch	All matters in relation to implementation of the Gujarat Agricultural Land Ceiling Act, 1960.
D – Branch	Promotion to Mamlatdar from Deputy Mamlatdar cadre and first appointment thereunder.
D-1 Branch	Transfer, appointments etc., of Dy. Collectors and Mamlatdars. (except first appointments on promotion).
D-2 Branch	Confidential Reports of officers of the levels of Mamlatdars and related work.
G- Branch	Grant of any type of Government land free of charge, revenue fee or on token rent under section 32 and 32-A of Land Revenue Rules, 1972.
Gh- Branch	Land Acquisition Act, 1984 – matters related to policy and interpretation.
H - Branch	Matters related to survey of India maps.
H-1 Branch	Implementation of rules-regulations of Stamp Act and related rules.
H-2 Branch	Work relating to land record computerisation
IT- Branch	The matter of constitution of a permanent IT Team and formation of IT branch is to assist & co-ordinate the IT activities in Revenue Department & HoDs & all the Collectors
J- Branch	Work of Modernisation and Maintenance of records of rights (Village Form No.6) and its ancillary Village Form No. 7/12 it.
Z- Branch	Bombay Tenancy and Agricultural Land Act, 1948.
K- Branch	Matters of non-agricultural permission.
L - Branch	Encroachment on Govt. land and matters related to it.
L-1 Branch	Rehabilitation of displaced persons from West Pakistan.
M- Branch	Departmental inquiry against Class I & II gazetted officers of revenue cadre, Mamlatdars and Dy. Collectors. After completion of preliminary inquiry of allegations by respective branches, obtain the opinion of Gujarat State Inquiry Commission. On acceptance of recommendations of the Commission by Government, initiate Departmental Inquiry.
N- Branch	Main subject is establishment of non-gazetted civil service

	employees.
N-1 Branch	Appeal on orders made by Collectors regarding discipline and conduct of non-gazetted employees.
N-2 Branch	Promotion Clerk to Dept. Mamlatdar. Seniority List of Clerk
Th- Branch	To provide for Nonplan budget and coordination of Nonplan budget work.
Th-1 Branch	Public Accounts Committee.
Th-3 Branch	To provide for plan budget and coordination of plan budget work & Non PDP Audit Paras/Inspection of A.G. Office.
S-1 Branch	Steps for providing fodder and cattle relief during scarcity.
S-3 Branch	All works of disaster management.
S-4 Branch	Rehabilitation of victims of riots, movements, strikes, accidents, ship break, events of fire <i>etc.</i> and matters related to policy of relief thereof.
V-1 Branch	Proceedings for disposal of vacant lands out of the lands acquired by the Government under Urban Land Ceiling Act, 1979 through public auction.
V-4 Branch	Work of dealing of court cases under Urban Land Ceiling Act, 1979 of the six urban areas of the state – Ahmedabad, Surat, Vadodara, Rajkot, Bhavnagar and Jamnagar, where the land declared vacant and occupied by the government.
Award Branch	Work of obtaining sanction of Government after verification of market value of land being acquired under Land Acquisition Act.
Examination Unit Branch	All work of conducting Department examination of officers of direct recruitment of revenue cadre-III and Class I & II.
Resettlement and Reconstruction Branch	Advance planning for meeting of the disasters.

5.1.3 Law Administered by the Revenue Department

Since the introduction of the Land Revenue Code, there being number of Acts enacted for various purposes relating to the management of land matters. Some important enactments and its purpose are mentioned in the following description:

Sl. No.	Name of Act and Rules	Purpose of the enactment
1.	The Gujarat Land Revenue Code, 1879 and The Gujarat Land Revenue Rules, 1972	The principal law enacted prescribing the constitution and powers of Revenue Officers, the methods/process of assessments and collection of revenue, management of alienated and un alienated land, surveys, assessments, and settlements etc.
2.	The Gujarat Tenancy and Agricultural Lands Act, 1948 and Gujarat Tenancy and Agricultural Lands Rules, 1956	An Act to amend the law relating to tenancies of agricultural lands and to make certain other provisions in regard to those lands.
3.	The Right to Fair and Transparency in Land	The Act establishes regulations for land acquisition as a part of India's massive industrialisation drive driven by public-private partnership. The Act has

	Acquisition, Rehabilitation and Resettlement Act, 2013 (effective from 01 January 2014)	provisions to provide fair compensation to those whose land is taken away, brings transparency to the process of acquisition of land to set up factories or buildings, infrastructural projects and assures rehabilitation of those affected. The Act replaced the Land Acquisition Act, 1894, a nearly 120-year-old law enacted during British rule.
4.	The Gujarat Prevention of Fragmentation and Consolidation of Holdings Act, 1947	Enacted by the legislature at the initial stages of independent India to prevent the fragmentation of agricultural land holdings and to provide for the consolidation of agricultural land holdings for the purpose of the better cultivation.
5.	The Gujarat Agricultural Land Ceiling Act, 1960	An Act to prescribe the ceiling limit of agricultural land holdings and provisions for excess acquisition of agricultural land and their disposal.
6.	The Gujarat Revenue Tribunal Act, 1957	To constitute Revenue Tribunal to reassess appeal cases, issue of Orders in this regard etc., and for other purposes.

The Government/Department from time to time had issued various instructions/policies/guidelines in the form of Government Resolutions (GRs), Orders, Circulars etc., for implementing the provisions prescribed in the laws. The compilations of such instructions were made available for public purpose. The Revenue Department compiled the instructions so issued by the Government from time to time into 21 issue-based volumes for circulation among the Departmental officers as given below:

Volume number	Volume name
1	Allotment of Government <i>Kotar</i> land and Grazing land
2	Permission for non-agricultural use of land
3	Extension of <i>gamtal</i> and non-agricultural assessment in existing <i>gamtal</i>
4	Fixation of premium for non-agricultural use of land restricted under new tenure
5	Land held under <i>Chav</i> , <i>Ravla</i> etc., tenure in ex-Saurashtra area
6	Encroachment on Government land
7	Gujarat Tenancy and Agriculture Lands Act, 1948
8	Land Acquisition for various purposes
9	Updation of entries/records of rights of land
10	Applicability of city survey
11	Action under 37 (2) of Land Revenue Code
12	Restriction under Section 73A/73AA of Land Revenue Code
13	Gujarat Prevention of fragmentation and consolidations of Holdings Act, 1947
14	Stamp Duty on documents
15	Recovery of amount outstanding as arrears of land revenue
16	Grant of unoccupied Government land for agriculture
17 (1) & (2)	Grant of unoccupied Government land for non-agricultural purpose
18	Gujarat Agricultural Land Ceilings Act, 1960
19	GRs/Notifications/Circulars etc., issued up to April 2012 in addition to GRs

	included in Volume 1 to 18
20	GRs/Notifications/Circulars etc., issued up from May 2012 to May 2016
21	GRs/Notifications/Circulars etc., issued up from June 2016 to January 2018

The implementation of the land laws vests with the Collector under the supervision, control and guidance of Revenue Department.

In addition to above working manuals for different offices working under the control of Revenue Department are prescribed as follows: i. Revenue Accounts Manual, ii. Collector Manual, iii. Prant officer Manual, iv. Mamlatdar Manual, v. Talati Manual, vi. E-Dhara Manual

Functions of Head of the Departments (HODs) under Revenue Department

5.2 Commissioner of Land Reforms and Ex-Officio Secretary

Since speedy implementation of Land Reform measures is very important, the Government has set up special enforcement machinery under control of the Collectors. However, in order to guide, supervise and inspect Collectors and Agriculture Commission and machinery attached with land reforms working in districts, the Government has created a post of Commissioner of Land Reform and Ex-Officio Secretary, having jurisdiction over entire State, who looks after planning and proper implementation of Agricultural and Urban Land Ceiling Act. As a Secretary, he helps the Government in implementation of Land Reforms Act and deciding matters pending under Urban Land (Ceiling and Regulation) Act 1976 (Repeal Act). To direct, supervise and inspect work of Commissioner of Land Reforms for implementation of various land reform Acts and to supervise planning schemes of land reforms, he is helped by Assistant Commissioner of Land Reforms and subordinate staff.

He implements provisions of the Gujarat Tenancy and Agricultural Lands Act, 1948 (modified), Gujarat Agricultural Land Ceiling Act, 1960 and other land reform Acts. For effective implementation of land reform provisions, updating of record of rights is a prerequisite. To this end, there are right of record groups (including tribal areas groups) of subordinate staff consisting of Dy. Mamlatdars and Circle Officers under Mamlatdars in the districts. The groups inspect village records and take steps for its updation. It aims to ensure providing correct picture of possession of records, occupation of tenancy and true position of agriculture. For disposal of cases under Gujarat Tenancy and Agricultural Lands Act, 1948, agriculture commission is working with subordinate staff at Taluka levels. Similarly, for implementation of Gujarat Agricultural Land Ceiling Act, 1960 (modified) and for deciding cases arising from it, Agriculture Commissions are working with subordinate staff at Taluka levels.

5.3 Revenue Inspection Commissioner (RIC) and Ex-Officio Secretary

Revenue Inspection Commissioner is the Head of the Department. In addition, he is ex-officio Secretary by virtue of his office. Inspection of offices of Revenue and Panchayat relating to Revenue Work of the State is being carried out by RIC as per prescribed programme. The Commissioner carries out monthly review of revenue work of the Collector. Moreover, review work is being carried out by convening zonal meeting of Collectors. After dispatch of inspection notes to the respective offices for compliance, Memo reading is done and instructions are issued for rectification of deficiencies. In order to ensure that revenue work is carried out as per rules and laws, special revenue training is imparted to revenue officers/ employees. This includes implementation of various

important Acts. In order to enhance efficiency of officers of revenue work, conference of Mamlatdars, Prant Officers and Collectors is convened periodically.

5.4 Special Secretary to Revenue Department (Appeals)

After abolition of post of Commissioners, the Government has appointed Special Secretary (Dispute) as quasi-judicial authority to decide appeals and revisions preferred under various Acts against order of Collectors. He has been empowered to hear appeals and revisions under various acts related to Special Secretary (Dispute). He has been appointed as Secretary (Revenue) of the Government. The office of the Special Secretary to Revenue Department (Appeals) came into existence in the year 1964. He has been empowered under Section 211 Gujarat Land Revenue Code, 1879 to revise the orders made by the Revenue Officers at district level against appeal made by the applicant.

5.5 Settlement Commissioner and Director of Land Records

The Settlement Commissioner and Director of Land Records is the head of the Revenue Department for survey and settlement operations under the control of Secretariat of the Revenue Department. He is appointed under Section 18 of Gujarat Land Revenue Code, 1879 by the Government of Gujarat. The process of measuring lands and demarcating their boundaries is known as —Survey and the fixation of land revenue of each survey number is known as —settlement. In the exercise of his functions as a head of the Survey and settlement, the Settlement Commissioner is designated as the Director of Land Records and in exercise of his functions of Settlement of Land Revenue he is designated as the Settlement Commissioner.

5.5.1 Functions as Director of Land Records: Under the Director of Land Records, there are Superintendents of Land Records who function as Circle Officers over the District Inspectors of Land Records (DILR). It is the latter officers who are in actual exercise of the functions of survey of lands. Under the Land Revenue Code, Government is empowered to direct the survey of any land with a view to settlement of the land revenue and to record and preservations of rights connected therewith. Survey charges are to be borne by the Government if the survey is introduced for the purpose of settlement of revenue, but if it is carried out for updating the record of rights, the entire cost of such survey is recoverable from the beneficiaries of the survey as revenue demand. In accordance with the recovery procedure prescribed by Government, District Inspector of Land Records are required to maintain *khatedar* wise, village wise and Taluka wise accounts of various survey charges to be recovered while the actual work of effecting the recoveries is done by village *Talati* to whom detailed statements of *khatedar* wise demands are sent on completion of survey work.

5.5.2 Functions as Settlement Commissioner: Under Section-117-E of the Land Revenue Code, a settlement of land revenue is normally valid for a period of 30 years unless extended or reduced by the Government. When a fresh settlement of land revenue is completed, the District Inspector of Land Records will prepare an ‘*Akarbandh*’ showing therein in the land revenue settled for each survey number in a village. From this ‘*Akarbandh*’, a ‘*Kayam Kharda*’ will be prepared by the District Inspector of Land Records and supplied to the Village *Talati*, over his signature. It is ‘*Kayam Kharda*’, which will show the assessment of land revenue fixed for each survey number of the village which constitutes the corner stone of the land revenue accounts.

5.6 Commissioner of Relief (CoR) and Ex-Officio Secretary

Introduction: Government of Gujarat has enacted The Gujarat State Disaster Management Act 2003. The Act provides for the duties and power of the Relief

commissioner in Chapter 8 Article 21 and 23. The Relief Commissioner is having a key role in making the policy, implementations, decisions, rescue and relief on behalf of the Government of Gujarat.

Relief Commissioner acts as the state coordinator and most important link between Government and District Administration like Municipal Commissioners, District Collectors and District Development Officers of the State.

For the said relief and rescue work, the Relief Commissioner has a 24 X 7 Control Room at the state level, named State Emergency Operation Center (SEOC) at Gandhinagar. At the district level, District Emergency Operation Centers (DEOCs) are operational which are managed by Disaster Mamlatdar under the administrative control of Collector.

Relief Commissioner aims to minimize the loss of human life and property due to natural calamities like drought, tsunami, heavy flood in rivers and earthquake etc and manmade calamities like big fire accidents, chemical/ poisonous gas leakage, etc., besides providing the best possible relief to the victims.

The relief wing is committed to work for the due vigil, data collection, data management, forecast and to provide fastest rescues and relief in case of calamities.

Organisational Structure: The CoR is assisted by Director of Relief, Dy. Collector (SEOC), etc. At the district level, DEOCs are operational which are managed by Disaster Mamlatdar under the administrative control of Collector.

Functions of CoR: Government of Gujarat has enacted the Gujarat State Disaster Management Act 2003. The Act provides for the duties and power of the Relief commissioner in Chapter 8 Article 21 and 23. The important functions of CoR are as follows:

Emergency Relief- During the period an area is an affected area, the Commissioner may issue directions to the Collector and the local authority having jurisdiction over the affected area to provide emergency relief in accordance with disaster management plans.

The Commissioner shall- (a) provide inputs to the Authority relating to various aspects of disaster management, such as early warnings and status of preparedness; (b) develop an appropriate relief implementation strategy for the State in consultation with the Authority, taking into account the unique circumstances of each district and deficiency in institutional capacity and resources of the State; (c) prepare, review and update state level emergency plans and guidelines and ensure that the district level plans are prepared, revised and updated; (d) reassess from time to time contingency plans related to disaster management; (e) ensure that disaster management drills are carried out periodically; and (f) ensure that communication systems are in order, and contingency plans provide for maximum involvement of local agencies.

Laws administered by CoR: CoR administers the following Acts, rules, etc.:

1. The Disaster Management Act, 2005
2. The Gujarat State Disaster Management Act, 2003;
3. National/ Gujarat State Disaster Management Plans as updated from time to time
4. Gujarat Relief Manual, 1976
5. Manual for Drought Management, 2016
6. Chief Minister Relief Fund Rules, 1967

The Gujarat State Disaster Management Act, 2003 envisages powers and functions of State Relief Commissioner. The Disaster Management Act, 2005 envisages functions of the State Executive Committee. Gujarat Relief Manual, 1976 prescribes the relief measures required to be undertaken by CoR. Manual for Drought Management, 2016 prescribes role of CoR in drought management. Chief Minister Relief Fund Rules, 1967 stipulates that the audit of Chief Minister Relief Fund would be undertaken by chartered accountants engaged by executive committee of the Fund.

5.7 Gujarat State Disaster Management Authority (GSDMA)

Introduction: Immediately after the 26th January 2001 earthquake, Gujarat State Disaster Management Authority (GSDMA) was established and registered as a ‘Society’ under the provisions of the Societies Registration Act, 1860 and the Bombay Public Trust Act, 1950 on 8 February 2001. The Government of Gujarat (GOG) established the Gujarat State Disaster Management Authority (GSDMA) on February 8, 2001 (vide General Administration Department GR dated 08.02.2001). Thereafter on passing of Gujarat State Disaster Management Act, 2003 by the State Government, Gujarat State Disaster Management Authority was formed on 01.03.2003.

GSDMA was initially mandated to implement the gigantic task of rehabilitation and reconstruction programme in the earthquake affected areas of the State and simultaneously act as a nodal agency to plan and implement pre-disaster preparedness and mitigation activities including training and capacity building of all the stakeholders involved in disaster management

Functions of GSDMA: Government of Gujarat has enacted The Gujarat State Disaster Management Act 2003. The Act provides for the duties and power of the Relief commissioner in Chapter 6 Article 12 to 19. The important functions of GSDMA are as follows:

1. The Authority shall be primarily responsible for promoting an integrated and coordinated system of disaster management including prevention or mitigation of disaster by the State, local authorities, stake holders and communities.
2. The Authority shall take reasonable steps to collect or cause to be collected data on all aspects of disasters and disaster management and analyze such data; and cause and conduct research and study relating to the potential effects of events that may result in disasters.
3. The Authority shall act as a repository of information concerning disasters and disaster management.
4. The Authority shall develop or cause to be developed guidelines for the preparation of disaster management plans and strategies and keep them updated.
5. The Authority shall promote or cause to be promoted awareness and preparedness and advise and train the community, and stakeholders with a view to increasing capacity of the community and stakeholders to deal with potential disasters.
6. The Authority may recommend the appropriate authority to take into consideration the matters to be specified by the authority for mitigation of a disaster while preparing new plans.
7. The Authority shall assist the State Government in formulating policies relating to relief activities.

8. On the expiry of a disaster declaration, the Authority shall, where necessary, act as an agency for facilitating and coordinating rehabilitation and reconstruction activities by departments of the Government.

Organisational Structure: The GSDMA is headed by Chief Executive Officer and assisted by Additional Chief Executive Officer (Administration), Director (Administration) and Director (Finance).

5.7.1 Laws administered by GSDMA: GSDMA administers the following Acts, rules, etc.:

1. The Disaster Management Act, 2005
2. The Gujarat State Disaster Management Act, 2003;
3. National/ Gujarat State Disaster Management Plans as updated from time to time

The Disaster Management Act, 2005 envisages powers and functions of State Authority and District Authority in the event of any threatening disaster situation or disaster. The Gujarat State Disaster Management Act, 2003 envisages certain functions of the State Authority.

Audit of the Gujarat State Disaster Management Authority (GSDMA) is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971

5.8 Gujarat Revenue Tribunal

This tribunal has been constituted under Gujarat Revenue Tribunal Act 1957. In Gujarat State, separate Tribunal exists since 1960. The tribunal consists of one chairman and members decided by the Government. Generally, 1 + 4 total 5 members' office works as tribunal. An officer of rank of Dy. Collector acts as registrar. This office works as quasi-judicial body. It deals with revision applications/ appeals /review/ restoration applications preferred under various acts of law.

5.9 Audit Units and Implementing Units under Revenue Department and its HoDs

5.9.1 For the district level administration, the State is divided into 33 districts. Each district is further divided into talukas and villages. The District Collectors are overall in charge and responsible for the administration of their respective districts. There are 33 District Collector offices (Audit units) in the State of Gujarat. There are 120 Prant Officers (Implementing units) and 261 Mamlatdars (Implementing units) are working at taluka level under the supervision of District Collectors. The Collector has to exercise supervision and control over his subordinate Revenue Officers like Prant Officer and Mamlatdar. He has to ensure that these officers perform duties and functions delegated to them and exercise powers properly.

5.9.2 Further, under the Settlement Commissioner and Director of Land Records (HOD), there are 33 Dy. Director of Land Records/ Superintendents of Land Records (Audit Units) who function as Circle Officers over the 33 District Inspectors of Land Records (DILR) (implementing units) and 68 City Survey Superintendent (implementing units) empowered with the powers of survey of lands with a view to settlement of the land revenue and to record and preservations of rights connected therewith under the Land Revenue Code.

5.10 The District Collector

Collector is the head of revenue administration of the District. The State Government appoints him under Section 8 the Land Revenue Code, 1879. The powers of Land

Revenue Code and other Acts have been delegated to the Collector by the Government and with the result the Collector is responsible for implementation of provisions of various Acts of his district.

He is representative of State Government at district level. He coordinates all officers of district and conducts administration of district. He also acts as a District Magistrate.

He has been delegated powers to provide relief in case of natural calamity such as famine, floods, fire etc. Various schemes and programmes are implemented as per the policy of the State Government by various offices of other departments of the State Government at the district level. In order to ensure that the schemes and programmes are properly implemented and the targets are achieved (physical and financial), they have to be checked, supervised coordinated by Collector and District magistrate through various committees are constituted under chairmanship of Collector and District Magistrate.

Functions: i Time bound delivery of essential services to the citizens of the district, ii. To play a key role as a coordinator of all the government offices of the district, iii. To strive for efficient, transparent and citizen centric administration with the use of latest technologies available, iv. To resolve the issues related to land and to preserve and nurture all the government assets.

5.10.1 Branches of Collectorate dealing with matters related with Land Revenue:

Chitnis Branch or Land Branch: i. To Give Non Agriculture Permissions under sections 65, 65(A), 65(B), 66 and 67 of the Bombay Land Revenue Code, 1879, ii. Fixation of Land Price in the District Land Valuation Committee, iii. Grant/ Lease of land to eligible Institutes/ Individuals, for charitable and social purposes to the educational/ social Institutes, school, hostel etc, iii. Conversion of Land Tenure (New Tenure to Old Tenure) for urban area, iv. Transferring of land to other Department for different purposes.

Tenancy Branch: i. Supervision of E-Dhara Kendra of Talukas in the District, ii. Supervision of R.T.S. Team, iii. Appeal & Revision of Tenancy Cases Under Section 74 & section 76 of Tenancy Act, iv. 100% Review Work of order of Mamlatdar & ALT under tenancy Act, v. Appeal under Agriculture Land Ceiling Act.1960, vi. Permission under Sec. 63 of Tenancy Act. and Certificate under 63AA of the said Act for Bonafide Industrial purpose, vii. Giving Permission under Section 65(B) of Land Revenue Code.

Urban Land Ceiling (ULC) Branch: i. Work regarding cases pending in Honourable Gujarat High Court/Supreme Court and Civil Court filed by land holders regarding land declared surplus under Urban Land Ceiling Act and possession of which is taken over under government, ii. Work of allotting open lands available out of lands declared excess under Urban Land Ceiling Act to "Urban Development Authorities" and "Municipal Corporation" as per instruction of government, iii. Work of giving *sanad* to applicants regarding land allotted earlier under Section 23 of the Act, iv. Work of deciding compensation/payment of compensation in the case in which possession of excess land, v. Work of disposal of land declared excess under ULC Act and vested in government by public auction, vi. Work of giving opinion based on ULC record regarding non-agricultural permissions being given under section 65 and 66 of Land Revenue Code, vii. Work of giving opinion based on ULC record regarding permission for making change of purpose for purpose of non-agricultural use of land of new tenure under Section 43 of Tenancy Act.

Legal Branch

In this branch, Appeal and the Revision Applications under Land Revenue Code 1879 and Land Revenue Rules 1972 regarding RTS matters are heard and decided in accordance with law.

Other function includes monitoring of cases admitted and running in various judicial courts such as City Civil Court, Rural Court, Gujarat High Court, and Hon. Supreme Court, etc. including the cases against the District Collector's office and against the officer/office under the District Collector is carried out. In addition to this monitoring of all court matters where in interest of Government is involved is also carried out by this branch.

Revision petition against the decision/ order/ resolution passed by the Deputy Collector/ Prant Officer regarding the Mutation in Records of Rights. Decisions made by subordinate revenue officers under the Rules 106, 107 and 108 are reviewed and changed or set aside for better verification of the legitimate purpose of the law, for the purpose of ensuring the legality or justification of the order.

Allien Recovery Branch

The main work of the branch is to effect miscellaneous recovery of dues of the Government. /court etc. viz. Sales Tax, court fee & recovery ordered by labour court, etc. According to the provisions of the land revenue code, the respective recovery measures are taken as per below mentioned provisions:

- i. Section 152: Notice and Procedure for Demand Draft
- ii. Section-154: Notice and action to seize movable property.
- iii. Section 155: Notice and Procedure for Seized Property Assets
- iv. Notice of Section 200: Seizure admission
- v. Section -165: Procedure to sell movable/ immovable property in a public - auctioned sale
- vi. Section-157: Procedure for sending the prisoners to jail

Notices are given to the defaulters under the above said provisions by the Mamlatdar, Alien recovery branch and on recovery a cheque is sent from there to the authority issuing the recovery certificate.

The recovery procedures were done by this branch for the residents of the Ahmedabad Municipal corporation area and in case of the recovery of Taluka areas, it is done by the concerned Mamlatdar/ Taluka Development Officer.

Land Acquisition Officer (LAO) Branch:

Functions: i. To check all proposals received from the Requiring Body for land acquisition, ii. To publish land acquisition notification of particular sections of The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (the Act), iii. To publish notification under Section 11 of the Act, after SIA/Exemption notification and thereafter Section 19 notification and to proceed further, iii. To issue notices u/s 19(4) after caring out all procedure u/s 19(1) of the Act, and obtain its publication reports, iv. To obtain village Talati report for publication of notice u/s 21 (1) (2) at village, after publication of notice u/s 19(4) of the Act, v. To arrange date of hearing of claims of land holders and record their statements, vi. To obtain last three years sale deed record from sub-registrar and *Jantri* and determine

market rate of the acquired land, vii. To prepare proposed to review market rate, viii. To prepare draft award of acquired land and to send it to Revenue Department for approval, wherever required, ix. To publish award of the acquired land and send it to the related offices, x. To pay compensation in accordance with Section 77 of the Act, xi. To take over physical possession of the acquired land u/s 38 of The Act after ensuring full payment of compensation to the land holders and hand over it to the Requiring Body, xii. To maintain accounts of compensation paid

Right To Service (R.T.S.) Branch:

Functions: i. Issue orders for rectification of defects found in the computerised land records, ii. Necessary action to rectify the defects noticed in the entries made while inspecting land revenue records when compared with the associated documents, iii. During the inspection of the village offices, if it is found any violation of legal rules/clauses while verifying the land revenue records with relevant other documents, such cases should immediately refer to the appropriate revenue authorities.

Disaster Management Branch

Functions: i. Assistance/ relief compensation disbursement of natural disaster through DDO, SDM/Mamlatdar, ii. Co-ordination among taluka, district, state during accident/ major calamities, iii. activation of round the clock emergency response flood control room, iv. Work of Disaster Risk Management program implemented by GSDMA, v. Maintain District Disaster Management plan

5.10.2 Branches of Collectorate dealt with matters related to Magisterial, Administration and Accounts:

Deputy Chitnis Branch (Magisterial Work): By virtue of his post a District Collector is also a District Magistrate. The branch mainly functions in the cases related to Criminal Procedure Code (Cr. PC), The Bombay Police Act-1951, The Prohibition Act-1949, Arms Act-1959, PASA etc. Arms license, Petroleum storage NOC etc. are issued by this Branch. Law and Order situations in the district are also looked after by this branch under the direct control & Supervision of the District Magistrate.

Public Relation Officer (P.R.O.) Branch: P.R.O. is consultation branch of Collectorate Ahmedabad, in which people get best and proper direction or advice. The information related to the Collector office or any other important news notified in the local or national newspaper are collected and put into reading to the Collector. The process of RTI Application and Appeal is conducted by P.R.O. branch.

This branch arranges for the District SWAGAT & State SWAGAT programmes on every 4th Thursday of the month in which this branch receives complains from all over the District which are to be disposed of by this branch in the time bond manner. A positive solution of the citizen's grievance is the prime objective of this branch.

Extra Chitnis Branch: This branch is mainly engaged with administration work of General Supervision, Class 1,2,3 Officer and maintenance of Employers Personal files and Confidential Report, Promotion of Clerk to Deputy Mamlatdar Promotion, Direct Recruitment, work relating Pay Fixation, Retirement, pension, Employee Roster Register All Staff, Leave, Administration Work, Passport Related Work of employees etc.

Additional Chitnis Branch: This branch is mainly dealt with the Celebration of Government programs and Cultural activities (viz., Independence day, Kite festival, Navaratri festival, Swarnim Gujarat, Agricultural census etc.) Planning of the tour programme of Hon. Governor, Hon. Chief Minister and Hon. Ministers and inform

concerned officers for the preparations. Reservation of Govt. Telephone and reservation of govt. guest house. Preparation of the proposal for all type of awards. Verification of caste certificate. Land acquisition related work, Stamp refund cases and the functioning of anonymity, to prepare proposal of freedom fighter and dependent pension and medical reimbursement matters, the payment of assistance and grants allotment to the widow/elderly.

Protocol Branch:

The District Protocol represent the State during the State Visit of VVIPs. District Protocol plays an important role in this regard. Deputy Collector (Protocol) and his/ her team co-ordinate the entire ground activities and perform ceremonial duties.

Records Branch:

The main functions of this branch are classification of all the important files in the computer program, data collection and saving of files, purchase of stamps for public service center and tender related work for rendering non-functional operations, computer maintenance and Xerox, and all the bills approved during the year.

Registry Branch: Marking the entire post/ dak received from the outside and supervision of inward and outward operation of simple post and Account operation, postal delivery and acceptance of post.

Accounts Branch: This Branch deals with the district establishment of Revenue Department in the matters related to distribution of grant from the government departments, maintaining the expenditure details and cash book, pay fixation, pay bill and other bills, maintenance of service books, increment and GPF/CPF, Regular Pension and Family Pension, New Pension Scheme and income tax deduction of the staff, preparing the district budget, audit and other accounting related matters, Dealing with treasury office and reconciliation of accounts with A.G. office, etc.

5.10.3 Branches of Collectorate dealing with matters related to other than land revenue

Election Branch

For conducting Lok Sabha Election Collector is usually appointed as Returning Officer, and Deputy Collectors are appointed as Asst. Returning Officers to assist the Collector.

For conducting election of Legislative Assembly, Collector is over all controlling authority as a District Election Officer and Deputy Collectors are appointed as Returning Officer for each Legislative Assembly Constituencies.

This branch works under direct supervision of Deputy District Election Officer. The key function of the election branch is as follows: i. Issuance of Photo-identity cards to voters, ii. Corrections pertaining to Identity cards, ii. Issuance of attested copies of Electoral Rolls on demand to public, iii. Maintaining the records regarding elections, iv. Responsible for the up-keep and maintenance of Ballot Boxes, Electronic voting machines, steel trunks and previous record of Electoral Rolls, v. Stationary depot where stationary pertaining to the elections is printed, vi. To efficiently conduct the election to the Assembly Constituency of which he is the Returning Officer, vii. To accept and scrutinise the nomination forms of the candidates, viii. To allot the election symbols to the contesting candidates, ix. To publish the notice regarding the election, x. To prepare a list of contesting candidates, xi. Printing of ballot papers and to forward the postal ballots to the service electors, xii. Deputing the polling officers to the polling booths with the

election materials, xiii. To supervise the functions of the polling officers in his Assembly Constituency on the day of poll and forward the necessary report to the Election Commission of India and the Chief Electoral Officer, xiv. To get the polling completed during the election in a fair and just manner and as per the statutory provisions.

(Note: The District Election officer functions under General Administrative Department)

Planning Branch

Government of Gujarat has introduced Decentralised District Planning programme from 14 November 1980. This programme is carried out by district planning offices. A proposal of Public works is being prepared at Taluka level and submitted to District Planning Board for approval. This branch is headed by District Planning Officer (DPO).

Functions: i. To work on Decentralised Planning Scheme, ii. To work on MPLADS Scheme, iii. To Work on A.T.V.T Scheme, iv. To Work on MPL Scheme, v. To Work on 20 Mudda Scheme, vi. To Work On Sagar Khedu Sarvangi Vikas Yojana Scheme.

(Note: The District Planning officer functions under General Administrative Department)

5.11 Prant Officer

Under Section- 8 and 9 of the LRC 1879, the Prant officer enjoys power of land revenue administration and exercises power of Sub Divisional Officer by virtue of his office. He acts as Asst. Electoral Officer of Lok Sabha and election officer of Vidhan Sabha.

Functions: i. Scrutiny and finalisation of cases falling under Section 43 of the Land Tenancy Act i.e. cases relating New and restricted tenure land, ii. Cases falling under Section 63 of Gujarat Land Tenancy Act, iii. Process the cases of grant of Government Land, iv. Review the orders issued by *Mamlatdars*, v. Initiate action under Section 79 of Land Revenue Code, 1879 (Breach of conditions), vi. Decide and finalise cases of encroachment on Government land, vii. Verification of rights of ownership under Section 37(2) of land Revenue Code, 1879

5.12 Mamlatdar

The State Government appoints Mamlatdar under Section 12 of Land Revenue Code. Mamlatdar is also an Executive Magistrate under Section 20 of the Indian Criminal Procedure Code 1973. Mamlatdar plays role of head of revenue administration of villages at Taluka level. He is responsible to Prant officer and collector and he solves problems of people by coming in direct contact of the people.

Functions: i. Conduct revenue administration of Taluka and Act as Chief coordinator of Taluka, ii. Supervision and inspection on work of revenue personnel of Taluka, iii. The origin of any revenue chapter is the office of Mamlatdar, iv. Mamlatdar is custodian of land record of Taluka. Hence his duty is to preserve land records and updation from time to time, v. Preservation of government land and constant vigilance on it that no encroachment is made on it, vi. Recovery of government dues and prevention of theft of government property, vii. Recovery of land revenue of certain orders and Recovery under provision of LRC amounts due from other department.

5.13 Circle Officer: Circle officers work under direct control of the Mamlatdar. In one taluka on average their villages are allocated two circle officers. They have been assigned special responsibility of preparing revenue chapters and updation of revenue records and custody of Government land. The Mamlatdar exercises effective check on him by review

and supervision of his work. There is no provision in land revenue code for his appointment but he is appointed by administrative order. He supervises civil administration and Land Records of all villages of his circle under orders of Mamlatdar. He has to visit all villages from time to time, inspect the condition of crops, condition of people and he has to report immediately to his superior officers for any act required of him and implement it immediately.

5.14 Talati: *Talati* who works at the village level are also designated as *Talati cum Mantri*, in view of the fact that they work under the Taluka Development Officer and also the Mamlatdar. The bulk of the revenue work actually devolves on the *Talati* who is entrusted with the maintenance of village records prescribed in the Land Revenue Accounts Manual. The *Talatis* are also required to report to Circle Officers and also Mamlatdars, for cases of unauthorised NA use, encroachment on Government land, etc.

5.15 Computerisation of Land Records and E-Dhara

Land records are maintained for various purposes including the levy and collection of various taxes and land revenue. Any changes brought on by sale, inheritance, hire, and distribution, etc. are brought into record by the manual updation done by the Talati at the village. However, the manual system of record keeping has become cumbersome, opaque, susceptible to manipulations and hard to administer. Therefore, E-Dhara land records management system was conceptualised to manage land records by using information technology (IT) as a tool. The envisaged system was designed to provide prompt issuance of computerised Record of Rights (RoR) across the counter and online updation of land records.

e-Dhara Kendra is situated at Taluka Mamlatdar Office. At e- Dhara Kendra, mutations are registered in digital format, which are done in Village Form No. 6, 7, 8A and 12. The mutation are recorded here by GSWAN connectivity, and the data are stored at central server situated at Gandhinagar.

Website: <https://anyror.gujarat.gov.in>

5.16 Integrated Online Revenue Application (iORA)

The Government of Gujarat introduced “Integrated Online Revenue Applications (iORA)” in the year 2019 under the web portal www.iora.gujarat.gov.in which brings various services under the Revenue Department online with an intention to provide hassle-free and corruption free services to the people in Gujarat state.

The following Revenue services as shown under are made online (iORA) for public purpose:

Sl. No.	Particulars (online applications for different revenue services available on iORA portal)
1	Application for Permission for payment of premium for conversion of land from new tenure to old tenure under section 43 of Gujarat Tenancy and Agricultural land Act, 1948
2	Application for Permission for payment of premium for conversion of land from new tenure to old tenure under section 57 of Gujarat Tenancy and Agricultural lands (Vidarbha and Kutch Region) Area Act, 1958
3	Application for Permission for payment of premium for conversion of New Tenure Agricultural land to old tenure Agricultural land
4	Application for Permission for payment of premium for conversion of New Tenure Agricultural land to old tenure Non-agricultural purpose
5	Application for Non-agricultural permission under section 65 of Gujarat Land Revenue

	Code, 1879 (GLR Code 1879)
6	Application for permission to change in one Non-agricultural purpose to another under section 65-A of GLR Code, 1879
7	Application for permission to use of agricultural land for Bonafide Industrial purpose under section 65-B of GLR Code, 1879
8	Application for permission regularise the Non-agriculture use without permission under section 66 of Gujarat Land Revenue Code, 1879
9	Application for Permission for payment of premium for conversion of land from new tenure to old tenure under section 43 of Gujarat Tenancy and Agricultural land Act, 1948 alongwith Non-agriculture permission under section 65 of GLR code, 1879
10	Application for Permission for payment of premium for conversion of land from new tenure to old tenure under section 57 of Gujarat Tenancy and Agricultural lands (Vidarbha and Kutch Region) Area Act, 1958 alongwith Non-agriculture permission under section 65 of GLR code, 1879
11	Application for Permission for payment of premium for conversion of New Tenure Agricultural land to old tenure Non-agricultural purpose alongwith Non-agriculture permission under section 65 of GLR code, 1879
12	Application for certificate for use of Agricultural land for Bonafide Industrial purpose under section 63AA of Gujarat Tenancy and Agricultural land Act, 1948.
13	Application for certificate for use of Agricultural land for Bonafide Industrial purpose under section 55 of Saurashtra Gharkhed Tenancy Settlement and Agricultural Lands Ordinance 1949.
14	Application for certificate for use of Agricultural land for Bonafide Industrial purpose under section 89A of Bombay Tenancy and Agricultural lands (Vidharba and Kutch) Area Act, 1958.
15	Application for obtaining permission for purchase of agricultural land by Non-agriculturist under Section 63 of Gujarat Tenancy and Agricultural land Act, 1948
16	Application for obtaining permission for purchase of agricultural land by Non-agriculturist under Section 54 of Saurashtra Gharkhed Tenancy Settlement and Agricultural Lands Ordinance 1949
17	Application for obtaining permission for purchase of agricultural land by Non-agriculturist under Section 54 of Gujarat Tenancy and Agricultural lands (Vidharba and Kutch) Area Act, 1958
18	Application for entry of inheritance in Record of Right
19	Application for making corrections in Village Form No.7
20	Application for certificate of suit/claim for transitional areas
21	Application for entry of inheritance note in City Survey office records
22	Application for measurement for boundary, stake and part of land

Sub-ordinate Offices of Settlement Commissioner and Director of Land Records, Gandhinagar

5.17 Deendayal Institute Survey and Revenue Administration

The officials of Land Records, Licensee Surveyors and Revenue Department who are engaged in Revenue Administration are trained in this Institute. The Institute also imparts training on payment basis to other departments such as Forest Department.

The main objective of Institute is to update the skills of officials working in preview of Land Records and Revenue Administration purpose. For the achieving the objective the Institute makes annual training programme before every financial year.

5.18 Deputy Director of Land Records/ Superintendent of Land Records (SLR)

Functions: i. Controlling Subordinate Offices, ii. Inspection of Subordinate Offices, iii. To send detailed information from Subordinate Offices to Head Office, iv. Currently the re-surveys are in progress, to issue order for measurement carried out by DILR office after promulgation, v. Promulgation of the villages in re-survey operations,

Subordinate offices of SLR are i. District Inspector Land Records (DILR), and ii. City Survey Superintendent

5.18.1 District Inspector of Land Records (DILR)

The main functions of the District Inspector of Land Records are as follows:

i. Whenever a fresh survey is undertaken under the orders of the State Government, the Surveyors working under the District Inspectors of Land Records conduct the survey on the ground.

ii. The Surveyors under the District Inspectors also conduct from time to time *Pot Hissa* surveys, which represent the measurement of parts of survey number resulting from partition of property, sale etc. For such surveys fees recoverable are demanded from the respective land holders in the form of demand statements prepared by the DILR s and sent to village *Talati* through *Mamlatdars*.

iii. The District Inspectors of Land Records maintain printed village maps showing survey numbers of lands in each village. These maps are printed by the photolitho press, Ahmedabad and supplied to the District Inspectors. The maps are available for sale to the public at prices determined by Government from time to time.

iv. The District Inspectors undertake measurement of lands on application by private parties, in land acquisition cases for Government etc. For private work done by the District Inspectors of Land Records, appropriate charges are recoverable in advance at rates laid-down by the State Government from time to time.

v. '*Tippan Books*' are maintained by the District Inspectors which show the maps of each survey number of a village drawn to scale. The maps in this book of each survey number represent the official confirmation area etc. of the survey numbers on the ground. Extracts from this *Tippan Book* can be supplied to private parties on application and on payment of appropriate charges.

The detailed working of the office of the District Inspectors of Land Records is described in the manual of land Records Department and the Manual of Standing orders of the Department, which may be studied with advantage.

5.18.2 City Survey Superintendent (CSS)

Major functions: i. Performs duties under the supervision of the Collector in matters relating to rights, ii. To supervise maintenance Surveyor in respect of Titles, iii. To measure land under survey no. iii. To watch supervise and collect the Measurement fee, Sanad Fee, late fee, encroachment fine, unauthorised Non agricultural use penalty, Nakal fee etc. iv. To review the work of maintenance supervisors, v. To perform works related to records of rights under Revenue Department as per various acts and laws applicable to them such as T.P Act, Registration Act, Stamps Act etc.

5.19 Digital India Land Record Modernisation Programme (D.I.L.R.M.P)

The scheme of NLRMP was implemented by DoLR, MoRD, GOI with an objective to modernise the land records system in the country and to build up an integrated land

information management system with up-to-date and real time land records digitisation in the country has been rationalised and included into the Digital India Initiatives. Accordingly, the Scheme has been renamed as Digital India Land Records Modernisation Programme (DILRMP). In order to ensure economics of scale in the implementation of centrally sponsored schemes, the DILRMP has been restructured as Central Sector Scheme, and from financial year 2016-17, it would be 100% funded by the Central Government.

Audit of Land Revenue

5.20 Basic features of Land Revenue Code and Rules

The important provisions of the Code and Rules are brought out below:

5.20.1 Land vest in government

Section 37 of the Land Revenue Code enacts that all public roads, etc. and all the land not proved to belong to any individual vest in the sovereign. The Collector can lawfully dispose of Government land subject to the order of the Government and he may require payment of a price fixed by him for the land or sell Government land by auction and annex conditions to the grant (**Section.62**).

Claims of ownership of land by any individual will be inquired into by the Collector after issue of proper notice and settled by him (**Section.37 (2)**).

Land can be assigned by the Collector for special purposes (free pasturage, forest reserves, municipal or public purposes etc.) and when so assigned, such land shall not be used for any other purpose than the one authorized, without the sanction of the Collector (**Section.38**). In the abstract of VF-I, such land granted for public purposes will be seen to appear under B.II-A and B.II-B.

The value of any natural product removed from lands assigned for public purposes is recoverable by the Collector (**Section.39A**).

Likewise any person cutting any trees or removing other natural product, which is a property of the Government from his own land, is liable to Government for the value thereof. In addition, penalty is leviable for occupation of the land under Section 43 of the Code.

5.20.2 Liability of all land to pay land revenue

Unless exempted, all land is liable to payment of land revenue (**Section.45**), which is assessed under section 48, according to the use to which the land is put, namely;

- | | |
|-----------------------------|-----------------|
| (a) Agriculture | (b) Residence |
| (c) Industry | (d) Commerce or |
| (e) for any other purposes. | |

Land assessed under one head, say, agriculture is liable to a fresh assessment when the use of the land changes, say to that of building. Likewise, land held free of assessment for a sanctioned purpose becomes liable when it is used for any other purpose.

5.20.3 Land revenue-how assessed

Assessment of land to agricultural revenue is determined by a detailed settlement procedure laid down in chapter VIII-A of the Land Revenue Code and Rule 19A to 19S of the Gujarat Land Revenue Rules, 1972.

On land not covered by a settlement, the Collector is competent to fix the land revenue (**Section 52**) by following the procedure laid down in the Rules *ibid*. Government may authorize Collector or a survey officer to fix water rates for use of water vesting in Government and for which no rate is levied under the Bombay Irrigation Act, 1879 (**Section 55**).

Land revenue is to be paramount charges on land and failure to pay land revenue renders such land liable to be forfeited and sold (**Section 56**).

5.20.4 Consequences of unauthorised occupation

For taking up possession of unoccupied Government land, the permission of the *Mamlatdar* is required (**Section 60**).

Penalty for unauthorized occupation of land is leviable as follows.

a. If used unauthorized for cultivation, the assessment recoverable for the period of such occupation plus penalty. As regards the levy of penalty, the Collector has the discretion to levy a fine not exceeding five rupees or a sum equal to ten times the assessment payable for one year if such sum be in excess of five rupees. With effect from 3.05.2011, the Collector can impose a fine not exceeding one *per cent* of the prevalent annual statement of rate (*Jantri*) as may be notified by the State Government from time to time. (**Section 61**)

b. If used for non-agriculture purposes, penalty will be leviable as provided in the Land Revenue Rules. Rule 103 provides for the limit of fine to be levied under Section 61. When land is unauthorized occupied and used for non-agricultural purpose, penalty at 100 times the non-agricultural assessment with the proviso that a fine upto ₹ 250 may be levied in any such case irrespective of the area of the land involved. Under Rule 100, fine for unauthorized N.A. use of land will be fixed by the Collector which may extend to 40 times the N.A. assessment. The Collector will also evict the occupant from the land unauthorized held by him, forfeit the crops raised and remove the buildings constructed (**Section 61**).

5.20.5 Change of use of land from agricultural to other than agricultural purpose

Land assessed for agriculture can be used for raising farm buildings, constructing wells or tanks. But if the occupant wants to apply the land to any other purpose, the permission of the Collector is necessary (**Section 65 and 65A**).

Such permission when granted can be conditional (**Section 67**).

For use without permission, the Collector can levy a fine, in addition to the new assessment fixed by him under Section 48. Save as otherwise ordered by the Government (Rule 102), fine to be levied will be fixed by the Collector under his discretion and may extend to 40 times the NA (Rule 100). In order that the Collectors may follow a uniform practice with regard to imposition of penalty in relation to non-agricultural use without permission, the Government has laid down certain general principles in *Resolutions No. BKHP/1080/59560.k dated 27-8-80 and No. BkHP-1183-3038-k dtd. 20-9-84*.

For unauthorized excavation and spoliation of the soil of the Land, fine will extend to twice that leviable under Rule 100 (Rule 101).

The occupant, tenant or holder of the land using it without permission under Section 65 will in addition to payment of fine and fresh assessment, be liable for eviction from the land (**Section 66**).

5.20.6 Occupation of land are conditional

The rights of occupants of land are conditional on the payment of land revenue and also subject to the other terms annexed to the tenure. Likewise grants of land by the Collector are subject to the period and the conditions of the grant (**Section 68**).

In all land, the right of the Government to mines and minerals would always subsist (**Section 69**). Transfers of land are not permissible without the sanction of the Collector

and courts will set aside order of transfers of land not permitted by the Collector to be transferred (**Section 70**).

In notified areas, occupancies are not transferable without the Collector's permission (**Section 73A**).

Occupancy of a person belonging to any of the Scheduled Tribes is not transferable to any person without the previous sanction of the Collector which may be given in such circumstances and subject to such conditions as may be prescribed (**Section 73AA**).

On transfers of land declared to be not transferable or partable by virtue of any condition annexed to the tenure by or under the code without previous sanction of the Government or the collector, such sanction shall not be given except payment of determined premium to the State Government (**Section 73 B**).

5.20.7 Dates of payments of land revenue

Land revenue is recoverable from the crop of the year (**Section 138**) whose removal can be prevented by the Collector till payment of land revenue (**Section 140**).

Collector can take pre-cautionary measures like prevention of the reaping of crops or attachment of a village in order to secure the payment of land revenue (**Section 141 to 144**).

Rule 116(1) lays down that the land revenue payable in respect of lands assessed for purpose of agriculture only shall be paid in one installment on the following dates:

Class I villages	upto 15 th March
Class II villages	upto 15 th April
Class III villages	upto 15 th April

Provided that the Collector shall be competent to fix every year the date of making initial demands for payment of land revenue in villages of different classification in his district taking into account the local conditions.

The classification of villages shown above, made by the Collector under Rule 115 is as under

Table:- Classification of village

Class I	<i>Kharif 1</i>	(<i>Kharif</i> villages)
Class II	<i>Kharif 2</i>	(<i>Kharif</i> villages where main crop is cotton)
Class III	<i>Rabi</i>	<i>Rabi</i> villages

5.20.8 Consequences of default

Failure to pay land revenue on the due date constitutes default, which would invite the process for recovery (**Section 146 to 148**), which is (**Section 150**) as follows:

- (a) Issue of notice of demand (**Section 152**)
- (b) Forfeiture of occupancy or holding and its sale (**Section 153**)
- (c) Distraint and sale of movable property (**Section 154**)
- (d) Sale of defaulters immovable property other than the land on which land revenue is due (**Section 155**)
- (e) Arrest and imprisonment of the defaulter (**Section 157**)

The property seized on default will be disposed of by due process of law (**Section 165 to 187**) and land revenue recovered from the proceeds of the sale.

5.20.9 Exclusion of non-agricultural lands from survey settlement

In the survey settlement under chapter VIII A of the Land Revenue Code, the following lands shall not be classified or assessed (**Rule 13**), namely:

- (a) Occupied lands situated in an area in which survey is in progress and which are used for non-agricultural purposes.
- (b) Unoccupied lands situated within any such area, which are likely to be more in demand for building or industrial purposes than for agricultural and
- (c) All lands to which a survey is extended under Section 131.

The Collector shall on receipt of schedule of lands referred to above assess them at the same rates and for the same periods, as if he were altering an agricultural assessment under Rules 81 to 85 (Rule 14).

All non-agricultural assessment, rents and fines leviable under Rules 43, 43 A, 43 B, 43C, 47, 80, 80 A, 80 AA, 80 B, 81 (I), 81(3), 82, 82A and 82 AA, 90, 92, 93 and 99 to 103 shall first be calculated to the nearest *paise* at the rate (per hectare or otherwise) sanctioned upto the area chargeable, but if any sum so calculated (i) is less than 10 *paise*, shall be raised to 10 *paise*; and (ii) exceeds 10 *paise* and is not an exact multiple of 10 *paise*, shall be raised to the nearest multiple of 10 *paise* (Rule 14A).

5.20.10 Disposal of land vesting in the Government and exemption from land revenue

The right of Government to mines and mineral products, which is reserved under Section 69 shall not be disposed of without the sanction of the State Government and in all grants of land, the right of the mines and mineral products and full liberty of access to them for purpose of working and exploration shall be deemed to be reserved (Rule 30).

Under Rule 32, the Collector can gift the possession and also the revenue of land for the following purposes:

Table: Purpose for which collector can gift possession and revenue of land

Sr. No.	Purpose	Extent of estimated revenue free value in ₹	Extend of area	
			Acres	Hectare
1.	For sites for construction at the cost of a <i>Panchayat</i> or Municipal fund or the funds of other local bodies, of			
(a)	Schools or Colleges	10,000	1 ½	0-60-70
(b)	School or College Hostels	20,000	4	1-61-87
(c)	Dispensaries	20,000	4	1-61-87
(d)	Other Public Works	20,000	4	1-61-87
	(ii) Land for the road purposes is needed by municipalities, Municipal Corporations, District/Taluka/Village <i>Panchayats</i> . The roads envisaged are those approved under town planning scheme or by the competent authority (in respect of municipalities and Municipal Corporation) or for the	1,00,000	19.31	8-00-00

	purpose of any District Major Road/Other District Road/Village approach road which are part of the approach road development plan.			
2.	For sites for the construction of any of the works referred to in head (1) above at the cost of a fund other than the funds specified in that head	4000	2	0-80-94
3.	For sites used or to be used in connection with any scheme under the community development programme.	2,500	2 ½	1-01-17
4.	For sites used or to be used as market yards under the management of market committee established under the Gujarat Agricultural produce Market Act, 1963	20,000	4	1-61-87

Including the value of trees, if any, on the land, land may be leased at a nominal rent of ₹ 1/- a year for playground or other recreational purposes of Educational Institutions of Local Bodies, or for Gymnasiums recognised by the Government for a term not exceeding 15 years by the Collector. When the area and the revenue free value of the land do not exceed 5 acres (H.2.02.34) and ₹ 25,000 in case when the lease is in favour of a *Panchayat*, Municipality or any other local authority and 2 ½ acres (H.1-01-17) and ₹ 5,000 when the lease is in favour of any other public body or institution (Rule 32 A).

Any land wherever situated, of which the estimated revenue free value does not exceed ₹ 100/- may be sold by the Collector to a private person for a private purpose (Rule 33).

The Collector may exempt from the payment of land revenue without any limit, lands used for sites of hospitals, dispensaries, schools and market yards and for other public purposes, so long as such lands are used for such purposes and yield no profit to private individuals or local bodies. Land used for sites of buildings solely devoted to charitable purposes, may be exempted from payment of land revenue by the Collector upto an annual amount of ₹ 50 (Rule 35).

The grants of land under Rules 32, 34 and 35 will be subject to the conditions laid down in Rule 36.

However, Government of Gujarat vide Revenue Department Resolution No.MMJ/392002/ 2061/G dated 29.09.2008 decided to allot government land for education purpose as shown below:

A. Areas of villages and B C D category *nagarpalika* area

1	For nursery	Land maximum of 200 sq mtrs for construction free of land price and free of revenue (the playground is also included in this).
2	For construction of school building	Land available under Gujarat Secondary Education Act 1974, but up to 600 sq mtrs free of land price and free of revenue and 25 <i>per cent</i> of the market value for demand of land in addition to that.
3	For play ground	Land available under Gujarat Secondary Education

		Act 1974, but land up to maximum 2 (two) acres (8094 sq mtrs) can be granted on lease at a token rent of ₹ 1/- per <i>annum</i> for 30 years and 25 <i>per cent</i> of the market value for demand of land in addition to that.
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B. Area other than above (all area) including area of urban development

1	For Nursury	Land maximum of 200 sq mtrs for construction at 50 <i>per cent</i> of the market value of the land, (the playground is also included in this).
2	For construction of school building	Land available under Gujarat Secondary Education Act 1974 is to be allotted at 50 <i>per cent</i> of the market value of the land.
3	For play ground	Land available under Gujarat Secondary Education Act 1974, but land up to maximum 1 (one) acre (4,047 sq.mtr) can be granted on lease at a token rent of ₹ 1/- per <i>annum</i> for 30 years and 50 <i>per cent</i> of the market value of the land for demand of land in addition to that.

5.20.11 Grants of land for agricultural purposes or for reclamation

Any unoccupied survey number not assigned for any special purpose may be granted by the Collector at his discretion for agricultural purposes to such persons as the Collector deems fit either upon payment of a price fixed by him or without charge or may be put to auction and sold subject to the collector's confirmation of the highest bid (Rule 40).

Salt Land or land occasionally inundated by salt-water which is not required for salt manufacturing, may after consultation with the Commissioner of Salt, be leased by the Collector for the purpose of reclamation the following terms.

- (a) No rent shall be charged for the first 10 years.
- (b) Rent at the rate of ₹ 0.60 *paise* per hectare shall be levied for the next 20 years on the whole area leased whether reclaimed or not.
- (c) After the expiry of 30 years, the lease shall be continued in the case of reclaimed lands at the rate at which they would be assessed to land revenue from time to time, if they were subjected to survey settlement and in the case of lands not reclaimed, at the average rate of the reclaimed lands.
- (d) Any portion of land used for public roads shall be exempted from payment of rent.
- (e) If the reclamation is not carried on with due diligence within 2 years, or if half the area is not reclaimed, so as to be in a state fit for use for agricultural purpose at the end of 10 years and the whole land at the end of 20 years or if any land he reclaimed as aforesaid, is not mentioned in a state fit for agriculture, the lease shall be cancelled at the Collector's discretion.
- (f) If the land reclaimed is used for non-agricultural purposes, its rent shall be liable to be revised according to the rates under Rule 81 to 85 whichever may be applicable to the land in question (**Section 40**)

The rate of rent in of land given on production of salt and bromine was revised from time to time. Lastly, the rate of rent was revised from ₹ 30 per hectare to ₹150 per hectare with

effect from 10.10.2000 and again ₹ 300 per hectare with effect from 2 February 2010, with increase on it for every three years from the date of grant of land for lease.

(Revenue Department Resolution No.MTHJ-1597-1372-k dated 10.10.2000 and Resolution No.: MJTh-1597-1372-k dated 12.4.2001 and Resolution No: MJTh/102009/1698/A1 dated 3.02.2010.)

5.20.12 River bed lands

Land situated in the bed of a river and not included in a survey number should ordinarily be leased by the Collector annually by auction to the highest bidder for a term of one year or such other period as the Collector thinks fit. The accepted bid shall be deemed to be the land revenue chargeable on such land (Rule 41).

5.20.13 Grant of land for non-agricultural purposes

Unoccupied land required or suitably developed for building sites of other non-agricultural purposes shall ordinarily be sold after being laid out in suitable plots by auction to the highest bidder wherever the Collector is of the opinion that there is a demand for any such purposes but the Collector may in his discretion dispose of such land by private arrangement either upon payment of a price fixed by him or without charge, as he deems fit (Rule 42).

On land so granted, non-agricultural assessment will be fixed under rule 81 to 85 of the Land Revenue Rules.

Small strips of land vested in Government adjoining an occupied building site which cannot be reasonably disposed of as a separate site may be granted by the Collector to the holder of the site on the same tenure, on which he holds the site on payment of assessment or rent for the strip of land at the same rate at which he pays assessment or rent for the said site and on payment of price or premium that the Collector deems adequate.

5.20.14 Allotment of waste lands for non-agricultural purpose

In suppression of all earlier orders/resolutions, Revenue Department issued Resolution No. JMN-3988-1785-A dated 28.3.89 for allotment of waste land for non-agricultural purposes. The purposes are classified as residential, industrial, commercial and other purposes. The Collector is empowered to grant the waste land without auction as detailed below:

(As amended vide Resolution No. JMN-3998-1504-(4)-A dtd.17.8.98 and JMN-392000-1697-A dtd.27.11.2000)

Table: Limit of allotment of government waste land for non-agricultural purposes

Sr. No.	Purposes	Present limits of power i.e. up to 27-11-2000		Revised limits of power to the Collector from date 27-11-2000	
		Area	Price in ₹	Area	Price in ₹
1	Industrial	2 Hec.	6 lakh	2 Hec.	15 lakh
2	Commercial (only by auction)	50 Sq.mts.	50,000	50 sq.mts.	1 lakh
3	Residential (A) For Government	200	50,000	200	1 lakh

	Servant or individual. (B) Co-operative house development <i>Mandli</i>	sq.mts. 8000 sq.mts.	3 lakh	sq.mts. 8000 sq.mts.	6 lakh
4	Co-operative <i>Mandli</i> for making godowns	500 sq.mts.	1 lakh	500 sq.mts.	3 lakh
5	National Grid Scheme	4000 sq.mts.	2,40,000	4000 sq.mts.	5 lakh
6	Co-operative <i>Mandli</i> and <i>Sanstha</i> for other purposes and public trust with levy of occupancy price.	200 sq.mts.	1,20,000	200 sq.mts.	3 lakh
7	Temple, <i>Masjid</i> , <i>Church</i> for religious purpose with levy of occupancy price.	200 sq.mts.	30,000	200 sq.mts.	50,000
8	Boards/ Corporations of State Government with levy of price.	2 Hec.	7,50,000	2 Hec.	15 lakh
9	Central Government Departments for public purpose land to be granted	1 Hec.	5,00,000	1 Hec.	15 lakh
Hec.= Hector, i.e.10,000 sq.mts.					

However, in the case of six cities covered under U.L.C. Act, 1976 i.e. (1) Ahmedabad, (2) Vadodara, (3) Surat, (4) Rajkot, (5) Jamnagar and (6) Bhavnagar, the Collector is not empowered to grant the land. The proposal is required to be sent to the State Government.

5.20.15 Land valuation

5.20.15.1 Procedure for the valuation of Government land

Disposal of unoccupied Government land for various purposes, either permanently or temporarily on occupancy or rental basis are regulated as per the provisions of the Gujarat Land Revenue Code and Rules made thereunder. The code also provides for regularization of unauthorized occupation after recovery of price of the land at the rate fixed by the Government.

Determination of the market value of the property is essential in case of recovery of the occupancy price in case of allotment of Government land to the needy persons, working out the rent of the Government land leased to various parties, levy of stamp duty and registration fees in respect of instruments executed in the State and submitted for its registration, etc.

In Gujarat, Government has decided to allot unoccupied Government land, either for agriculture or non-agriculture purposes to various categories of persons by recovering the entire market value of the land or allowing at the concessional rate. In case of land allotted to the occupant with restrictions, Government has a policy to remove the restrictions in certain circumstances on the request of the occupant by recovery of premium price of the land at rates fixed by Government from time to time. The Collector of the District received the proposals in this regards and make suitable proposals to the Government for the allotment or removals of the restrictions in respect of the land with recovery of occupancy price or the premium price, as the case may be and other terms and conditions as per the provisions of the Act, Rules and Government instructions on the

subject. Before that, Collector is required to ascertain the prevailing market value of the land. The policy and procedure for the determination of the market value of the land has undergone various changes by the passage of time.

Government decided in September 1966 that in the cases of fixing the price of the unoccupied Government land for certain specified area and also the specific case referred by the Collector, the market value was to be determined by the consulting surveyor of the planning and valuation department after taking into account various parameters. As per further guidelines issued in June 1993, Government decided that market value of the land granted for non-agriculture use up to ₹ 10 lakh is to be determined the Dy Town Planner and if it exceeds ₹ 10 lakh by the Chief Town Planner,

5.20.15.2 Formation of District Land Valuation Committee (DLVC)

Government of Gujarat decided in January 1998 to form a committee at district level with District Collector as chairman and District Development Officer and the concerned Town Planner of Town Planning and Valuation Department as members to estimate the market value of the land after consideration of various parameters laid down by Government from time to time. Where the estimated market value exceeds ₹ 50 lakh, the case is referred to the Chief Town Planner (CTP) for his opinion. The opinion of the CTP is submitted for the approval of the State Level Valuation Committee (SLVC) consisting of the Secretary/addl. Chief Secretary/ Principal Secretary of Revenue Department, Urban Development and Urban Housing Department and Finance Department. Further, Government decided in August 1999 to include concerned Dy Town Planner in place of concerned Town Planner and added Residence Deputy Collector as member/secretary in DLVC. The validity period of the price fixed by the DLVC was six month. Government extended the validity period to one year from date of fixing of the price by DLVC in February 2004. Further, Government decided in November 2004 that the price fixed by the DLVC will be further increased by 12 *per cent* after lapse of one year from the date of fixation and will be refixed after a lapse of two years. *Government has discontinued increasing 12 per cent after lapse of one year from the date of fixation vide GR dated 22-05-2018.*

5.20.15.3 Guidelines for valuation of Government land (2008)

Revenue Department vide circular No JMN-3907-Mu.N.P-A dated 22.10.2008 issued instructions for observing the methodology and guidelines (October 2008) formulated by the department of Town Planning and Valuation under Urban Development and Urban Housing Department in valuation of land belonging to Government. For taking into account the factors affecting the valuation of land, selection of available comparable sales, date of valuation and ratio of the affecting factors shall be determined which includes, inter alia, the following:

1. Selection of comparable sales

- (a) Comparable sales of land within 1 to 1.5 kilometer shall be taken into account.
- (b) The concerned office of the Revenue Department will collect the details of all the sales of the preceding year and send to the Town Planning and Valuation Department.
- (c) Last six months sales in case of Surat, Ahmedabad, Vadodara, Rajkot, Jamnagar and Gandhinagar and their urban development area shall be taken for the purpose of valuation. If the sales of the last six month is relatively lower than the previous six month sales, than average of sales of one year shall be taken into account.

Average sale value of last one year shall be taken into account in all the area except the area covered by clause (c) above.

2. Increase for the period

Average of comparable sales shall be taken into account directly for the purpose of valuation. Where the comparable sales are not sufficient within the period of six months or one year, as the case may be, the valuation shall be done after taking into account the sales of prior period of six months. In that case, the increase at 12 *per cent* annually shall be made in the average sales.

3. Date of valuation

Date of seating of the DLVC shall be considered as date of valuation.

4. Factors affecting the valuation

After calculating the average of comparable sales, the increase or decrease at prescribed ratio on the average sale price given after considering the following factors in valuation of the said land.

(a) Proposals for the development scheme and development of the area

There is greater effect of developed area particularly in the city area or the development scheme is announced for the valuation of the land. The sale value indicated in the registered sale deed is very less than the prevailing market value. In view of that, there shall be increase in the average value as per ratio shown in column 3 of the table below.

Sr. No	Area	Addl. percentage (Ratio)
1	Surat city area (SUDA/including SMC)	400% (4.0)
2	Ahmedabad, Rajkot, Vadodara, Bhavanagar, Jamnagar, Junaghadh and Gandhinagar city area (including UDA/ADA/Municipal corporation)	200% (2.0)
3	All the area of the State except (1) and (2) above	100% (1.0)

Note: In the exceptional cases, DLVC can change the percentage, giving the reasons in writing, in the rural area not covered by Sr. No. 1 and 2 in the original average sale price proposed at 100 *per cent* increase.

(b) Approach road

Taking into consideration the width of the public road for approach in the land in question, there shall be increase in the average price as per the percentage indicated below.

For all the cities, towns and their urban area

		Increase	Ratio
A	Width up to 9.0 meter	10%	0.10
B	More than 9.0 mtr and up to 18.0 mtr	25%	0.25
C	More than 18.0 mtr and up to 30.0 mtr	75%	0.75
D	More than 30.0 mtr and up to 40.0 mtr	100%	1.00

E	More than 40.0 mtr and up to 60.0 mtr	150%	1.50
F	More than 60.0 mtr road	200%	2.00
G	Without any approach road	0 %	0.00

For rural area

		Increase	Ratio
A	National Highway	175%	1.75
B	State Highway	150%	1.50
C	Road having width of 18.0 mtr. or more	100%	1.00
D	Road less than 18.0 mtr. without public road approach	0%	0.00

(c) Area of Town planning scheme (TPS) or proposed TPS

As per Gujarat Town Planning and Urban Development Act, the following ratio shall be considered for factor of town planning scheme.

With reference to the area of land covered under the town planning scheme

		Increase	Ratio
A	Up to the period of submission to the Govt. on declaration of preparation of the draft TPS	100%	1.00
B	After road have been opened on preparation of draft TPS	200%	2.00

But at time of the valuation after the development of the area as per TPS, if the sales also pertained to the developed area/ approved TPS area or the process for TPS is not started, no increase shall be allowed in that case.

(d) Sales of agriculture/ non-agriculture use

Sales shall be considered for the purpose for which the valuation of the land (Agriculture or non-agriculture) is undertaken. In case of valuation for the purpose of non-agriculture use, in the specific situation, sales of the particular purpose is not available, average sale for the agriculture purpose shall be increased by 300% i.e. at the ratio of 3.00. The average sale of non-agriculture shall be made to one third in case of valuation of agriculture use.

(e) Implementation of any special project affecting the land in question

The following increase shall be made if the land for valuation is benefited/ affected by any special project is being implemented.

Phase of the project	Increase	Ratio
At the stage of planning	25%	0.25
25% progress after implementation	50%	0.50
More than 50% progress	75%	0.75
100 % completion	100%	1.00

(f) Increase for special factors like, allowance of more FSI/Height and allowances regarding problems of the land by declaration of policy, schemes by the Government for the balanced growth of any particular area: 50 %

(g) Manmade factors

There shall be related reduction of estimated percentage in valuation of land affected by manmade factors like canals, high tension electrical lines (66 KV or more), ribbon

development rules, railway line, airport, etc. and the portion of land is to be allowed and a detailed written note shall be made in the remarks column.

(h). Specific natural factors

In addition to the factors shown above, the increase or decrease can be allowed *suo motto* on the beneficial or adverse impact of any of the specific factors like muddy sea land, hilly/stony/uneven land, desert land, etc. affecting the said land.

5. This methodology shall be applicable for the period up to again publishing of the updated Annual Statement of Rates (*Jantri*) which was published and made effective from 1.04.2008 and Government decide to enforce the same with reference to these guidelines.

Revenue Department circular also included the following instructions in addition to the instructions mentioned above.

a. District Land Price Valuation Committee (DLVC) has to consider the valuation made by the Town Planner as per the guidelines above while taking decision regarding the price of the land. DLVC shall enclose transactions of the sales and the valuation calculation sheet considered for fixation with action taken note of seating of DLPC.

b. Where the valuation of the land done by DLVC exceeds ₹ fifty lakh and the cases are sent for the decision of the Government, such cases shall be submitted to the Chief Town Planner of the Town Planning and Valuation Department for their opinion.

5.20.15.4 Guidelines for the valuation of Government land (2011)

Government of Gujarat *vide* Revenue Department Resolution No. JMN/3910/ 3519/A-1 dated 26.04.2011 decided to cancel the circular instructions issued vide No.JMN/3907-Mu.N.P.-A dated 22.10.2008 and issued instructions for the valuation of land which contains the following additional instructions:

a. The valuation shall be done as per the rules prevailing on the date of advanced possession given to Board/Corporations and the date of completion of lease in case of lease deed. In other cases, valuation shall be done as per the rules prevailing on the date fixed by the Government for the valuation. However, in case of valuation done during the period between 22.10.2008 and 26.04.2011 and happens to be orders issued in future i.e. after issue of resolution dated 26.04.2011, the provisions of the resolution dated 26.04.2011 shall be considered.

(b). The applicant person/company shall pay service charge at the rate of one *per cent* on market value based on prevailing *jantri* on the total area of the land demanded. Such amount paid shall not be refundable to the applicant. The application shall be processed further only after the payment of service charge with the application.

The guidelines in respect of the valuation of Government land has been appended as schedule. The changes made in the guidelines of 2008 are as mentioned below:

(A) Proposals for the development scheme and development of the area

Table has been replaced by the following table.

Sr. No	Area	Additional percentage (Ratio)
1	Surat city area (SUDA/including SMC)	400% (4.0)
2	Ahmedabad, Rajkot, Vadodara, Bhavanagar, Jamnagar,	200%

	Junaghadh and Gandhinagar city area (including UDA/ADA/Municipal Corporation)	(2.0)
3	All the Municipalities of grade “A” and “B” of the State except (1) and (2) above-Inclusive of revenue area	100% (1.0)
4	Municipalities of grade “C” and “D” and the rural area	50% (0.50)

Note at the bottom of the table has been deleted.

Clause (b) has been modified as under:

(B) Approach road

Taking into consideration the width of the public road for approach in the land in question, there shall be increase in the average price as per the percentage indicated below.

i. For the area of Municipal Corporation, Urban Development authority and area of A and B grade Municipalities

		Increase	Ratio
A	Width up to 9.0 meter	10%	0.10
B	More than 9.0 mtr and up to 18.0 mtr	25%	0.25
C	More than 18.0 mtr and up to 30.0 mtr	75%	0.75
D	More than 30.0 mtr and up to 40.0 mtr	100%	1.00
E	More than 40.0 mtr and up to 60.0 mtr	150%	1.50
F	More than 60.0 mtr road	200%	2.00
G	Without any approach road	0 %	0.00

ii. For area of C and D Municipality and other rural area

		Increase	Ratio
A	National Highway	50%	0.50
B	State Highway	40%	0.40
C	Road having width of 18.0 mtr or more	20%	0.20
D	Road less than 18.0 mtr/ without public road approach	0%	0.00

Clause (d) has been modified as under:

(C) Sales of agriculture/ non-agriculture use

For the area of Municipal Corporation, Urban Development authority and area of A and B grade Municipalities;

(i) Sales shall be considered for the purpose for which the valuation of the land (Agriculture or non-agriculture) is undertaken. In case of valuation for the purpose of non-agriculture use, in the specific situation, sales of the particular purpose is not available, average sale for the agriculture purpose shall be increased by 300% i.e. at the ratio of 3.00. The average sale of non-agriculture shall be made to one third in case of valuation of agriculture use.

(ii) Whereas in the case of C and D grade Municipality area and other rural area, in such valuation for non-agriculture use, average sale for agriculture use shall be increased by 200% i.e. at ratio of 2.00. The average sale for non-agriculture use shall be made to 50% in case of valuation for agriculture land.

(iii) Where the permission to purchase the land has been granted to the non-agriculturist person or the company under section 63 or 63AA of the Gujarat Land Tenancy Act and the document of sale of land has been registered as non-agricultural purpose after recovery of stamp duty, the available sale shall not be increased by 300% or @ 200%.

Clause 3.5 has been deleted from here and inserted as Clause 4. Clauses 3.6, 3.7 and 4 have been renumbered as 3.5, 3.6 and 3.7 respectively. After clause 3.7, the following sub-para has been added after clause 3.7.

“The decrease in respect of points at sr. No. 3.6 and 3.7 shall not be made in the average sale but it shall be made at the last stage of calculation i.e. the decrease shall be made from the last stage of calculation after consideration of all the factors for increase in the price.”

Clause (e) has been modified and inserted as clause 4 and clause 5 inserted as under:

(4) In the circumstances where implementation of any special project affecting the land in question

The following increase shall be made at the various stages if the land for valuation is benefited/ affected by any special project is being implemented.

Phase of the project	Increase	Ratio
At the stage of planning	25%	0.25
25% progress after implementation	50%	0.50
More than 50% progress	75%	0.75
100 % completion	100%	1.00

As there is no specific definition for such project, where big projects are being implemented on turnkey project basis and affects the land in adjacent area, the details of big projects shall be brought to the notice of the committee at state level and the committee shall determine appropriately after discussion.

(5) No increase shall be allowed even if such special project has been under implementation in C and D grade Municipality and the rural area.

(6) After considering the entire circumstances, SLVC shall made increase or decrease in the valuation in respect of the special factors.

In order to establish real and balancing assessment of land price for the purposes of allotment of land for non-agricultural purposes, it was decided by the Government that where the purposes involved for the benefit of Government, the land price will be fixed by the District Land Price Committee (DLPC) at District level and Secretary/Deputy Secretary's Higher level Committee at State level (SLPC) (with effect from 15.1.1998) subject to the following conditions:

(1) Where the money value exceed ₹ 10 lakh for the land in question and assessment finalised by the Dy.Town Planner were pending with Chief Town Planner for his opinion now with effect from 15.1.1998 to be sent to the District Land Price Committee for finalisation of assessment.

(2) Where the money value of land exceeds of ₹ 50 lakh and finalised by the District Land Price Committee, now to be sent to the Chief Town Planner for their opinion and referred to the State Level Committee for finalising the cases.

(Revenue Department's Resolution No. JMN/3997-83/A dated 15.1.1998 and circular No. JMN-3997-83-part-1-A dated 14.7.1998)

5.20.15.5 Guidelines for the valuation of Government land (2018)

To streamline the process of evaluating the price of Government land, the State Government has revised the process and guidelines vide Revenue Department GR No. Jaman/3910/3519/A-1 dated May 22 2018 briefly shown as under:

1. Comparable Sales Section:

1. All the considerations of the last two years will be collected by the relevant office of the Revenue Department and forwarded to the town planning and evaluation department.
2. When evaluating any land in the entire state within radius of 1.5KM, comparable sales over the last two years will be taken into account.
3. Unless possible, sales of similar areas should be taken into account.
4. To the extent Possible, Sale of Areas with similar areas has to be taken into account.
5. To take into account, the sale prices of similar Road widening areas as far as possible.
6. If any of the sales that are worth considering for average sales are of very high value or are of very low value, then very high/low sales types will not be considered for this purpose. Higher sales i.e. three times more than average sales and fringe type new sales means $\frac{1}{3}^{\text{rd}}$ of average sales, such sales are fringe types.

2 Increase for the period: In case of non-sufficient no. of sales in the last two years for the land mentioned above, it is necessary to determine the valuation by considering the previous sales. If such sales are above two years then the average increase of the sales shall be calculated as an annual increase of 8%.

3 The date of evaluation: The date of meeting of the district level evaluation committee shall be considered as the date of assessment.

4 Influencing Factors for Evaluation: After the District Evaluation Committee has taken the average of comparable sales, the average sale price for the questionable land has to be increased or decreased according to the specified points on the following factors:

a. Development plan proposals and area development: Developed areas have great implications for the cost of land, especially in urban areas or areas where development plans are built. The sales price specified in the usually registered sales documents is actually much lower than the prevailing market price. Considering the column no. 3 The average price increase is to be given as per the decimal ratio in 1.

Sl No	Area	Addl. Percentage (ratio)
1	Surat city area (SUDA/including SMC)	100% (1.0)
2	Ahmedabad, Rajkot, Vadodara, Bhavanagar, Jamnagar, Junagadh and Gandhinagar city area (including UDA/ADA/Municipal corporation)	75% (0.75)
3	All A & B class municipalities of the state	50 % (0.5)

	except above 1 & 2.	
4	Municipalities and rural areas of the K & D class	25 %(0.25)

b. Road Entry: The average cost increase shall be given as per the following percentage, considering the width of public road available for entry into the land in question.

i. Municipal area, urban area development authority board for the area of municipalities of category A and B.

		Increase	Ratio
A	More than 18.0 mtr and up to 30.0 mtr	10 %	0.10
B	More than 30.0 mtr and up to 40.0 mtr	10 %	0.10
C	More than 40.0 mtr and up to 60.0 mtr	20 %	0.20
D	More than 60.0 mtr	30 %	0.30

Note: For roads with widths of upto 15 meters as well as in areas where no public road is available, there will be no increase.

ii. For municipal areas of A & D class as well as for other rural area.

		Increase	Ratio
A	National Highway	20 %	0.20
B	State Highway	15 %	0.15
C	Width of 15 Meter or more	10 %	0.10

Note: There will be no increase for road widths of upto 15 meters as well as in cases where land does not have any public road.

c. For the area of Town Planning Scheme or Draft Town Planning Scheme:

Under the Gujarat Town Planning and Urban Development Act, following factors should be taken into consideration under the factors of Town Planning Scheme.

With respect to the land covered in the Town Planning Scheme area,

		Increase	Ratio
1	For a period of respect until the government	50 %	0.5
2	Draft plans should be prepared and roads open	100 %	1.0

Provided when evaluating after the area has been developed according to the town planning scheme, there will be no increase in the sales, even if it is in the area of developed / approved town planning scheme or if the process of town planning is not started.

d. Agriculture - Non-Agriculture sales

The purpose for which purpose is to cultivate (cultivate or un-cultivate) the land in question for the Municipal Area, Urban Area Development Authority Board and the area of "A" and "B" class municipalities. If there are no special circumstances in which sales for that purpose are not available, then for the purpose of assessing for non-agricultural purposes, after receiving the average of the agricultural sales, it will be 300% increase or increase of 3 times. The average of non-farm sales will have to be calculated by a third when evaluating the farm.

In respect of "A" and "D" municipal area as well as other rural areas, the average value of agricultural sales during such a favorable assessment is to increase by 200 % or increase by 2 times. When evaluating agriculture, average sales of non-farm sales have to be 50 %.

Under section 2 or 2A of the Act, a non-resident person or company may be permitted to purchase the land for non-agricultural purposes and there will be no increase of 300% to 200 % of available sales where stamp duty of non-rented land is documented.

e. Man-Made Factors:

The land in question is affected by man-made factors canal, high tension electric line (over 5kV), ribbon development rules, railway lines, airports etc. as much as land should be left out of use. The estimated percentage of waste required for the land should be reduced, and the procedure should be written in the note in the note. The best factor has to be decided by taking into account the pros and cons of each case.

f. Special Natural Factors:

Apart from the above mentioned factors for evaluation, any other factors such as coastal mudflats, hilly / rocky / steep slopes, desert wilderness, etc. may affect favourable or unfavourable effect if questioned land. Discretion can be increased or decreased accordingly. For this the procedure shall be recorded along with the written reasons for the issue in the note.

According to para 5 & 6 an increase or decrease in 1 would have to be calculated above the average of comparable sales.

g. In cases where a particular project is shaping up to affect the land in question:

The following hike will have to be given at various stages when any particular project is taking shape in the city and if the assessable land has its benefit/ impact.

	Project Details	Increase	Ratio
1	Planning Stage	15%	0.15
2	Starting & 25% progress	25 %	0.25
3	Progress more than 50%	35%	0.35
4	100 %	40%	0.40

As there is no specific definition of such a project at present, it is important to consider the details of major projects in urban areas, and the details of major projects that affect the value of the surrounding land should be considered at the attention of the State Level Assessment Committee and will make the decision that seems appropriate.

Taking into account the above four factors of the foremost issue, sales should increase above average. In case of such a special project being taken in the municipalities of the "A" and "D" class and in the rural area, no increase will be required in such case.

5. The State Level Appraisal Committee may take into account the whole situation and increase or decrease the assessment in respect of certain factors.

5.20.15.6 Subsequently said guidelines were revised/ modified vide Revenue Department's GR No.Jaman/3910/3519/A-1 dated 11 September 2018. The key factors of the changes are shown as under:

1. The concerned office of the Revenue Department will have to submit to the town planning and evaluation department keeping in mind the following points for selection of the eligible person.

a. In order to estimate the value of the land under evaluation, the sales should be taken into account as shown below.

(i) If the area of the land is 3000 Sqm and less than that then three sale deeds need to be taken into account.

(ii) If the area of the land is greater than 3000 Sqm and less than 10,000 then seven sale deeds need to be taken into account.

(iii) If the area of the land is greater than 10000 Sqm then 10 sale deeds need to be taken into account.

2. When evaluating of land falls within the radius of 1KM, comparable sales over the last one year will be taken into account. But if sales are not available as per *1.1* above, sales of last two years will have to be taken into account and if sales are available then the following conditions will be taken:

(i) If area comes in 1.5KM then sales of last one year will have to be taken into account and if one year sales are not available in the area, two year sales will have to be taken into consideration.

(ii) If the above sales are not available then area within 1Km to 10KM sales will have to be taken into account. However, if sales are not available then sales of nearby similar villages will have to be taken into account.

(iii) When there is more than one sale with the same survey number or single sale rate of the same society, in which case all sales are taken into consideration, one of them has to be calculated at the time of taking into account the average sale.

3. Sales of agriculture/ non-agriculture use

Area of Municipal Corporation: Sales shall be considered for the purpose for which the valuation of the land (Agriculture or non-agriculture) is undertaken. In case of valuation for the purpose of non-agriculture use, in the specific situation, sales of the particular purpose is not available, average sale for the agriculture purpose shall be increased by 300% i.e. at the ratio of 3.00. The average sale of non-agriculture shall be made to one third in case of valuation of agriculture use.

Whereas in the case of Village area, in such valuation for non-agriculture use, average sale for agriculture use shall be increased by 150% i.e. at ratio of 1.50. The average sale for non-agriculture use shall be made to 150% in case of valuation for agriculture land.

Where the permission to purchase the land has been granted to a non-agriculturist person or the company under section 63 or 63AA of the Gujarat Land Tenancy Act and the document of sale of land has been registered as non-agricultural purpose after recovery of stamp duty, the available sale shall not be increased by 300% or 150%.

4. The following procedures will have to be followed in order to qualify the observed sales to be comparable for the land under evaluation.

a. The date of the meeting of the District Evaluation committee shall be calculated as the date of assessment.

b. Increase for period: In order to qualify for sale comparable on the date of valuation of the land under appraisal, one percent increase given per month from the date of sale of assessment. If the no of days is greater than 15 days, one per cent increase has to be taken into account.

c. Area Increase/ Decrease:

According to 2.2, the increase/ decrease shall be as shown in the following table.

Ratio of Land area assessed and area of land under sale	Increase/decrease
Less than equal to 2	0 %
Between 2 to 4	10 %
Between 4 to 6	20 %
Greater than 6	30 %

When the area of land under assessment is greater than the area of sale land, the ratio will have to be decreased according to the above mentioned table. And when the area of land under assessment is less than the area of sale land, the ratio has to be increased as shown in above table.

The increase or decrease in the rate will have to be given to the sales rate as it becomes available, given the increase/ decrease in the period.

The increase/ decrease as mentioned in above table is not applicable for municipal area and rural area of A & D category.

The sales rate is obtained after calculating the period and area as above will have to be calculated as Base rate(A).

5. Increase/ Decrease in case of Entrance Roads:

a. For Urban Area: For entry of the sales land, the width of the road will have to be increased according to the percentage given below.

Width of the entrance road to the sale land	Percentage Increase
Road width upto 8 meter	30 %
Road width 8 meter to 30 meter	50 %
Road width 30 meter to 40 meter	60 %
Road width 40 meter to 60 meter	75 %
Greater than 60 meter	100 %

If the land sold does not have access to the road, there will be no increase in the width of the road.

Increase under entry: For urban area: (B1) = (+) the rate as shown in the table above X A

b. For road entry to rural area: For entry of the sale land, the width of the road will have to be increased according to the percentage given below:

Width of the entrance road to the sale land	Percentage Increase
Road width upto 18 meter or No access to road	5 %
Above 18 Meter	20 %
State highway	40 %
National Highway	50 %

Increase under entry: For rural area: (B2) = (+) the rate as shown in the table above X A

c. For urban area FSI increase/ decrease in respect of the matter: Particular guidelines have been issued for increase/decrease in FSI as mentioned in Annexure.

d. Area of Town planning scheme (TPS) or proposed TPS: As per Gujarat Town Planning and Urban Development Act, the following ratio shall be considered for factor of town planning scheme.

With reference to the area of land covered under the town planning scheme

		Increase
1	Up to the period of submission to the Govt. on declaration of preparation of the draft TPS	100%
2	After road have been opened on preparation of draft TPS	200%

But at time of the valuation after the development of the area as per TPS, if the sales also pertained to the developed area/ approved TPS area or the process for TPS is not started, no increase shall be allowed in that case.

Increase in Urban/ Rural Areas:

Sl. No	Area	Addl. Percentage (ratio)
1	Surat (including SUDA/SMC), Ahmedabad, Rajkot, Vadodara, Bhavanagar, Jamnagar, Junaghadh and Gandhinagar city area (including UDA/ADA/Municipal corporation)	150%
2	All A & B class municipalities of the state except above 1 & 2.	75 %
3	Municipalities and rural areas of the C& D class	50%

e. Implementation of any special project affecting the land in question

The following increase shall be made if the land for valuation is benefited/ affected by any special project is being implemented.

Phase of the project	Increase
At the stage of planning	25%
25% progress after implementation	50%
More than 50% progress	75%
100 % completion	100%

5.21 Imposition and revision of Non-Agricultural Assessment (NAA)

When land assessed for agricultural purposes is subsequently used for any purpose unconnected with agriculture, the assessment upon the land so used shall be altered under Section 48 (2) and such alteration will be made by the Collector (Rule 80).

The assessment so fixed shall be subject to revision when the period for which the assessment is made, expires (Rule 80A).

With effect from 01.08.1976, Rule 80A has been deleted by the Gujarat Land Revenue (Second Amendment) Rules 1976. In respect of territories which were formerly princely state and in which the rates of non-agricultural assessment in force were different from the standard rates, bring such rates on par with rates laid down in the Bombay Land Revenue Rules (80AA).

After the amendment of the Gujarat Land Revenue Rules from 01.08.1976, the rate of non-agricultural assessment in respect of any land held or used for any non agricultural

purpose, the rate of N.A. assessment of which has been fixed at the rates prior to the amendment or where the terms of payment has been fixed or has expired can be revised by the Collector from time to time (Rule 80-AAA).

The ordinary rates of non-agricultural assessment extend from the minimum agricultural assessment of one paisa per sq.mt. in respect of Class II village and two paisa per sq.mt. in respect of Class-I villages. The Collector may also for special reasons to be recorded levy non-agricultural assessment at a rate higher than the normal rates in respect of any village, town or city in case in which the land subject to assessment is situated in an exceptionally favorable position or where it is used temporarily for a non-agricultural purpose or where the purpose for which the land is used is of a special nature (Rule 81).

With effect from 1.8.1976 rates prescribed under Rule 81 were revised. The details are given in chapter-4. Rule-82A deals with levy of royalty in addition to minimum agricultural assessment for land used for brick manufacture.

When land is permitted to be used for non-agricultural purpose the specific non-agricultural purpose for which the permission is granted will be recorded in the order granting permission and the use of the land for any other purpose without the permissions of the Collector will be punishable with fine and/or a different assessment (Rule 84A).

Non-agricultural assessment shall ordinarily be levied upon the whole of the land within the compound of a building and not merely upon the land covered with the building alone (Rule 85).

5.21.1 Levy of Non-Agricultural Assessment when to begin

(1)(a) Where permission to use land for any non-agricultural purposes is given under Section 65, the non-agricultural assessment upon such land shall be levied from the day on which non-agricultural order is issued.

(b). In the case of building sites held by Co-operative Housing Societies (or the Bombay Housing Board) which are not built upon non-agricultural assessment shall be levied for the 3 years subsequent to the date on which possession of the land was taken or till the date on which non-agricultural use of the land begins, whichever is later.

(2) The occupant of such land shall inform the Mamlatdar in writing through the village officer the date on which the non-agricultural use commenced within the period of one month from such commencement.

(3) If the occupant fails to give information within the period specified in sub-rule (2), he shall be liable to pay in addition to the non-agricultural assessments, such fine as the Collector may direct.

(4) Where no permission was given, the non-agricultural assessments for non-agricultural use shall be levied from the first day of the revenue year in which the use commenced unless the occupant proves to the satisfaction of the Collector that the land was used for non-agricultural use at a later date, in which case the non-agricultural assessment shall be levied from such later date.

(5) The provisions contained in sub-paragraph (1) to (4) of this paragraph have no force with effect from revenue year 1976-77.

(6) With effect from 1-8-1976, levy of non-agricultural assessment was made effective from the commencement of the revenue year in which land is so permitted or deemed to have been permitted to be used or is actually used without the permission of the Collector.

5.21.2 Levy of Non-Agricultural Assessment on lands acquired by statutory bodies

Under the Land Revenue Code, every land put to agricultural or non-agricultural use, land revenue is payable unless such land is specifically exempt from such payment. An occupant of land can put his holding to any non-agricultural use only with the prior permission of the competent authority. However, in cases of statutory bodies, such permission in respect of land acquired for non-agricultural purposes is not required to be obtained by the acquiring body. In such cases, permission is deemed to have been granted and land revenue is assessable at rates applicable to land put to non-agricultural use from the date the possession of land is handed over to the body acquiring it. (Revenue Department Resolutions No.: Bkhp/1081/G12/k dtd. 25-7-81, No.DMR/0181/3343/k dtd.22-3-84, and No.DMR/1081/3343 /k dtd.21-12-89).

5.21.3 Permission for non-agricultural use and fine for unauthorised use

Fine leviable for breach of the conditions annexed to the grant of land under Section 62 or under the terms and conditions imposed under Section 67 shall be determined by the Collector at his discretion and subject to Rule (101) which may extend to 40 times the non-agricultural assessment imposed (Rule 100).

When the material of the soil of the land is employed for bricks or tiles or pottery without the permission of the Collector and the value of the land is thereby adversely affected, the fine leviable shall be at a rate not exceeding double the rate laid down under Rule 100 (Rule 101).

In exceptional cases, Collectors are required to levy fine not in accordance with the Rules (100 and 101) but in accordance with the orders issued by the State Government (Rule 102).

The limit of fine to be levied under Section 61, when land is unauthorisedly occupied and used for non-agricultural purpose shall be 100 times the non-agricultural assessment payable under Chapter XIV of the Gujarat Land Revenue Rules, 1972. However, a fine up to ₹ 250 may be levied in any such case irrespective of the area of the land involved (Rule 103).

5.21.4 Mechanism for detection of unauthorised use of land

The cases of unauthorized non-agricultural use of land are detected by village *talatis* and are reported to *taluka* and district level authorities for regularization or for eviction if it cannot be regularized. The supervisory staff at *taluka* and district levels during their visits/of inspection of villages and also, by inspections of village records detailing survey number-wise use of land inter-alia, check such unauthorized cases by actual visits to particular areas.

5.22 Land Ceiling Act in Gujarat

5.22.1 Objects of the Act

In order to make a uniform provision for the whole of the State of Gujarat, in respect of restriction upon holding agricultural Land in excess of certain limits, so as to secure the distribution of agricultural land in a manner best suited to sub-serve the common good, the Gujarat Agricultural Land Ceiling Act (Act No.XXVII) of 1961 was enacted by the State Legislature. A corollary to the imposition of ceiling of land holding is the expectation of surplus agricultural land and its allotment to persons who are in need of land for agriculture. The Act makes provision for this and for other consequential and incidental matters. In 1974, by Gujarat Act No.2 of 1974, the ceiling limits on land

holding originally contained in the 1961 Act were substituted by a table of maximum land holding.

5.22.2 Classification of lands

For the purpose of the Act, all the villages of the State are classified in one or the other of nine local areas.

The ceiling limit of land holding is different for each class of local area. Likewise the lands in each local area are again divided into the following four classes namely.

- (I) Perennially irrigated land
 - (i) Irrigated by a source other than a private source.
 - (ii) Irrigated by private source.
- (II) Seasonally irrigated land
- (III) Superior dry crop land
- (IV) Dry crop land

The ceiling limit for land holding is the smallest in respect of perennially irrigated land and the highest in respect of dry crop land.

5.22.3 Declaration by land holders

Every person holding land in excess of the ceiling area prescribed for him is required to declare within the time limits laid down in the Act, a full Statement to the Mamlatdar specifying the particulars of the land he possessed.

5.22.4 Declaration of surplus

The tribunal constituted under the Act, will then proceed to prepare a list of persons holding excessive land. The tribunal has been invested with power to examine cases in which it has reason to believe that any person holding excess land has failed to furnish a declaration or has furnished incorrect particulars, hold an inquiry and impose punishment, penalty etc.

The list prepared by the tribunal is published in the prescribed manner and objections thereto heard by it. On the conclusion of these legal processes the tribunal would make and order declaring surplus land.

5.22.5 Compensation

The Act provides for the payment of compensation for acquisition of surplus land. The scales of compensation differ from local area to local area. In class A local area, the Compensation amounts to 200 times the full land revenue assessment thereof and to 80 times the full land revenue assessment in class I local area. Provision is also made for the payment of Compensation for the value of the structure standing on the acquired land.

The Compensation payable under the Act will be in cash or in the form of transferable bond carrying interest at 4.5 *per cent* with a maturity period not exceeding 20 years as the State Government may decide.

5.22.6 Allotment of Land Acquired

The Act makes provision for the allotment of surplus land acquired by Government. The allotment will be made in accordance with the order of priority laid down in the Act on the payment of occupancy price by the allottee, equal to the amount of compensation

determined for the land. The order for priority runs down from co-operative farming society to agricultural laborers, landless persons and small holders.

5.22.7 Ban on transfer

Land allotted under the Act, can normally not be transferred by way of sale or mortgage etc. or subdivided whether by partition or otherwise without the prior sanction of the Collector. Any transfer or subdivision of such land in contravention of the provisions of the Act is declared invalid and land so dealt with will stand forfeited to the State Government.

5.22.8 Urban Land (Ceiling and Regulation) Act, 1976

With a view to preventing the concentration of urban land in the hands of a few persons and speculation and profiteering therein and with a view to bring out an equitable distribution of land in urban agglomerations to sub serve the common good, an Act, to provide for the imposition of Ceiling on vacant land in urban agglomeration, for the acquisition of such land in excess of ceiling limit and to regulate the construction of buildings on such land, the Urban Land (Ceiling and Regulation) Act, 1976 has been enacted by the Parliament. Government of Gujarat has adopted the Act under clause (1) of Article 252 of the Constitution with effect from 17.02.1976.

The Urban Land (Ceiling and Regulation) Act 1976 has been repealed vide the Urban Land (Ceiling and Regulation) Repeal Act, 1999. The Act has received the assent of the President on 22 March 1999.

5.22.9 The Government of Gujarat has passed a resolution in view of clause (1) of Article 252 of the constitution for abolition of the ULC Act and enacted the Abolition of the Gujarat Urban Land (Ceiling and Ruling) Act, 1976 which was made effective from 30.3.1999.

5.22.10 According to section 3(1) of the Central Government Repealed Act, 1999, the Repealed Act shall not affect

(a) the vesting of any vacant land declared surplus under Section 10(3), possession of which has been taken by the State Government

(b) the validity of any order granting exemption under Section 20(1) or any action taken there under

(c) any payment made to State Government as a condition for granting exemption under section 20(1)

5.22.11 According to section 3(2) of the Central Government Repealed Act, 1999, where any land is deemed to have vested in the state government under section 10(3) of the Act but the possession has not been taken by the Government and any amount has been paid by the state government, then such land shall not be restored, unless the amount paid has been refunded to the state government, possession should not be taken by the Government in view of the said abolition Act.

5.22.12 According to section 4 of the Central Repealed Act, all proceeding relating to any order made or purported to be made under the principal Act pending immediately before the commencement of this Repealed Act, before any court, tribunal or any other authority shall abate.

However, where the possession of the land has been taken by the Government and action under Section 11, 12, 13 and 14 of the principal Act is pending, proceeding in such cases will be continued for their finalisation at various stages.

5.22.13 Except the cases in which application was made prior to and pending as on 30.3.99 under Section 21 and land owner is willing to regularise his case under the provisions of section 21, the permission may be granted subject to levy of premium price as prescribed under section 21 but in case of any breach of conditions, the benefit of concessional rate of premium is not allowed and premium as prescribed by the Government under the Tenancy Act is leviable.

5.22.14 During the period 17.2.1976 to 30.3.1999, where the land was occupied by the Government but due to any reasons, entry to that effect was not made in the revenue records, in such cases, a watch is to be made by the respective Sub-Registrar that such property should not be sold/transferred. A certificate to the effect that the land was not acquired by the Government from the appropriate authority should be obtained by the seller and submitted to the Registering Authority before such document is registered.

5.23 Assessment and collection of Land Revenue

5.23.1 History of Land Revenue Assessment

The present Gujarat State consists of the following parts so far as the basis of Land Revenue assessment is

- i) The Gujarat districts of the Bombay residency
- ii) Merged State, areas and territories
- iii) Former State of Saurashtra and
- iv) Former State of Kutchh

In the Gujarat State districts of the Bombay Presidency, the principal method of Land revenue was by Survey and settlement under chapter VIII-A of Land Revenue Code. The present districts of Ahmedabad, Baroda, Bulsar, Kaira, Panchmahals and Surat contain such areas. For the purpose of settlement under chapter-VIII A of Land Revenue Code, the village in a taluka were divided into groups on the basis of such factors as physical configuration climate and rainfall market, communication, standard of husbandry, population and supply of labour, agricultural resources, variations in area occupied and cultivated land during the last 30 years, agricultural wages, price of agricultural commodities, yields of principal crops, rental values of land used for the purpose of agriculture and sale value of lands used for the same purpose besides ordinary expenses of cultivating the crops.

5.23.2 Under the land reforms policy of Government, the rental value of land which was one of the factors for determining the agricultural assessment came under artificial restrictions. In 1956, therefore, the gross yield was adopted as the basis for determining the standard rates of assessment in place of the rental value.

5.23.3 For the purpose of settlement or deemed so on consideration of the facts that some sort of a system more or less akin to the Bombay Land Revenue system obtained and the rest were considered unsettled. For ad-hoc settlement in scientifically settled merged area rule 19-N has been framed and for the unsettled merged area rule 19-O has been framed. Both these rules have been framed under Section 52 of Land Revenue Code. According to the Gujarat Land Revenue Rule 19-N, the village in the various settlement groups were compared with those in the pre-merged *Taluka* in respect of permanent and semi-permanent factors like physical configuration, climate and rainfall, market communications etc. and comparable union areas were fixed. The standard rates of the scientifically settled merged areas were then and remission was granted to the extent of the excess of the former over the latter, the former being continued if lower than the latter.

5.23.4 In respect of unsettled merged areas, the comparable union areas rate was scaled up or down in proportion to the ratio between the yield of principal crops of comparable union area with that of merged area and the recoverable rate that worked out was sanctioned under Gujarat Land Rule Rules 19-O if lower than the prevailing, if not the prevailing rate being lower was continued. Land Revenue in such areas was worked out by application of (1) the recoverable rate under Gujarat Land Revenue Rules 19-O, or (2) the existing rates prevailing in the merged areas, or (3) the rates worked out on the basis of average cash value of 35 *per cent* of 1/6th of the gross produce, whichever was lowest, to the soil classification values through the medium of the distance from village site scale and actual area of that survey number or its sub-division.

5.23.5 In case of *Jagiri* areas, however, the assessment of each survey number or subdivision has been fixed under Section 7 of the Bombay Merged Territories and Areas (*Jagiris* Abolition) Act, 1953, by applying the rate of adjoining homogeneous *Khalsa* villages.

5.23.6 In the areas of the former Saurashtra State, the Land Revenue assessment has been fixed under Gujarat Land Revenue Rules 18 and 17 on the analogy of rules 19-N and 19-O framed under Section 52 of the Land Revenue Code. In deemed settled *Saurashtra* areas, the settlement groups of villages are compared with the settlement groups of union areas, on consideration of permanent and semi permanent factors of physical configuration climate etc. and the rates obtaining in the merged areas with those in the comparable union areas are compared, the excess of the former over the latter has been remitted, the former being continued if lower than the latter, under the Gujarat Land Revenue Rule 18.

5.23.7 In respect of villages which did not form part of the deemed settled areas groups of villages have been formed on consideration of factors mentioned above under the Land Revenue Rule 17. Such lands were divided into two categories viz (i) classified and (ii) unclassified. In respect of classified lands the standard rates of comparable union area were applied direct whereas in respect of unclassified lands, the existing rates or comparable union area rates whichever were lower are sanctioned. Where the lands are not scientifically classified, they are classified as good, medium and interior and $\frac{2}{3}$ rd of the rate for good lands has been applied to medium land and $\frac{1}{3}$ rd to the interior lands.

5.23.8 For settlement of land revenue assessment in former Kutch State, Rule 19-U of the Gujarat Land Revenue Rules has been framed under Section 52 of Land Revenue Code. Under this rule, groups of various villages were formed on consideration of their homogeneity in respect of permanent and semi permanent factors on the analogy of Rule 19-O and the rates were fixed on the basis of $\frac{1}{16}$ th of the cash value of the average gross produce of the predominant crop. As regular soil classification was not done, the lands were broadly classified into good medium and inferior and assessment was worked out by applying $\frac{2}{3}$ rd rates of the good land to the medium and $\frac{1}{3}$ rd to the inferior land.

5.23.9 Rates of Non-Agricultural Assessment

Rule 81 of Bombay Land Revenue Rules prior to its amendment by Gujarat Land Revenue (Second amendment) Rules, 1976, prescribed the maximum ordinary rates of NAA depending upon the class of village. For this purpose the villages/towns were classified by Collector. Prior to Revenue year 1968-69 (i.e. August to July) the rates of NAA were 2 per sq.yard for class I villages & Nil per sq.yard for class II villages. With effect from revenue year 1968-69, metric unit of assessment was introduced and rates of NAA were revised to 2 paise/sq.metre & 1 paise/sq.meter for class I and class II villages respectively. Collector may however for special reasons levy NAA at a higher rate than the minimum prescribed above.

Rule 81 have been amended by Gujarat Land Revenue (Second amendment) Rules, 1976 effective from 1-8-1976 i.e. Revenue year 1976-77. Under the amendment for the purpose of NAA the city/town/villages are to be classified in to A, B, C, D and E category depending upon the population of city/town/village. Accordingly, the NAA is now leviable at the rates applicable to each class depending upon the use viz. residential, industrial or commercial, to which the land is put. The revised Rule 81 is given in the **Appendix 5.1** to this chapter.

5.23.10 Payment of Conversion Tax

A new Section 67-A has been introduced in Bombay Land Revenue Code by Bombay Land Revenue (Gujarat Amendment) Act, 1976 for charging “conversion tax”. The provisions of the new Section are effective from Revenue year 1976-77. The Conversion Tax is leviable when the land is used for any purpose other than for agricultural use or for change of use from one non-agricultural use to another non-agricultural use. The rates of conversion tax depends upon the population of town/city and also the nature of use of land i.e. whether residential, industrial, commercial or any other use. Rates of conversion tax chargeable under Section 67-A is given in the **Appendix 5.2** to this chapter.

The conversion tax is required to be paid in advance by challan into the treasury, before permission is given under Section 65 or 65-A. In the case of land used for any non-agricultural purpose without the permission of the Collector, the tax shall be paid within 15 days of a notice of demand issued by the Collector (Rule 117 B introduced form 1-8-1976).

Appendix 5.1

(1) For the purpose of determining generally the rate of non-agricultural assessment, the Collector shall, from time to time, by a notification in the Official Gazette,

(a) divide villages, towns and cities into the following classes namely :

Class A: The cities of Ahmedabad, Vadodara, Surat, Rajkot, Bhavnagar and Jamnagar.

Class B: (i) Cities other than those in Class-A above and towns having a population exceeding 50,000 (ii) Such industrial and allied areas as may be notified in this behalf by the State Government from time to time irrespective of the population in such areas.

Class C: Cities and towns with a population of more than 10,000 and upto 50,000 inclusive of the population in areas falling under clause (ii) of class B within those cities and towns.

Class D: Towns and villages with a population of more than 5,000 and upto 10,000 inclusive of the population in areas, falling under clause (ii) of class B within those towns and villages.

Class E: Villages with a population upto 5,000 inclusive of the population in areas falling under clause (ii) of class B within those villages.

(b) determine areas adjoining such villages, towns and cities falling under class, namely :

Class I: The peripheral area of five kilometers adjoining the cities falling under class A.

Class II: The peripheral area of one kilometer adjoining the cities and towns falling under class B.

Class III: The peripheral area of one kilometer adjoining the cities and towns falling under class C.

Explanation I: For the purpose of this rule “Population” means population as ascertained at the last preceding census of which relevant figures have been published.

Explanation II: Where a village, town or city or any part thereof falling in a particular class on the basis of its population also falls within the adjoining peripheral area of another city, town or village specified in relation to such other city, town or village in clause (b) and falling in a different classes then that village, town, city or part thereof

shall be reckoned in that one of such two classes where higher rates of non-agricultural assessment are applicable.

(2) The assessment shall then be fixed by the Collector on the lands used for non-agricultural purpose with reference to the nature of the non-agricultural use of such lands at the rates shown in Table A or Table B whichever may be applicable with effect from the commencement of the revenue year 1989-90, namely:

Table-A

Rate per square metre per annum in '*paise*' on lands situated in villages, towns or cities referred to in clause (a) of Sub-Rule (1)

		Industrial use		Commercial or other uses
Class of city, town, village	Residential use	Village industries	Other industries	
A	12	6	20	30
B	8	4	12	16
C	6	3	8	12
D	4	2	6	8
E	1	1	1	1

Provided that in respect of lands falling within the Urban agglomerations to which the Urban Land (Ceiling and Regulation) Act, 1976 (Act 33 of 1976) applies, assessment at double the rates mentioned above shall, with effect on and from 1st August, 1981, be fixed so long as the land in question is not put to non-agricultural use for which permission is granted or deemed to be granted."

Explanation: For the purpose of this Table, the expression "village industry" shall have the same meaning as it has in the Bombay Village Industries Act 1981.

Table-B

Rate per square metre per annum in *paise* on lands situated in peripheral areas referred to in clause (b) of Sub-rule 1

Class of peripheral areas	Residential use	Industrial use	Commercial or other use
I	8	12	16
II	6	8	12
II	4	6	8

Provided further that in respect of lands situated within sites of towns or cities falling under any class A, B or C.

(a) assessment at 33 1/3 % of the rate applicable to them when put to industrial or commercial use; and (b) 10% of the rate applicable to them when put to residential use on or after the 1st August, 1981.

Provided also that where any lands situated in any town or city is already put to residential use before 1st August, 1981 shall not be liable to any assessment.

Provided also that no assessment shall be fixed by the Collector in respect of land situated within sites of towns, cities under either "D" or "E".

(3) The non-agricultural assessment fixed by the Collector under Sub-Rule (2) shall remain in force till such time as it is altered by him under the general or special orders of the Government.

(Rule 81 as amended by GRNo.GHM 78-34 ML RR/1077-43064L dtd.21-1-78 and Revenue Department Notification No.GHM-92/36/M-LRR-1089-150-k dtd.8-4-92).

Revision of Rates of Non-Agriculture Assessment

Rule 81(1) of the Gujarat Land Revenue Rules, 1972 has been amended effective from 1st August 2003 vide the Gujarat Land Revenue (3rd Amendment) Rules 2003. Sub-rule (1) of Rule 81 has been substituted as under:

(1) “ For the purpose of determining generally the rate of non-agriculture assessment leviable, the Collector shall from time to time by a notification in the Official Gazette, divide villages, towns and cities in to the following classes, namely:-

Class A:- The cities of Ahmedabad, Vadodara, Surat, Rajkot, Bhavnagar, Jamnagar, Gandhinagar and area within limit of Ahmedabad Urban Development Authority (AUDA),

Vadodara Urban Development Authority (VUDA), Surat Urban Development Authority (SUDA), Rajkot Urban Development Authority (RUDA), Bhavnagar Urban Development Authority (BADA), Jamnagar Urban Development Authority (JADA), Gandhinagar Urban Development Authority (GUDA) Junagadh Municipal Corporation and five kilometers peripheral area of the Junagadh Municipal Corporation.

Class B:- Cities and towns other than those classified in class A above, and having a population exceeding one lakh and peripheral area of one kilometer adjoining to these cities and towns.

Class C:- All areas other than class A and class B above.

Explanation-I:- For the purpose of this rule, “population” means population as ascertained at the last preceding census of which relevant figures have been published.

Explanation-II :- Where a village, town or city or any part thereof falling in a particular class on the basis of its population also falls within the adjoining peripheral area of another city, town or village specified in relation to such other city, town or village specified in relation to such other city, town or village falling in different class then that village, town or city or part thereof shall be reckoned in that one of such two classes where higher rates of non-agriculture assessment are applicable.”

(2) For sub-rule (2), and TABLE-A and B thereunder, the following shall be substituted, namely:-

“(2) The assessment shall then be fixed by the Collector on the lands used for non-agricultural purpose with reference to the nature of the non-agricultural use of such land at a rate shown in the table appended hereto with effect from 1st August 2003.

Table

Rate of square meter per annum in *paise* on lands situated in villages, towns or cities classified in Sub-rule (1).

Class of city, town; village	Residential and charitable use	Any other use
A	50 <i>paise</i>	100 <i>paise</i>

B	25 paise	50 paise
C	10 paise	25 paise

Explanation:- For the purpose of this table, charitable use means such use as the State Government may by order specify from time to time.”

Revision of Non-agricultural Assessment with effect from 1st August, 2007

For sub-rule (2), and TABLE-A and B there under, the following shall be substituted, namely:-

“(2) The assessment shall then be fixed by the Collector on the lands used for non-agricultural purpose with reference to the nature of the non-agricultural use of such land at a rate shown in the table appended hereto with effect from 1st August 2007.

Table

Rate of square meter per annum in *paise* on lands situated in villages, towns or cities classified in Sub-rule (1).

Class of city, town; village	Residential and charitable use and educational use	Mining, Brick production and other industrial use	Commercial and other use
A	25 paise	40 paise	60 paise
B	15 paise	25 paise	30 paise
C	10 paise	10 paise	15 paise

Explanation:- For the purpose of this table, charitable use means such use as the State Government may by order specify from time to time.”

Appendix 5.2

Payment of conversion tax by occupant for change of use of Land in certain Areas

(1) Where any land assessed or held for the purpose of agriculture and situated in an area specified in column (2) of the Table below (hereafter in this section referred to as the specified area):

- (a) is permitted or deemed to have been permitted, under section 65, to be used for any other purpose; or
- (b) is used for any other purpose without the permission of the Collector being first obtained or before the expiry of the period prescribed in that section.

The occupant of such land shall be liable to pay to the State Government, a tax at the rate specified in the corresponding entry in column (3), column (4), or column (5), as the case may be, of the said Table from the date on which such permission is, or is deemed to have been granted, or from the date on which the land is put to such use, whichever is earlier”

(2) Where any land assessed or held for any non-agricultural purpose (hereafter in this section referred to as the existing non-agricultural purpose) and situated in a specified area –

- (a) is permitted or is deemed to have been permitted, under section 65, to be used for any other non-agricultural purpose; or
- (b) is used for any other non-agricultural purpose without the permission of the Collector being first obtained or before the expiry of three months from the date of application for such permission,

The occupant of such land shall be liable to pay to the State Government, a tax at such rate as is equivalent to difference between the rate of tax applicable to the other non-agricultural purpose specified in the corresponding entry in column (3), column (4), or column (5), as the case may be, of the Table below and the rate of tax applicable to the existing non-agricultural purpose specified in the said column.

Provided that tax shall not be payable under this sub-section if the rate of tax applicable to the other non-agricultural purpose is lower than the rate applicable to the existing non-agricultural purpose.

(3) The tax payable under this section shall be known as conversion tax and shall be payable by the occupant to such authority, in such manner and at such time as may be prescribed by rules made under section 67-A of the Land Revenue Code.

Table (W.E.F. 1.8.1989 and 1.8.1993)

Sr. No.	Areas in which land is situated	Rate of conversion tax per square metre of land in ₹					
		When land is to be used for temporary non-agricultural purpose	When land is to be used for residential purpose	When lands is to be used for educational or charitable purpose	When land is to be used for industrial purpose	When land is to be used for commercial or any other non-agricultural purpose	Rates effective from the date
1	2	3	4	5	6	7	8
1.	Municipal boroughs and notified areas with a population not exceeding 50,000 and their adjoining areas.	0.20	0.25	0.25	0.50	0.75	1-8-89
		0.50	0.60	0.60	1.25	1.85	1-8-93
2.	Cities and municipal boroughs with a population exceeding 50,000 but not exceeding 1 lakh, and their adjoining areas	0.40	0.50	0.50	1.00	1.50	1-8-89
		1.00	1.25	1.25	2.50	3.75	1-8-93
3.	Cities and municipal boroughs with a population exceeding 1 lakh but, not exceeding 2.5	0.80	1.00	1.00	2.00	3.00	1-8-89
		2.00	2.50	2.50	5.00	7.50	1-8-93

	lakh, and their adjoining areas						
4.	Cities and municipal boroughs with a population exceeding 2.5 lakh, but not exceeding 5 lakh, and their adjoining areas	1.20 3.00	1.50 3.75	1.50 3.75	3.00 7.50	4.50 11.25	1-8-89 1-8-93
5.	Cities and municipal boroughs with a population exceeding 5 lakh and their adjoining areas	1.60 4.00	2.00 5.00	2.00 5.00	4.00 10.00	6.00 15.00	1-8-89 1-8-93

Explanation: - In the above table (a) "adjoining area" means

(1) in relation to the city of Ahmedabad or any other local area which is constituted to be a city under section 3 of the Bombay Provincial Municipal Corporation Act, 1949 as in force in the state of Gujarat, or a municipal borough with a population exceeding 2.5 lakhs a peripheral area of five kilometers.

(2) in relation of any other municipal borough a (peripheral) area of one kilometre, municipal borough or notified area means respectively a municipal borough or a notified area within the meaning of the Gujarat Municipalities Act, 1963.

(b) "population" means a population as ascertained at the last preceding census of which relevant figures have been published. (Gujarat Act. No.16 of 1989 read with Revenue Department Notification No. GHM/89/101-M/LRR/1089/150/k dtd.31.7.1989).

The rates of conversion tax were revised with effect from 1.8.93 (by Guj.12 of 1993 dtd.31.3.93 and Revenue Department Circular No. LRC/1093/928/k dtd.5.7.93).

Revision of Rates of Conversion Tax

The rates of conversion tax were revised with effect from 1st April 2003 (by Gujarat Act No 14 of 2003 dtd.31.3.2003

"In the Gujarat Land Revenue Code, 1879, in Section 67 A, for the existing table and Explanation there under, the following Table shall be substituted, namely:

Table

Sr. No.	Area in which land is situated	Rate of conversion per square meter of land	
		When land is to be used for temporary non-agriculture use or For residential or	When land is to be used for industrial purpose or for any Other purpose (₹)

		charitable use (₹)	
1	2	3	4
1.	Villages, Municipal boroughs, notified area and cities having population not exceeding one lakh as per last census.	2.00	6.00
2.	Villages, Municipal boroughs, notified area and cities with a population exceeding one lakh as per last census.	10.00	30.00

Explanation:- In the above table, “municipal borough” or “notified area” means respectively a municipal borough or a notified area within the meaning of the Gujarat Municipalities Act, 1963.”

Further Vide GR dated 21.03.2016; conversion tax rate is revised w.e.f. 21.03.2016 shown as under:

Sr. No	Area in which land is situated	Rate of Conversion Tax (₹)		
		Where land is to be used for temporary non-agricultural purpose or for residential purpose or for charitable purpose	Where land is to be used for industrial purpose or for any other purpose	Where land is to be used for other different non-agricultural purposes
1	Villages, Municipal boroughs, notified areas and cities having a population not exceeding one lakh as per the last census	2.00	6.00	8.00
2	Villages, Municipal boroughs, notified areas and cities having a population exceeding one lakh as per the last census	10.00	30.00	40.00

5.24 Records and Registers of Revenue Accounts

5.24.1 The Land Revenue Accounts are based on the manual compiled by F.G. Hartnell Anderson, Commissioner of Settlement and Director of Land Records of Bombay Presidency in the 1900 A.D. The mechanism of the accounting system which is built up from the village level to the District and State level is briefly detailed in this chapter. The general audit checks to be exercised are also indicated by side for facility of understanding.

5.24.2 Village Forms

1. Village Form-I (V.F.I)

a. This form is prepared for each village by the Survey and Settlement Department and it constitutes the starting point of the Land Revenue accounts. In this form all the land in the village is shown survey number wise the fixed agricultural assessments determined for each survey numbers being shown against the survey numbers themselves. Land not included in survey numbers is added to the surveyed land and thus the total land available in a village is arrived at in the end. The register also known as '*Aakar Bandh*' or '*Kayam Kharda*' is accompanied by an abstract in which the land available in the village is shown under two main classification namely (A) land available for cultivation and (B) land not available for cultivation. The suitable sub-division showing also the total fixed agricultural assessment for each sub head. The duration of the register is usually the settlement period of 30 years but whenever the register shows signs of wearing out, the District Inspector of Land Records is to be approached for a fresh copy of the register which the District Inspector of Land Records will prepare with reference to the copy of the V.F.I of each village. It is in his custody in a storing room at the District Office.

b. The register is to be examined in audit to see that it is the one supplied by the District Inspector of Land Records. The assessment in respect of each survey number is carried into the ledger in form VII-A, to the account of the *Khatedaar* who is holding the survey number. While checking the accounts in the ledger in form VII-A it should be seen that the assessments are in accordance with VF-I.

c. Every year the *Talati-cum-Mantri* also prepares an abstract of V.F.-I. This abstract should also agree in all respects with the abstract appended to the VF-I prepared by the District Inspector of Land Records, except for survey corrections made from time to time. These changes will be in the nature of change of tenure, change of agricultural land to non-agricultural land and so on. Every changes is required to be supported by a "*Kami-Jasti Patrak or Durasti Patrak*" issued by the District Inspector of Land Records. In respects of changes between *talati's* abstract and the abstract of District Inspector of Land Records in respect of which *Kami-Jasti Patrak* have not been issued by the District Inspector of Land Records, the procedure examined in Government Resolution No.NAA-1059/54399/L dtd.19th February 1963, (page No.102 of Sangrah Vol.I) should be followed by the *Talati*.

d. The total assessments as shown in District Inspector of Land Records abstract, subject to the changes introduced by the *Kami-Jasti Patrak* should agree with the total *Akar* in form VF-V (*Tharav Bandh*).

2. Village Form II (V.F.II)

a. In this form fixed revenue other than that shown in VF-I is brought to account. The form is maintained in three sections

Section-I: contains grants of land outside survey numbers for non-agricultural purpose, Section-II: bring out details of land granted from survey number for non-agricultural purpose and Section-III gives details of grants of land for agricultural purposes but on special terms.

b. It will be seen from the examples given in Anderson's Manual that the areas of land shown in this form agree with the areas shown against the concerned sub-heads in the abstract in form VF-I. Every grant of land for non-agricultural purpose requires the permission of the Taluka Development Officer or the District Development Officer depending upon whether the land is situated in a class-II or class-I village. It should be seen in audit that all lands for which non-agricultural permission has been duly granted in respect of which non-agricultural assessment have accrued find a place in the Register.

Like-wise the entries in the Register should be verified to see that non-agricultural permission in respect of each entry has been duly granted and non-agricultural assessments have been correctly fixed. Like-wise orders in support of grant of land for agricultural purposes on special terms should be scrutinized. It should be ascertained and verified that all the N.A. orders issued by the respective authority have been accounted for in Section-II above in VF-II and demand raised.

c. Non-agricultural assessment becomes due only when land in respect of which non agricultural permission has been granted, is put to non-agricultural use. Generally in the orders issued by the Taluka Development Officer/District Development Officer, the period is specified during which construction work should be done on land for which non-agricultural permission is granted. It should be seen in audit whether in cases of grants of non-agricultural permission, the dates of commencement of non-agricultural use are verified from the intimation of the users or reports of the *Talati* and non-agricultural assessments are recovered from the appropriate date.

If the N.A. use not commenced and completed within time limits prescribed in sanction order, whether a breach of condition cases have been initiated or not should be brought out.

d. In the part of the year in which non-agricultural use of a land commences, the non-agricultural assessment thereon is taken in the accounts as fluctuating revenue in form VF-IV, from the next year onwards the assessment is carried to fixed revenue in form-VF-II. The total fixed revenue as shown in VF-II is carried to VF-V.

3. Village Form III (V.F.III)

In this register, details of alienated or *Inami* land are to be exhibited. Practically all types of *Inams* are now abolished and in VF-III there will normally be no entry in any village. However, if any, entry is exhibited in VF-III, audit has to examine whether the *Inam* in question legally subsists.

4. Village Form IV & VIII-B (V.F.IV & VIII-B)

a. In forms VF-I fixed land revenue was dealt with. In VF-IV fluctuating land revenue which is of a miscellaneous character is entered. These levies are made as and when occasion arises. The *Talati* sends reports to the *Taluka* Development Officer in cases liable for such a levy in what are known as slip books. The orders of the *Taluka* Development Officer on each case are noted in VF-IV and the recovery of the sums watched through the concerned ledger account in form VF-VIII-B of the *Khatedaar*. The check of these levies can be conducted with reference to the counter foils of the slip books available with the *Talati*. While checking the register it should be seen whether entries entering for more than one year (like lease of land for 3 years) are carried forward in VF-IV from the previous year's register. The total struck at the end of the year in this form is carried to VF-V.

b. This form is a general abstract of the area and revenue both fixed and fluctuating in respect of each village. The entries in the form are numbered from (a) to (z) and from (aa) to (gg) and are incorporated from VF-I, VF-II etc. as shown below: -

Entry	Incorporated Form
(a)	Grand total form VF-I
(b)	Normally this does not arise
(c)	VF-I abstract entry All (a) (area only)

- (d) VF-I abstract B(1)
- (e) VF-I abstract-B(II)A (Except forest)+ B(II),(b)+B(III)
- (f) and (g) (24.07 +34.25+1.10) Except in respect of

Sr. No. 24(A) which is assessed to 19.75. No other land under (B) of VF-I abstract is assessed to agriculture.

- (f) B(II) A(a)
- (g) g+h=i- VF-II(ii) VF-II(ii)
- (j) c+d+f+i
- (k) a-j
- (l) VF-III
- (m) VF-I abstract a A(I)(b)
- (n) VF-III(iii) item No.2 (30.3 75)
- (o) K(l+m+n)
- (p) (p,u,r,s) These are sub divisions of (o)
- (t) VF-II(II(iii) item (I))
- (u) o+t
- (v) VF-II(ii)
- (w) VF-II(i)
- (x) VF-III see also VF-II(ii) entry 4 gymnasium
- (y) v+w-x
- (z) u+y
- (aa) VF-IV
- (bb) z+aa
- (cc) & (dd) Local Fund Cess is added at appropriate rates
- (ee) Rounding off effected
- (ff) cc+dd+ee
- (gg) bb+ff

c. The entries in VF V are required to be checked with the assessment shown in VF-I, VF-II and VF-IV and remission on account of *Inami* lands as shown in VF-III. The guide letters in the form are also helpful in the compilation of form TF VII-B which should be checked with form VF-V.

5. Village Form VI & VII/XII (VF-VI, VII/XII)

These are forms designated to serve as a record of right, index of lands, diary of mutations and crops. Even though these matters are of an administrative nature, these forms should be gone through for the period of audit because the entries in these forms give clue on the following points which fall within our purview.

- (1) Lands granted for non-agricultural purposes as noted in form VF- VI might not be entered in VF-II and non-agricultural assessment might not have been recovered.
- (2) Premium due to Government on changes in tenure of land from new or impartial to old tenure as recorded in form VF-VI might not have been recovered.
- (3) In determining the sale price of Government waste land questions regarding whether the land is Virgin or non Virgin or whether it is titled on *eksali* basis or not etc. arise. The combined forms VF-VII/XII are useful in getting such information.
- (4) Form VF-VII/XII we may even be able to come across cases in which land is cultivated but no agricultural assessment is recovered therefore.
- (5) Form VII/XII, if the land is not cultivated, whether permission of N.A. is obtained and noted in VF-VI and other relevant records.
- (6) All the entries in VF-VI supported by relevant orders/documents etc. is to be checked.

It is therefore, necessary that the entries in form VF-VI and VF-VII-XII are scrutinized in the course of audit with the objects stated above.

6. (i) Village Form VIII-A (VF-VIII-A)

VF VIII-A is a ledger account showing the land held by each *Khatedar* for agricultural and non-agricultural purpose on which fixed land revenue is due with reference to the record of right entries in form VF VI-VII-XII. On the basis of the amount worked out in this ledger, the entries in VF-VIII-B are made so far as fixed land revenue is concerned. It will be recalled that under VF-I, it was suggested that the assessments of each survey numbers shown in VF VIII-A should be verified with the VF-I assessment.

(ii) Village Form VIII-B (VF-VIII-B)

In this ledger on the debit side demands for fixed land revenue are brought forward from VF VIII-A. Thereafter, miscellaneous fluctuating revenue, if any, recoverable from a *Khatedar* is entered as and when such recovery becomes due during the course of the year. In this connection reference is invited to the notes under VF IV. From the gross demand, remissions and suspensions duly authorized are deducted and the net demand is arrived at. It will be necessary to see that any suspensions or remissions noted in the ledger account are correctly granted on the basis of “*annawari*” valuation of crops in the concerned revenue year and the remissions granted are according to the Land Revenue Code/Rule and orders of Government. In this connection paragraph 3 on page 119, 120 of Anderson’s Manual may be usefully gone through.

In this ledger after completion of postings of the demand side, the *Talati* will enter the credit side with reference to receipts granted in from VF IX and strike the balance to be carried forward to the accounts of the next year. The balance due from all the *Khatedars* as worked out from this ledger should agree with from VF XI as explained later.

7. Village Form IX (VF-IX) Receipt Books

This is the form of the land revenue receipt to be issued by the *Talati* in acknowledgement of land revenue collections made by him. The form also serves the purpose of a day book. For each *Khata* a separate receipt is prepared. The monies collected are remitted to the treasury from time to time on form VF X (challan) described later.

- a. The actual total of the pages of the foils in the book since the last challan are made and

brought forward in pencil. The total that is to be written when a challan is sent is the total since the last challan and not the progressive total to date. At the close of the year the gross receipts in VF IX are totaled up in a summary to be appended to the form. In this summary receipts received at *Taluka* will be added to the collections made at the village to make up the total collection form which, items not pertaining to land revenue, if any, will be deducted. Further from the gross collections over collections relating to future years will be deducted and such over-collections on account of the year will be added. Then net collections on account of the year will then tally with the *Taluka* accounts and also the “collections” columns of the trial balance sheet (VF XI). of course the difference between the net collections and the demand after taking into account all suspensions and remissions will represent unauthorized arrears, balance of which must agree with the details worked out in the ledgers, in VF VIII-B. For purpose of mutual comparisons the serial Nos. of VF IX receipts are quoted in VF VIII-B, and the VF VIII-A and VIII-B *khata* numbers will be quoted in form VF IX.

b. The correctness of amount collected from each *Khatedar* is to be verified in audit. The totaling of the receipts should receive attention since in land revenue accounts the general mode of defalcation is to deflate the receipt totals. In departmental inspections the original foils of receipts are called for by the inspecting officers from a few *khatedars* and compared with the counter foils to see that original receipts are not granted by *Talati* for amounts in excess of those shown in the counter foils. We can draw attention to erasures or over writings or other manipulations that may be of a suspicious character. The stock account of the receipt books should be scrutinized at the village and *Taluka* levels. In this connection, the instructions regarding the maintenance of the accounts on page 135 of Land Revenue Accounts Manual may be gone through.

8. Village Form X (VF-X) (Government Challan)

Remittances to the treasury of cash collected by *Talati* are made on this form. Whenever a remittance is to be made, *Talati* visits the *Taluka* with forms VF X and the money to be remitted. A note of the remittance on from VF X is first made in form TFI before the remittance goes to the treasury. For each village under the *Talati* a separate challan is made. The challans are prepared in triplicate of which one copy remains with the treasury, one copy is sent to the *Taluka* and third copy goes to the *Talati*. The remittance challans should be checked with the day book to ensure that all money collected has been remitted into the treasury. The usual treasury remittances check is to be conducted in audit.

9. Village Form XI (VF-XI) Trial Balance

In VF V the consolidated demand for land revenue was worked out by different categories of lands. Likewise, in the summary of form VF- IX, the total collections according to the Sr. Nos. of receipts were worked out. The arrears of land revenue were arrived at from form VF-VIII-B. The details of remission and suspensions allowed to each *khatedar* in a VF-VIII-B were worked out in separate files maintained for the purpose. In order to prove the correctness of the workings in these forms the trial balance sheet in form XI is prepared. In this form the arrears of land revenues, the collections suspensions and remissions are worked out for each *khatedar*. If the workings in the other forms referred above are correctly done the totals struck at the foot of form VF XI will agree with the totals in the other respective forms namely VF V, VF VIII-B and VF IX. The notations given at the closing of form XI refer to the corresponding entries, in VF V. If the agreement stated above is effected land revenue accounts may be taken as proved. The completion of this work is known as “*JAMA BANDHP*”. It should be completed at the end of October of each year.

10. Other Village FORMS

The remaining village forms like VF VII-B VF XIII etc. are mainly of an administrative nature and are therefore not dealt with here. Perhaps VF-XVI may be useful in finding out whether the assessment for any survey number required to be enhanced for water advantage.

5.24.3 Taluka Forms

The chief function of the *Taluka* is to consolidate the accounts of revenue that may be realized at the *Taluka*. For watching such receipts the *Taluka* Development Officer is required to keep a register in a suitable form. When all fixed and fluctuating items of land revenue have been entered in the register the *Taluka* Development Officer will draw a *kitta kalam* (Extra items) *Tharav Band* with all the heads of the village *Tharav Bandh* in form VF V.

1. Taluka Form I

This is consolidated land revenue receipt register for the *Taluka* as a whole. Reference to this form is made under VF X also. The remittances made by *Talati* are entered in this register chronologically, under the heads of revenue shown therein and periodical totals struck. The total revenue realized in the *Taluka* according to TF I should agree with the totals worked out in form TF V which is described later.

2. Taluka Form II

This account is a duplicate of VF II, maintained as a check on the *Talati's* VF-II, maintained without bifurcation into sections (i) (ii) (iii) etc. as in VF-II. Every lease or grant of the land is entered in the register in chronological order. When lease or grant expires, the entry should be struck out. If they are renewed on the same terms then a note of their renewal should be made against the original entry itself. If renewal is on different terms, then a fresh entry should be made. The renewal or cancellation of leases which are about to expire should receive special attention. The register required careful attention in audit. The *Taluka* Development Officer may omit to enter some items which the *Talati* has entered or vice versa, or the village and *Taluka* accounts may not agree. The audit scrutiny should apply not only to the fresh entries since the last audit but also to expiring items of the earlier years to see whether they have been attended to. In column 4 of the register the terms and rules under which a lease or grant is made must be clearly given.

3. Non-agricultural Sanction Register (NASR Register)

In the *Taluka*, a note-book must be maintained, for control of the disposal of non-agricultural cases. From this note book, cases in which non-agricultural permissions have been granted can be found out and if the non-agricultural assessments have become due under the Land Revenue Rules, then entries in respect of such cases should be traced in TF II.

4. The *Taluka* Development Officer is also responsible for seeing that miscellaneous revenue is promptly realized. It would not suffice for him to wait every year till he got a report from *Talati* that there were some mangoes or some dead wood or some grazing in a tank etc. which might be sold and then only to take steps to sell them and realize the revenue. He should take note of all miscellaneous land revenue in a personal note book in which all auctions which take place every year such as the sale of waste land or of *alluion*, or of the right of collecting '*Tarawad*' or of *Babul Pods*, or the collections of grazing dues etc. should be taken note of. The price realized last year should be entered. The *Taluka* Development Officer's personal note-book should serve as a precaution

against unauthorized use of land for grazing etc. involving loss of revenue to the Government orders for the realization of such revenue will be noted in form TF IV referred to later.

5. Taluka Form III

In this form the details given in VFIII abstracts are summarized and totaled. As stated under VF-III cases of alienated or *Inami* lands are now mostly non-existent.

6. Taluka Form IV

This form represents the “*Wasul Baki*” ledger and is maintained in the form of a register in which a few pages are allotted to each village with an index provided at the beginning. On the demand side of the ledger are shown.

- (a) All arrears brought forward from last year.
- (b) All fixed revenue demand, in the first place as it stood on August 1st, but then corrected in the last period of the year to agree with the ‘*Tharav band*’ as it stands at the end of the following July.
- (c) All demands for miscellaneous land revenue as they become known.
- (d) All remissions, suspensions and cancellations of demand, arrears or current as soon as the amount is known. On the collection side are shown: -
 - (i) All over-collections or advance payments brought forward from last year.
 - (ii) All collections made upon village challans.
 - (iii) Collections made at the *Taluka* or other *Talukas* if any.

The Treasury/A.G. brings to credit all collections whether they be of the current year or of future years. The collections relating to future years are adjusted by additions or deductions under the proper columns and plus-minus entries are also made in T.F.I. so that the ‘*Wasul Baki*’ figures may agree with those of the Treasury/A.G. Finally the closing entries are worked out totally with VF IX and VF XI.

7. Taluka Form V

This is a periodical summary of TF IV and is known as the “*Wasul Baki Patrak*”. The closing entries of the form as shown in the specimen and the agreement of collection with Treasury figures may be carefully noted and scrutinized in audit. This form is made use of at the District level for compilation of DF.II.

8. Taluka Form VI

This register shows major and minor coercive action taken for recovery of land revenue. The register may be useful to find out whether suitable action is taken against *khatedars* who default in making payment of land revenue. The register may also be useful as a check on land revenue like notice-fees, fines, expenses of sales etc.

9. Taluka Form VII

This is a summary of balances and remissions compiled from the abstract of VF XI and give an expansion of TF V into authorized, unauthorized balances and remissions.

10. Taluka Form VIIIA & B

The totals of the “*Tharav Bandh*” in VF V are compiled in these forms (TF VIII-A Area and TF-VIII-B revenue).

11. Taluka Form IX A & B

These abstracts show increases/decreases in area and revenue in the *Taluka* and can be gone through for academic interest.

12. Taluka Form.X

This is a calculation sheet for determining the local cess from the consolidated land revenue.

13. Taluka Form XI

This form represents a ledger of installments for watching cases of payment by installments like auction sale. In some cases interest is leviable on overdue payment

14. Other Taluka Forms

The other *Taluka* forms are not of interest from the point of view of receipt audit.

5.24.4 District Forms

DF I & II Supplements Thereto

DF is statement showing the details of the land in the District compiled from TF VIII-A and TF IX-A. More important from the audit point of view is DF II and its supplements dealing with the revenue collections for the whole district. The figures in form II are compiled from TF VIII-B and the guide letters in the form show the columns of TF VIII from which the figures are to be posted here. The following agreements may be particularly noted.

1. Columns upto 12 are based upon exactly TF VIII-B.
2. Column 13 is based upon 13 of TF VIII-B.
3. Columns 14 to 19 are base upon TF VII as shown in the form and the arrangement is exactly similar to that described in the remarks to VF. XI and subject to the same observations.
4. Column 20 to 26 would agree TF-V with the column Nos. of TF V shown against the respective columns of this form and these are also of course obtained arithmetically from the preceding columns.
5. Column 27 is obtained form the footnote to the “*Vasul Baki*” statement (VF 5). At the end of the form, non-*Tharav-band* items collected at the *Huzur* Treasury only and Book adjustments advised by the A.G. are to be added, alongwith other revenue realized in this district. The grand total so arrived at should be in agreement with the District Treasury and A.G.’s figures.

The other district forms not being of immediate concern from the receipts audit point of view are not further dealt with.

5.25 Disposal of Government Waste Lands

Disposal of Government waste lands is governed by the orders contained in Government Resolution. Revenue Department No.LND-3953-V-B dated 20-8-1954, as amended. In practice, however, permanent disposal has not taken place on any large scale on account of the following four bans.

- (i) Ban on account of Land Utilisation Survey Scheme.

Ban on account of schemes for rehabilitation of persons affected by certain irrigation and power projects.

(ii) Ban on account of forest settlement.

(iii) Ban on account of afforestation Schemes including the Scheme for checking the spread of '*Rann*' of Kutch.

5.25.1 It was decided by Government that except in respect of ban at serial No. (ii) all other bans should be removed and permanent disposal of Government waste lands including those leased out from time to time should be undertaken according to the order contained in the Government Resolution Revenue Department No.LND-3960-AI dated 1-3-1960 and other orders issued from time to time. In this connection, a Government Resolution consolidating all earlier orders on the subject has been issued under Revenue Department Resolution No.JMN-3988-3290 (1) A dtd.15-2-1989 laying down therein the Government policy for disposal of Government waste lands for agricultural purposes. The disposal of Government waste land for non-agricultural purposes is governed in accordance with guidelines issued under Revenue Department Resolution No. JMN/3988/1785/A dtd.28-3-1989.

5.25.2 *Wada* Lands

Wada lands are land found attached to houses within or sometimes outside the village site. Ordinarily it is used for agricultural purposes, especially for storing produce or for keeping cattle or farm equipments.

In Revenue Department Resolution No.VOL-1079-31448-k dtd.25th April 1980, the Government have issued detailed rules relating to allotments of *Wada* Lands and the recovery of occupancy prices thereupon. The following provisions from the rules relating to recovery of occupancy prices of *Wada* Lands are relevant for purpose of audit.

5.25.3 *Wada* Lands in Village Sites

(i) In village sites, *Wada* lands held by existing holders will be continued in their possession without payment of revenue, if the lands are kept open.

(ii) If a holder desires to have complete possession rights and sale rights over such lands with freedom to use the land for NA purpose, the recovery of occupancy prices will be effected on the following basis:

Population of village	Rate for occupancy price (per square metre) (₹)
Upto 1000	0.30
Upto 2000	0.40
Upto 4000	0.55
Upto 6000	0.65
Upto 8000	0.80
Upto 10,000	0.90

Note:

(1) For the purpose of the above table, the population figures are to be taken according to the latest census.

(2) When land is allotted to members of the SC or ST, the occupancy prices will be 25% less.

(3) Land so allotted will be held to be on old tenure and liable to pay non-agricultural assessment.

(4) When unauthorized construction has been carried out on Wada lands, without obtaining rightful possession by paying occupancy prices, in addition to occupancy prices fixed according to rates above, a 25% penalty thereon should also be leviable.

5.25.4 Wada Lands in Simtal

Wada lands in *Simtal* will not be allotted on proprietary basis.

5.25.5 Wada Lands in Urban Areas

Wada lands in urban area were allowed to be purchased by holders upto 31-12-71. The recovery of occupancy prices will be at the market price, which will be ascertained from the Deputy Town Planning Officer. A rebate of ₹ 6 per sq.mtr or 25% of the market price whichever is lower, will be given to the members of Scheduled Cast and Scheduled Tribes. On these lands also, non-agricultural assessment will be payable. When there is unauthorized NA use on such lands before rightful possession has been obtained, the occupancy prices recoverable would be upto twice the market price of the land. As in the case of lands in village sites *wada* lands allotted in urban areas will also be held on old tenure.

5.25.6 *Wada* lands not taken up on ownership basis by the holders upto 31-12-71 will be resumed by Government and disposed of by auction or otherwise.

5.25.7 Creation of Wada Lands in Future

In future, no *wada* lands will be allotted in village sites. In *Simtal*, land upto 400 sq mtr may be allotted out of '*Kharaba*' lands on payment of rent equal to agricultural assessment by *Mamlatdar* in village area and by *Prant Officer* in *Nagar Panchayat* area as the case may be. Such allotment will be valid for one year only.

The above orders are in supersession of all previous orders on the subject.

5.26 Conversion of Agricultural Lands into Non-agricultural Lands

5.26.1 Bombay Tenancy and Agricultural Lands Act, 1948

Under the provisions of the above Act, tenants were permitted to buy the lands which they tilling, as tenants on the 1st April, 1957 (Tiller's day). Section 43 of the Act, prohibits any purchaser of land under the Act, from transferring the land purchased by or sold to him by sale, gift, exchange, mortgage, lease or assignment or partition, without the previous sanction of the Collector and without payment of premium to Government on the transfer. Under this Section, the following orders of Government have been issued.

(i) Government of Gujarat, Revenue Department No.GNT/1080/Sankalan/41/J dated 20/5/80

(ii) Government of Gujarat, Revenue Department No.NSJ/1081/2023/Z dated 13/7/83

(iii) Government of Gujarat, Revenue Department No. NSJ/1081/2023/Z dated 17/9/84.

5.26.2 The rates of premium to be levied under Section 43 of the Act, as mentioned in the Government Resolutions dated 20-5-80, 13-7-83 and 17-9-84 are given below:

Nature of Transfer	Rate of premium
1. Where the lands is to be sold for an agricultural purpose to any	In case where land is held Up to 20 years- 75 per cent.

person or body or institution	After 20 years-50 <i>per cent</i> of the difference between the market value or sale price fixed, whichever is more, of the land for agricultural use and the aggregate of the original purchase price paid, and the value of permanent improvement, if any, made after the purchase.
2. Where the land is to be sold bonafide for any non-agricultural purpose to any person or body or institution.	In case where land is held Upto 20 years-80 <i>per cent</i> . After 20 years-70 <i>per cent</i> of the difference between the market value or sale price fixed, whichever is more of the land for non-agricultural use and the aggregate of the original purchase price paid and the value of permanent improvement, if any, made after the purchase.
3. Where the land is to be partitioned or exchanged or where it is to be leased for agricultural purpose.	₹ 1 or half the amount of assessment whichever is more.
4. Where the land is to be leased for non-agricultural purpose to any person or body other than an educational or charitable institution.	One third of the net annual rental (i.e. gross rental minus NAA. charged and property tax) every year during period or lease.
5. Where the land is to be mortgaged for agricultural purpose to any person or body or institution.	₹ 1 on the condition that if the land is sold subsequently premium shall be levied at the rate of 60 times the assessment (now at revised rates as shown at serial No.1 above)
6. Where the land is to be gifted for agricultural purpose to anybody or person other than an educational or charitable institution.	60 times of the assessment (now at revised rates as shown at serial NO.1 above).
7. Where the land is to be gifted for agricultural or non-agricultural purpose to an educational or charitable institution.	₹ 1 or half the amount of assessment, whichever is more.
8. Where the land is to be gifted for non-agricultural purpose to any person or body other than educational or charitable institution.	50% of the difference between the market value of the land for non-agricultural use and the aggregate of the original purchase price paid and the value of permanent improvement, if any, made after the purchase (now at revised rates as shown at Serial No.2 above)

5.26.3 Where the land is to be sold/ or transferred for an agricultural purpose to any person or body or institution, the premium at the rates of 60 times of assessment shall be levied subject to the following conditions: -

(1) Where land is held for upto and more than 15 years continuously, holder is entitled to the above benefit.

(2) Above provision will not be applicable to the area under Land Ceiling Act applicable to six big cities viz. Ahmedabad, Vadodara, Surat, Bhavnagar, Jamnagar and Rajkot-.

(3) Above provision will not be applicable to the land covered under area of *Nagarpalika* of the State.

(4) The concerned Collectors may take action in the above cases with instruction to the *Talati* to remove the words "New and Restricted Tenure" and entered the words "Premium is leviable only for non-agricultural purposes".

(Government of Gujarat, Revenue Department Resolution No. NST/1081/3152-J dated 11.3.1996)

Revision of rate for recovery of premium for conversion of land w.e.f. 4.07.2008

Sr. No.	Purpose	Area	Period of possession	Rate of premium	Under which tenure transferred
1	Conversion into old tenure land for agriculture to agriculture use	All rural area of the state except the urban area shown below: Erstwhile ULC area, area of corporation, area under urban development authority, <i>Nagarpalika</i> area, notified area and cantonment area	After 15 years	Zero	The land shall be converted into old tenure for agriculture purpose but premium is payable for non agriculture use.
2	Conversion into old tenure land for agriculture to agriculture use	All the urban area shown below: Erstwhile ULC area, area of corporation, area under urban development authority, <i>Nagarpalika</i> area, notified area and cantonment area	After 15 years	50 %	The land shall be converted into old tenure for agriculture purpose but premium is payable for non-agriculture use.
3	For non-agriculture use	All the area of the state	After 15 years	80 %	Aftersale/transfer or conversion of land, the land shall be old tenure land.

5.26.4 Revision of rate for recovery of premium for conversion of land w.e.f. 3.05.2011

Sr. No.	Purpose	Area	Period of possession	Rate of premium	Under which tenure
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					transferred
1	Conversion into old tenure land for agriculture to agriculture use	All rural area of the state except the urban area shown below: Erstwhile ULC area, area of corporation, area under urban development authority, <i>Nagarpalika</i> area, notified area and cantonment area	After 15 years	Zero	The land shall be converted into old tenure for agriculture purpose but premium is payable for non-agriculture use.
2	Conversion into old tenure land for agriculture to agriculture use	All the urban area shown below: Erstwhile ULC area, area of corporation, area under urban development authority, <i>Nagarpalika</i> area, notified area and cantonment area	After 15 years	25 %	The land shall be converted into old tenure for agriculture purpose but premium is payable for non-agriculture use.
3	For non-agriculture use	All the area of the state	After 15 years	40 %	Aftersale/transfer or conversion of land, the land shall be old tenure land.

5.26.5 In cases of the land held under Bombay Tenancy Act and held with restrictions under various abolition Acts and other Acts, and where the permission of the appropriate authority is required to be obtained , the premium should be levied as stated above.

5.27 City Surveys

5.27.1 City Surveys are carried out under the provisions of the Land Revenue Code which also provide for revision surveys where ever necessary. The objects of a city survey are three-fold and may be described as administrative, financial and legal. The administrative object is to provide an accurate map of topographical details and of occupied houses, offices etc. for postal, municipal and other administrative purposes. The fiscal object is to determine the revenue due from lands and to keep a watch over the future development of revenue and to protect public land against encroachment or furtive appropriation. Legal object is to clear all titles to existing holding support and better define those which are good and to eliminate those which are bad; to prevent vexatious litigation between owners and to remove doubts and similar possible litigation between private claimants and local bodies or Government.

The introduction of a city survey can be at the instance of Government or on the request of a municipality or other local body in charge of the administration. In the later case, the municipality or the local body will be called upon by Government to deposit in Government account the estimated cost of the survey operation. The Municipality or the

local body will be later on reimbursed by Government out of the *sanad* fees that are recoverable on the completion of a city survey.

5.27.2 The provisions of a city survey apply to non-agricultural land. Frequently lands still used for agriculture will be found interspersed between building sites in a city survey area but the survey will have no effect upon the agricultural land. However when such lands are converted from agriculture to other uses the individual non-agricultural plots so formed in the banks or islands issued and *sanad* fees are levied from time to time.

10.3 The procedure for introducing a city survey is that the Collector or the municipality advances or endorses a proposal, which is accepted upon general ground, and the Director of Land Records will frame an estimate of the probable cost of the survey. Upon consideration of this estimate, the proposal for a city survey will be sanctioned by the State Government. Expenditure incurred on a city survey is budgeted for as a revenue advance and all recoveries by way of *sanad* fees etc. effected on completion of the survey will be credited to the same head of account until the advance is adjusted and any surplus or deficit is settled by order of competent authority.

The actual operations of a survey fall into different parts. First comes the actual measuring and mapping of the non-agricultural plots and the properties therein in the city survey area. This is followed by an enquiry conducted by an Enquiry Officer appointed for the purpose. The Enquiry Officer will determine the correct limits and frontages of all properties and their ownership. During the course of an enquiry the Enquiry Officers will open an Enquiry register in which entries relation to each property are made. The detailed maps are printed on the conclusion of an enquiry and the property register written up upon the final results of the enquiry. This is followed by the issue of *sanads* and the recovery of *sanad* fees.

5.27.3 The *sanad* fees, recoverable from the owners of the properties included in the survey map prepared as brought out above are determined by the Collector. While determining the fees recoverable, Government properties for which no fees can be charged, have to be excluded. Having regard to the number of the other properties surveyed, their value and area as entered in the Enquiry register, the Collector works out the fees recoverable from each property holder by apportioning the expenditure on the survey over the number of properties surveyed.

5.27.4 In respect of the properties included in a city survey, the city survey staff or the office of the *Mamlatdars* to which maintenance of survey work is transferred on completion of a city survey, will keep village forms I to VII (except V) for the portions of the villages within the city area, but excluding agricultural land. The *Talati* will keep similar forms for the remaining portion of the villages and for the agricultural land inside the city survey limits. There will thus be two volumes of each of these forms in each village, one kept by the *Talati* and one by the city survey office. The remaining village forms based upon both the volumes (VII, IX, X and XI) will be maintained by the *Talati* who will remain also responsible for the collection of revenue. The need for the specified forms being kept by the city survey staff arises from the fact that in it the city survey staff which is kept in touch with constant changes in the properties. In particular, the maintenance of form VF-IV would rest with the city survey office because miscellaneous revenue within the city survey area will, for the most part, relate to encroachments, lease and such other matters. It will be seen that in a city survey office VF I, II and VI combine into the property register and VF-VII is dispensed with.

5.28 Suspension, Remission and Refund of Land Revenue

5.28.1 Suspension

Under administrative order NO.XXX when the Collector has ascertained by local enquiries that owing to a partial or total failure or destruction of the crops throughout any tract on account of drought or any other cause it will be necessary to suspend the collection of land revenue assessed for agriculture in any area, he is authorized, especially when the tract is already impoverished or other previous harvests have been poor, to grant suspension according to the scale given below to all occupants, agriculturists and non-agricultural alike and to superior holders of alienated land without inquiry into the circumstances of individuals.

Classification of Crops	Amount of assessment to suspended
4 annas and under	The whole
Over 4 annas, under 6 annas	Half
6 annas and over	None

The normal crop or average of satisfactory seasons is reckoned at 12 annas.

The detailed procedure for making the anna valuation is contained in the Land Revenue Rules, according to which an *annawari* committee for each village is formed consisting of the circle inspector as the chairman, *talati* and two representatives of agriculturists. The committee meets in the month preceding the harvesting of the main crop and records its proceedings as to what the *anna* valuation should be for each village. The report of the committee is considered by the *Mamlatdar* and later by the Collector. Final orders on the proper *anna* valuation are issued by the Collector.

5.28.2 Remission

Under administrative order No.XXXIII Remissions are granted to the occupants of land in the manner explained below without any enquiry into the circumstances of individuals. The grant of remission depends on the character of the three seasons following that in which the assessment is suspended. The oldest arrears are remitted first. Suspended revenue is collected to the extent permissible in the table, and all suspended arrears which are more than three years old should ordinarily be remitted by the Collector (G.R.R.D.No.L.R.R.1074-dt.17-7-74)

Anna classification	Proportion of assessment of the crops	Collection of which should be justified
	<i>Current</i>	Suspended arrears
11 annas & over	1	1
8 annas & under 11 annas	1	½
6 annas & under 8 annas	1	--
Over 4 annas & under 6 annas	½	--
4 annas & under	--	--

The amount of suspended revenue to be collected with any particular installment should be fixed by the Collector and announced before the collection of installment begins.

Cases in which owing to the impoverishment of a tract by a succession of bad seasons or for any special reasons it appears of the Collector desirable to remit or to collect suspended revenue otherwise than in accordance with the ordinary rule, should be reported for the orders of the Government.

Local Calamity: Rules regarding suspension and remission referred to above are applicable to the situation created by a general calamity. Relief to be given on the occasion of local calamities, including loss by fire or flood of harvested crops or other property and loss of crop by theft or mischief by unknown persons, should be determined by the investigation of individual cases.

5.28.3 Refund

Under section 180 of the Bombay Land Revenue Code, whenever the sale of any property is not confirmed or is set aside, the purchaser shall be entitled to receive back his deposit or his purchase-money as the case may be. Occasions for refund of land revenue do not normally arise because amounts collected in excess in a revenue year are treated in the revenue accounts as 'over collection' and given set off in the following year. However, refunds not claimed within the period of limitation (Art. 60, 62 and 96 of Schedule-I Act No. IX of 1908) will be legally barred. Claims for refund of amounts barred by limitation are dealt with according to the provisions of financial Rules of the State Government.

The sampling technique and the audit checks to be adopted while conducting integrated audit in respect of land revenue has been brought out in **Appendix 5.3** and **Appendix 5.4** respectively shown as under:

Appendix 5.3

Land Revenue and Expenditure Audit: Sampling and Selection Criteria

There are basically three types of cases bearing major revenue implication being finalized in Collector Offices

1. Land Allotment Cases
2. Non Agricultural Assessment Cases
3. Change of Tenure cases

In respect of Land Revenue cases, following sampling/ selection criteria is proposed to be adopted:

Sl. No.	Category of case		Sample size
1	Allotment of Govt. Land cases		100%
2	Change of tenure (Premium) cases	Agriculture to agriculture purpose	Top 50% cases subject to maximum of 50 cases
		Agri. to Non-Agri. purpose	100% where area is greater than or equal to 10000 Sq. Meter
			50% where area is between 5000-10000 Sq. meter
3	Non Agricultural Assessment cases	u/s 65	100% where area is greater than or equal to 10000 Sq. Meter
			50% where area is between 5000-10000 Sq. Meter
			25% where area is below 5000 Sq. Meter
		u/s 66	100% where area is greater than or equal to 10000 Sq. Meter

			50% where area is between 5000-10000 Sq. Meter
			25% where area is below 5000 Sq. Meter
		u/s 67	100% where area is greater than or equal to 10000 Sq. Meter
			50% where area is between 5000-10000 Sq. Meter
			25% where area is below 5000 Sq. Meter
	Other cases, if any		25% subject to max 100 cases

Expenditure Audit: Any Two months on the basis of (highest) expenditure incurred may be selected.

Important Contracts awarded may be checked. This is also applicable to other selected offices under the Collector.

In respect of Integrated Audit, the following offices under the Collector should be selected for detailed audit:

1. **Mamlatdar Office:** Any 2-4 Mamlatdar (the date of last audit may please be checked so that all Mamlatdar offices are covered within a span of 5 years).

Where there is a Nagar Palika, the records of Kasba Talati is to be checked to see whether orders of Collector are being implemented and proper follow up action is being taken or not. In respect of other offices, the records of concerned Talati cum Mantri of the village may be called for to ascertain the follow up of action of the Collector's orders.

2. **Prant Office:** First ascertain whether any powers regarding Conversion of land or NA Assessment has been assigned/d elegated by the Collector to the Prant officer. In that case, audit has to check all the records in that respect. Monitoring work of the Prant officer may also be seen.

Audit in respect of Office of Additional Chief Secretary Revenue Department

The following branches are to be audited:-

No methodology has been prescribed as it depends on the production of cases by the Department.

Appendix 5.4

Audit Procedure and Check List

Land revenue according to Government falls under the following three main classification.

1. Fixed agricultural revenue
2. Fixed non-agricultural revenue
3. Miscellaneous and fluctuating revenue

It has been seen that fixed agricultural land revenue is based on survey settlement and audit of actual recoveries is conducted with reference to VFI, the ledgers and receipt books etc.

- In regard to non-agricultural revenue, it has to be noted that under Rule 81 of the Gujarat Land Rules, with effect from 1-8-1976, the classification of villages, towns and cities was revised to 'A' to 'E' class on population basis and the revised rates based on the use of Land have been prescribed. The details have been given in para 2.4.1 to 2.4.10.

While checking the non-agricultural assessments with reference to VFII, it should be first seen whether the rate of NA-assessment is in accordance with the rate fixed by the Collector for the village concerned.

- In regard to miscellaneous or fluctuating revenue the source from which moneys enter the accounts is VF IV and TF IV. These moneys may relate to fines, penalties, *premia* on sales of land, occupancy prices of lands disposed of by the Government etc. In each such case, it has to be verified whether demands raised are in accordance with the rules and orders governing the transaction and whether the demands have been entered properly in the accounts and recovery effected without loss of time. It should be ensured that in all cases, in which rules require interest to be recovered for delayed payments or on payment of occupancy prices of lands in installments, interest is in fact correctly recovered. In respect of sales of land which are held under new and impartible tenure, audit must see whether necessary premium on the sale has been recovered and brought to account.

- Under this head of miscellaneous revenue, fines levied for unauthorized NA use of land and encroachment on Government land are significant where land is used for NA purposes without permission, the case required to be dealt with under the orders of the State Government and suitable such cases are dealt with by TDO/DDO concerned depending upon the class of village, towns or city. Such cases will form an important part of the audit of the accounts of TDO/DDO.

- Encroachments on Government land are reported by *Talati*/Circle Inspectors to the concerned *Mamlatdar*, who issues suitable orders in each case. The recovery of land revenue and fine under Section 61 of the Land Revenue Code has to be scrutinized.

Audit in Mamlatdar's Offices:

The *Talatis* in charge of municipal areas work under the *Mamlatdars* who maintain the accounts of such areas as an exception to the general arrangement of maintenance of land revenue accounts by the TDO. Whenever, therefore, the audit party will visit the *Mamlatdar's* office and carry-out necessary audit. In addition, while the audit of TDO's office is undertaken, the audit party will visit the office of the *Mamlatdar*, in order to

verify the records of the *Mamlatdar* relating to disposal of Government land or regularisation of cases under section 61 of the Land Revenue Code etc. when necessary.

District Inspector of Land Records: The following checks should be exercised in the audit of the DILR's offices.

- The applications received by the DILR for private measurement are recorded by him in a register of measurement and the measurement work allotted to one Surveyor or the other. The Surveyor would on completion of the work submit a report to the DILR.
- It should be seen in audit, whether charges recoverable for such measurement have been recovered in accordance with the scale of fees laid down by Government from time to time.
- The DILR also arranges for *Pot Hissa* survey whenever necessary. In respect of such work demands are prepared village-wise and *Khatedar*-wise and sent to the Village *Talati* through the *Mamlatdar* for recovery. The *Talati* effects recovery from time to time and makes a report to the DILR.
- It should be seen in audit, whether demands are correctly worked out in accordance with the orders of Government and recoveries are watched by maintenance of suitable registers.
- The recovery of charges for sale of maps, for supply of extracts from the Tippet book and other copies from revenue records should receive the attention of audit. The fees for the services rendered by the DILR will be generally regulated by rule 142 of the Gujarat Land Revenue Rules and orders of Government issued from time to time.
- The charges recoverable for measurement on an urgent basis or during the monsoon season are generally higher than the normal charges. It should be verified whether enhanced charges have been levied wherever necessary and recoveries effected accordingly.
- The Survey establishment is normally expected to be self-sustaining. In order to watch this the DILR is required to maintain a register as prescribed in the Manual of Standing Orders of the Department showing the expenditure incurred on each surveyor and the receipts realised on his account while assessing the receipts time spent on Government measurement will be estimated and added to the receipts from private parties. A comparison should be effected in audit of the expenditure and receipts on account of each surveyor in order to assess whether the survey establishment is necessitated fully by the work-load and whether any contraction of the establishment would be warranted.
- With a view to make survey establishment self-sustaining Settlement Commissioner and Director of Land Records is competent to revise the rates of survey charges. The rates of survey charges revised by the settlement commissioner and /director of Land Records under his order No.L.R./227 dated 1-12-1988 are made effective from 1-1-1989.

Miscellaneous audit instructions

- An occupant of agricultural Land can put his holding to any non-agricultural use only with the prior permission of the collector. Prior to 1st August, 1976, levy of non-agricultural assessment was to be levied from the date on which non-agricultural use commenced. However, with effect from 1st August, 1976, levy of non-agricultural assessment has been made effective from the commencement of the revenue year in

which the land is permitted or deemed to have been permitted to be used for any other purpose or is used without the permission of the collector further according to executive instructions issued in May 1967, where Land is acquired for specific non-agricultural purposes and handed over to the acquiring bodies (GIDC, Boards, Corporations, etc.) no separate permission for non-agricultural use is necessary. In these cases, such permission is deemed to have been granted and non-agricultural assessment is leviable from the date of handing over possession to the acquiring body. In addition to Land Revenue, Local Fund Cess at the prescribed rates is also leviable.

- Land granted to the ONGC for the purpose of mining petroleum oil is liable to the payment of royalty and surface rent. These recoveries are not credited to the land revenue head, but are credited to the head “Mines & Mineral”. NA assessment would however be leviable on land used by the ONGC not for mining purpose, but for other NA activities, like building etc.
- Under Rule 32 of Gujarat Land Revenue Rules, Agricultural Produce Marketing Committee constituted Under the Gujarat A.P.M.C. Act, 1963 are granted land, free of occupancy price and free of revenue subject to rule 32. In Government Revenue Department notification No.LRF-56/5670-P dated 10th September 1976, it was clarified that if any of the marketing committee wanted to lease out lands from the market yards granted to them revenue free to traders on payment of rent the occupancy price and Land Revenue on land so used by the committee were to be recovered. Further under Government Resolution No.LRF 5362-51540-G dated 17-2-65 occupancy price and land revenue also recoverable from land utilized by the committee for hotels, *pan* shops etc. out of free grant of land made to them.
- During local audit it should be ensured that instructions contained in Government orders referred to above and subsequent order from time to time are adhered to.
- Free grants of land by the Government are to be scrutinized in audit with reference to the Rule 32 and 35 of the Gujarat Land Revenue Rules. The sanctions received from competent Authority granting revenue free land should be scrutinized in central audit and submitted to the Branch Officer for acceptance. Important cases involving any deviation from the normal rules will however be submitted for acceptance by the Sr. D.A.G.
- The State Government has brought out the orders issued by them in revenue matters in compilations, “*Sarkari Hukamono Sangraha*” in two parts. These compilations are available with the T.D.O.s/D.D.O.s and should be freely made use of in the course of audit. While exercising audit checks in departmental offices the orders should be gone through in their entirety before any audit conclusions are drawn.

Checks in Integrated Audit of Collector Offices

During integrated audit of Collector Office we undertake the audit of receipt and expenditure. Further under the Collector Office, we have also to undertake audit of the Prant Offices which generally deals with the expenditure and in cases where powers are delegated, also receipts. Further we select two Mamlatdars and one Talati under each Mamlatdar.

In the Collector Office generally there are three important branches where we concentrate our audit: i. Chitnis Branch, ii. Ganot Branch, iii. Establishment Branch

The Chitnis Branch deals with cases of conversion of land under section 65, 66 and 67 of the GLR Code and allotment/grant of Government land either on occupancy price or on lease. Section 65 deals with conversion of land from agriculture to non-agriculture,

section 66 deals with penal provisions where usually land is used without permission/or breach of conditions of the order and 67 deals with conversion of land from one use to another.

The Ganot Branch deals with the conversion of land from new tenure to old tenure.

The Establishment branch deals with the expenditure of the office and order for issue of refund of stamps. In the Prant Office we generally concentrate on expenditure side and whenever powers are delegated also the receipt side.

In the Mamlatdar office, we audit the expenditure side and in the Talati Office we audit VF II to verify whether NAA is being recovered at correct rates and cases where Government land has been granted on lease whether rent is being recovered and revision of rent has taken place. Looking to the above aspects the check list has been prepared.

Receipt Audit

Chitnis Branch

1. In respect of conversion of land from agriculture to non agriculture use whether conversion tax and Non agricultural assessment (N.A.A.) has been recovered at applicable rates.
2. In respect of cases of NA use whether NAA is made applicable from the revenue year in which land has been used.
3. In respect of unauthorized use without permission of competent authority/breach of conditions whether penalty at applicable rates has been recovered.
4. In respect of application received for allotment/grant of Government land on levy of occupancy price/recovery of rent on or after 26th April 2011 whether service charge @ 1 percent of jantri rates have been recovered.
5. In respect of allotment of Government land whether conversion tax and NAA has been recovered and condition for handling over land on payment of stamp duty has been inserted in the order of the Collector.

Ganot Branch

6. In respect of conversion of land from new tenure to old tenure whether premium has been recovered @ 25 per cent and 40 per cent of jantri rates for agricultural use and non-agricultural use in the Urban area and @ 40 per cent of jantri rates for NA use in the Rural areas.
7. In cases where no rates are prescribed in the jantri for non-agricultural use then twice for residential, thrice for industrial and four times for commercial use of agricultural jantri rate have been recovered before converting the land to old tenure for NA purpose.
8. In case where old jantri rates are more than the new jantri then whether rates of old jantri has been taken into consideration for levy of premium.
9. In case where the sale price is more than the jantri rate whether premium has been recovered accordingly i.e. at the sale price.
10. In case of change of purpose whether differential premium has been recovered.
11. In respect of cases where irrevocable power of attorney/power of attorney with possession has been executed whether the deed has been registered in the SR Office.

Establishment Section

12. In respect of refund of stamps whether the application for refund has been made within six months from the date of its purchase.

13. Dead stock register is annually verified and all purchases of dead stock items are made in the register.

14. Whether ABC register is being maintained.

15. In respect of AC bills drawn whether DC bills has been submitted.

16. All monetary transactions have been entered in the cash book and has been closed and verified.

17. All receipts have been credited in the bank and reconciliation with treasury carried out.

18. Apart from the three important branches stated above the following aspect is to be seen while conducting integrated audit:

(A) In respect of Gujarat Land Ceiling Act, the following points needs to be examined in audit.

(a) Whether the cases are reviewed by the Collector in his jurisdiction detected the excess land or declared such land as surplus land?

(b) Whether the name of agriculturist entered in revenue records are supported by an evidence of their ownership?

(c) If the agriculture land is declared as surplus, whether the action is taken to acquire such land to Government head?

(d) Whether any action is taken to dispose off such surplus land to needy person as per the provisions of the Act? In respect of cases pending for scrutiny, whether prompt action is taken to finalise permissible holding by the owner of the land?

(B) In respect of Urban Land Ceiling Act, the following points needs to be examined in audit.

(a) Whether appropriate action taken by the Department in respect of cases of breach of conditions?

(b) Whether rebate paid to the owners and refund in any case made to the Government was correctly worked out?

(c) Where the land was occupied by the Government, whether the cases were promptly finalized for disposal of the surplus land?

(d) Whether the premium price was recovered properly in cases regularised under section 20(1) and 21 of the ULC Act in view of the prevailing instructions and orders of the Government?

(e) Whether the certificates are issued by appropriate authority in the cases where the land was not occupied by the Government? Where the land had been occupied by the Government, whether it remains to transfer to Government head?

Expenditure Audit

1. Collector Office/ Dy.Collector(Prant)/ Mamlatdar

We have to collect the information in Statement 1 to 12 from the information we have to audit the records.

(a) Grant received – disbursement – utilization (Expenditure incurred) – balance if any – surrender of grant. We have to check Head wise account-of the grant received.

(A)(1) Grant utilized (Expenditure incurred) by the Collector himself

(i) See the vouchers for expenditure incurred. Whether the expenditure is according to provision of Rules. Quotations/ Tenders invited. Rates compared quality and quantitative may be checked.

(ii) Whether the vouchers are endorsed with a rubber stamp “passed for payment”. After payment made whether it is endorsed with rubber stamp “paid and cancelled” in view to avoid double payment on bill.

Further purchase of a capital dead stock item whether it is entered in dead stock register along with all details of voucher and the entry No. & date of entry is made on reverse of voucher and attested by the appropriate authority and vice versa.

(iii) Whether there is sufficient grant to incur such expenditure or diverted fund from other grant. Reasons thereof and prior approval of competent authority is obtained may be checked.

(iv) Whether the full grant has been utilized or not? If not, whether it is surrendered immediately to the Govt. Account? If not, reasons for the same may be checked.

(v) Whether the grant received for a specific purpose is really utilized for such purpose or diverted for other purpose, reasons thereof may be checked.

(A) (2) Grant Received and Disbursed To Other Offices

Viz. District Development Office (DDO) and DDO disbursed it to Taluka Development Offices (TDO). All Mamlatdars working under him. Municipal Corporation, Boards, District Sports Office etc. we have to check.

(i) Whether the utilization certificate is received from the respective offices. Saving if any surrender to the Govt. accounts, if not reasons for the same may be checked.

(ii) See all the utilization certificate is received as on 1st April of previous year and not a single one is pending (Expenditure incurred by such offices is separately audited may be checked there).

(B) Contingent Expenditure (Office Expenses)

(1) Whether the register for dead stock articles and consumable articles are separately maintained.

(2) Checks to be exercised as mentioned in (a) (i) & (ii).

(3) Whether the Municipal/ Nagarpalika tax bills and Electricity bills are paid on due dates. Check any delay is there and delay payment charges paid – delay charges and discount amount for payment on due dates are the avoidable expenditure.

(4) Whether the payment of telephone charges is relating to office premises only or any other? Please check the payment of mobile bill charges are as per norms prescribed by

the Government or in excess paid by individual officer to whom this facility provided by the Government as per designation.

(5) Whether the expenditure incurred on items, spare parts, petrol, diesel etc. are in accordance with the Rules for maintenance of vehicles provided to the office. Any irregularities in such payment may be checked.

(6) Whether the expenditure incurred for maintenance of office are in accordance with the Rules. Further checks may be applied as per Treasury and Financial Rules framed for such expenditure.

(C) Pay And Allowances Expenditure

(i) Whether it is in confirmative with Administration orders and other orders issued from time to time.

(ii) Whether allowances are paid is in confirmative with the employee is eligible for it as per Rules made there under.

(iii) Whether the recovery of advances taken by the employees are regularly recovered as per the installments granted to him.

(a) House Building Advance

(b) Motor Cycle/ Car Advance

(c) Food Grain Advances

(d) Festival Advances etc.

Whether the register is being maintained or not.

(iv) Whether the increment register is maintained and increment is regularly allowed after cross of the efficiency bar.

(v) Whether the HRA, CCA etc. is as per norms prescribed for city/ town/ district etc. and are in accordance with Rules.

(D) Whether the TA/TTA/LTC registers are maintained. The claim of the officials are in accordance with the respective Rules and Resolution passed by the Government from time to time in this regard.

(E) Whether the medical claim register is maintained. Check the claims are in accordance with the medical claim rules and instructions of the Government issued from time to time.

(F) Whether the Permanent Travelling Allowance (PTA) is drawn to the officials who having been entrusted field work. The amount of PTA is subject to following conditions:-

(i) Whether the officials have achieved the target of days and nights journey as per norms prescribed by the Government. If any short fall, PTA is recovered for such short fall in days or nights at the rates as prescribed by the Government.

(ii) Whether the tour diary is submitted by the official for each of the month.

(iii) Whether quarterly short fall in days and nights worked out and recovery made thereof.

(G) Maintenance of vehicles used for office purposes

(i) Whether the Logbook is maintained in prescribed proforma in register.

(ii) Whether all the column is duly filled up and attested by the officer who is in charge of the vehicle.

(iii) Whether the vehicle is used for official purpose and if used for private purpose, amounts have been recorded as per norms prescribed by the Government and credited to Govt. Accounts.

(iv) Whether the vehicles are duly insured with the nominated Insurance Company by the Government and nowhere any lapse of insurance.

(v) Whether the average of the vehicles is properly worked out in view of used kilometer and fuel utilized.

(vi) History sheet of vehicles.

(a) Whether it is properly maintained as per purchase and details thereof.

(b) Whether expenditure incurred for items, spare parts etc. are entered in register.

(c) Whether the expenditure incurred from time to time shall not exceed the purchase value of vehicles as per norms prescribed by the Government.

(H) Checks of Service Books

We have to call for following service books:-

(i) List of service books maintained by the office

(ii) List of service books who retired within five years. Checks to be exercised.

(a) Whether the first page of service book is checked by the competent authority on every five years of services and duly attested by him.

(b) Whether the increment drawn every year is attested by the employee and agreed with that of.

(c) Whether the service verification of each year is checked by competent authority and attested by him.

(d) Whether the leave account is properly maintained. Leave taken by the employee viz. EL, HPL, LTC purpose, Home Town purposes are properly debited.

(e) Whether the leave account is properly closed every year and carry forwarded to next year as opening balance and not exceed the maximum limit of leave.

(f) Whether all event and orders of pay fixation done by the competent authority is noted in the service book and attested by him.

(I) Permanent Advance

For petty contingent expenditure, this advance is granted to office, viz. purchase of soap, detergent, phenyl, zadu (savarni) etc. We have to see whether every month if any expenditure made is recouped from Treasury Office submitting purchase vouchers thereof.

(J) Receipt Realized and Credited Into Govt Account

The receipt realized by way of sale of plastic, sale of dead stock articles, sale of consumable articles etc.

Whether the receipt realized is correctly credited into Govt. account in due time, is there any delay in crediting the same. Receipt acknowledged by the purchaser is kept on records.

Whether the challan No. & date of credit is noted in cash book on payment side.

Whether the receipt realized is noted in cash book on receipt side.

(K) Dead Stock Register

(1) Whether the dead stock articles other than consumable purchased during the audit period is entered in the register along with all the details.

(2) Whether a physical verification of dead stock articles is carried out every year and a certificate to that effect given by the Head of the office.

(3) Whether review is conducted for unserviceable articles and lying idle. Any action taken to dispose off the same. Receipt realized please see Sr.No.(J).

(4) Whether timely action is taken before condemn of the article or any delay result in lower upset price.

(L) Personal Ledger Accounts (PLA)

PLA Register, cheque book, Bank pass book, A/c No. etc.

It is a one type of deposit account and payment called for thereof through Collector only.

We have to see –

(i) Whether any deposit amount is lying in such accounts for more than three years/prescribed period, if yes, whether credited in Deposit accounts of the Government. If not, an HM is to be issued, why it is not done.

(ii) Whether the amount received for disbursement to any institution etc. is paid to such institutions in prescribed time limit.

(iii) Whether the amount lying as Earnest Money Deposit (EMD) for any kind of work to be entrusted to a contractor with lowest cost of tender/ quotations etc. is to be kept till he complete the work. The EMP paid by others is to be refunded immediately to avoid interest payment for delay in refund.

Cheque Book & Bank Pass Book

(i) Whether the cheques issued by the Collector and encashed by the party is traceable in bank Passbook, it is ensured by the Department. If date of cheque is expired without encashment by the party should be reviewed by the departments after all necessary checks.

(ii) Whether the cheque signed by the Collector is not lying more than three days and reason thereof.

(iii) Whether action is properly taken on cancellation of cheque to avoid misuse.

(iv) Whether the proper acknowledgement of receipt of cheque by the claimant is taken and kept on records.

(v) Whether the account is properly maintained etc. At the end of each month an abstract is prepared. Opening balance/ closing balance of amount agreed with actual transaction of receipt and payment.

(vi) Whether the cheque book issued to the Collector by Treasury Officer is in confirmative with treasury accounts.

Checks to be applied by the Sr.Auditor/ Auditor

List of records/ registers maintained:-

(1) Bill Register

The Collector/ Dy.Collector (Prant) Officer/ Mamlatdar is not a cheque drawing Officer (DDO) except PLA Accounts. For PLA accounts, the Treasurer, Officer is issuing a Government cheque book duly machine numbered to the Collector for payment to be made from such accounts.

In view of above, a bill is to be prepared for any kind of payment and to be entered in this register and sent to the Treasury Office for passing such payment and issue of cheque. The Treasury Officer will give token thereof and as per token after completion of necessary checks issue cheque thereof and token is taken back.

Please see,

(a) Whether all column of bill register is properly filled up and attested by the Head of the Office.

(b) Whether the cheque received against bill amount is correctly entered. The entry of the same is also entered in cash book on receipt side. All the cheque received against bills day to day entered in cash book. No delay is there for the purpose.

(c) Whether the abstract bill (AC) amount is correctly entered in cash book, the payment is for immediate requirement, if so, a detailed bill (DC) along with supporting vouchers, saving if any surrender to the Government accounts by a challan and kept with DC Bill.

Whether the DC Bill is submitted to the AG, Rajkot Office within three months from the date of drawal.

(d) It may be ensured that encashed bill entered in cash book. If not, the reasons thereof.

(2) Cash Book

(1) Whether it is maintained in prescribed Form No. GTR-2 under Gujarat Treasury Rules, 2000.

(2) Whether it is maintained/ followed the provisions given under Rule 28 of GTR 2000.

(3) Whether any withdrawal of amounts from the Govt. accounts is in accordance with Rules 63, 64, 66, 68 and 76 of GTR 2000.

(4) Whether bill amounts entered in receipt side of cash book is timely paid to the claimant.

(5) For audit of contingent vouchers, please see Sr.No.(B) as above.

(6) Whether any amount not encashed by the claimant due to any reasons and return back is properly entered on receipt side. The amount is refunded to Govt. account immediately by challan and entered on payment side and intimated to the Treasury Officer.

(3) Whether other registers, viz. Increment register & Recovery of advance register, Stationery register, Library register, Dead stock register etc. are properly maintained as per Rules of GTR-2000.

The above checks are necessary. However, any other checks required under Provisions of the Act, Rules framed for the purpose may also be taken into account while conducting such audit.

Gujarat Treasury Rules – 2000

Rule 28 -(i) Maintain Cashbook in Form GTR-2.

(ii) All monetary transaction should be entered in Cash book as soon as they occurred and attested by the Head of the office in token of checks.

(iii) Cash book should be closed regularly and completely checked. The Head of the office should verify the totaling of cash book or get the same done by some responsible subordinate other than writer of cash book and initial it as correct.

(iv) At the end of each month, the Head of office should verify the cash balance in the cash book and record a signed and dated certificate to that effect mentioning therein the balance both in words and figures. A/cs. Abstract.

(v) Remittance made into Treasury should be reconciled as soon as after completion of the month.

(vi) An eraser or over writing of an entry once made in the cash book is strictly prohibited. If a mistake is discovered, it should be corrected by drawing pen through the incorrect entry and inserting the correct one in red ink between the lines. The Head of the office should initial every correction and invariably dated initials.

(vii) Special sanction to handle non-government money kept separately as per rules prescribed.

Rule 63 - Withdrawals from Govt. Account

Rule 64 - For disbursement of or on behalf of Govt. unless the Govt. after consultation of AG. Otherwise directs in any case, money may not be withdrawn from Government accounts without written permission of TO or IA&AD authorized by AG.

Rule 66 - Not permit withdrawals by TO unless claim for withdrawals complied with the provisions contained in the Rules.

Rule 68 - Not to pass disputed claim brought to Government.

Rule 76 - Same as otherwise specifically provided in these rules, money may not be withdrawn from Govt. accounts except by presentation of bills or cheque.

Note:2 - An order endorsed by TO for payment shall be valid for a period of three months and may be revalidated thereafter any time it shall be cancelled.

Rule 3(2) - Electricity Duty shall not be leviable on the units of energy consumed.

(i) by the GOG (save in respect of premises used for residential purpose).

(ii) By or i/o any Municipal corporation, Municipality Local Boards, notified area, Committee, Cantonment board or Panchayat constituted under any law for the time being in force in the state for the purpose of, or in respect of, public street lighting, public water works (including head works and other ancillary water supply works and pumps used for the purpose), public gardens including zoo, museums or system of public sewerage or drains.

(iii) Residence up to 250 units.

- (iv) Hospital or dispensary which is not maintained for private gain (Not for residence).
- (v) Agricultural, irrigation purpose.
- (vi) Generated and used for vehicles or vessels.

Note: For Expenditure Audit under Section 13 of Comptroller & Auditor General's DPC Act, 1971, General Principles enumerated in MSO (Audit) should be kept in mind.

For Audit of Autonomous Bodies/ PSUs/ Companies/ Corporations, General Principles enumerated in MSO (Audit) should be kept in mind.

Besides, following Annexure may also be referred to:

1. Annexure 1: Audit of Autonomous Bodies
2. Annexure 2: Audit of Government Companies and Corporations
3. Annexure 3: Audit of Expenditure/ Establishment Audit
4. Annexure 4: Audit of Grants or Loans given to Authorities/ Bodies for Specific Purpose

CHAPTER VI

Forest and Environment Department

6.1 Introduction

Gujarat has forest coverage of 21,859.22 sq. km. under three categories (Reserved forest 14,571.35 sq. km., Protected forest 2898.4 sq. km. and Un-classified forest 4389.47 sq. km.) which represents 11.14 per cent of the total geographical area (1.96 lakh Sq.Km.). There are 4 National parks, 23 sanctuaries and 1 conservation reserve.

The Forests and Environment Department forms the policy for the conservation of the forest, protection of the Wildlife and the Environment in the State. The Department is into planning of the flora and fauna of the State.

The Forest and Environment Department is headed by the Additional Chief Secretary at Government level.

The Forest wing is headed by the Principal Chief Conservator of Forests and Head of Forests Force (PCCF and HoFF). At headquarter level, Gandhinagar PCCF and HoFF is assisted by Principal Chief Conservator of Forest (WL & CWLW), Chief Conservator of Forest (Vigilance and Protection) and 10 Additional Principal Chief Conservator of Forest, all assisting a specific function (s) like- Development & Management, Social Forestry, Finance Management, Project Management Unit, Information Technology, Land, MANERGA, Monitoring, Research and Training and WP.

At the field level, there are Circles each headed by the Conservator of Forests (CFs) and further Circles are divided into Divisions headed by the Dy. Conservator of Forest (DCF).

The Department has four executing agencies viz i. Gujarat Pollution Control Board, ii. Gujarat Ecology Commission, iii. Gujarat Institute of Desert Ecology and iv. Gujarat Environmental Management Institute, for discharging its functions.

6.2 The Department is responsible for implementation of all laws related to forest and environment

A. Forest and Wildlife:

1. The Indian Forest Act, 1927
2. The Wildlife (Protection) Act (WLPA), 1972
3. The Wildlife (Transaction & Taxidermy) Rules, 1973
4. Forest (Conservation) Act, 1980 with amendments made in 1988
5. Forest (Conservation) Rules, 1981
6. National Forest Policy, 1998
7. Forest (Conservation) Rules, 2003
8. Wetlands (Conservation and Management) Rules, 2017

B. Environment:

1. Water (Prevention and Control of Pollution) Act, 1974
2. Water (Prevention & Control of Pollution) Cess Act, 1977
3. Air (Prevention and Control of Pollution) Act, 1981

4. The Environment (Protection) Rules, 1986
5. The Hazardous Wastes (Management & Handling) Rules, 1989
6. The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989
7. Public Liability Insurance Act, 1991
8. Noise Pollution (Regulation & Control) Rules, 2000 and Amended thereof
9. Environment Impact Assessment Act 2006

6.3 The Forests and Environment Department in the State has Forest wing and Environment wing.

The Forest wing is working towards protection, conservation and development of the forests and wildlife in the State.

The Environment wing of the Department is the apex body in the Gujarat State for implementation of all the environment related matters including Environment (Protection) Act, 1986, which is an umbrella Act on environment in the country. The main mandate of the Department is to achieve the sustainable development in the State and introducing the sound environmental management practices.

6.3.1. Function of the Forest wing

- (i) The protection, conservation and development of forests and wild life, the adoption of measures of soil conservation, moisture conservation and increasing soil fertility.
- (ii) The utilization of the forest so as to obtain the maximum yield consistent with their permanent maintenance and the supply of the needs of the people, agriculture, industry and defense.
- (iii) To conduct research into silviculture, utilization and other problems affecting the regeneration and development of the forests.
- (iv) To increase the production of forest produce (Small timber, firewood, fodder, fruits to meet the daily needs of the local population and thereby compliment supplies from the forest areas.
- (v) To increase income of local people through tree planting.
- (vi) To create livelihood opportunities to economically backward sections of rural communities.
- (vii) To increase the active participation of the local people in protection and conservation of forest with special emphasis on tribal, poor and women
- (viii) To achieve the goals of National Forest Policy 1988 and to cover the maximum area under forests.

Forest Management

Management of forests is carried out through working plan of the forests. It is the duty of the manager or owner of the forest area to ensure the preparation of the working plan/scheme.

The state has separate wing for preparation of working plans for different zones of the State. At present 15919.82 hector forest area of Gujarat are being managed by 22 working plans.

6.3.2. Functions of Environment wing

The Environment wing of the Department is the apex body in the Gujarat State for implementation of all the environment related matters including Environment (Protection) Act, 1986, which is an umbrella Act on environment in the country.

The main mandate of the Department is to achieve the sustainable development in the State and introducing the sound environmental management practices.

6.4 Finance: Capital and Revenue expenditure are incurred from the State budget and grant in aid received from Central Government.

6.4.1 Revenue Receipts: Major component of revenue receipt are

- (i) Revenue from sale of timber and other forest products namely, firewood, charcoal, bamboo, grass and other minor products. Revenue from sale of timber forms a major portion
- (ii) Other items include fine and forfeiture, recoveries of overpayment, receipt from enforcement activities, receipt from zoological park and public garden
- (iii) The State also receives Grants-in-aid from Government of India for various Central Plan Schemes/Centrally Sponsored Plan Schemes.

6.4.2 Revenue Expenditure: Major components of revenue expenditure are

- (i) Expenditure is on salaries on Direction and Administration
- (ii) Management and development of wild life sanctuaries/parks and public garden

6.4.3 Capital Expenditure: Soil and moisture conservation

- (i) Gujarat Forest Development Program me assisted by Joint Bank for International Cooperation, Japan
- (ii) Bamboo mission
- (iii) Biodiversity conservation and Rural Livelihood improvement programme
- (iv) Forest development programme under participatory forest development scheme
- (v) Expenditure on purchase of wireless sets

6.5 Major ongoing programmes/ projects

1. Social forestry programme: The objective of programme is to increase tree cover outside the forest areas by encouraging participation of people and institutions in plantation related activities, to increase the production of forest produce to meet the needs of the local population and create livelihood opportunities for rural poor.

2. Mangrove conservation in Gujarat: Gujarat state has the second largest mangrove cover (1103 sq km) of the country (4628 sq km). Mangrove conservation and development has been given very high importance in the State. Government of Gujarat has taken a holistic approach to integrate different sectors for effective conservation of mangrove ecosystem.

3. Joint Forest Management: Joint Forest Management is being implemented in the Gujarat State vide Resolution of Forest & Environment Department, Govt. of Gujarat No FCA-1090-125-V (3) dated 13/3/1991 and Resolution of Forest & Environment Department, Govt. of Gujarat No. FCA-1090-125-K (Part-3) dated 27/6/1994. These

Resolutions highlighted the responsibility of the village organization in the protection of forest land from unauthorized encroachment, illicit cutting and grazing.

It was decided vide Resolution of Forest & Environment Department, Govt. of Gujarat No. JFM-1005-191-G dated 17/12/2005 that Joint Forest Management (JFM) would be extended to good forest areas having tree densities above 0.40 in addition to degraded forest areas.

3414 Joint Forest Management Committees (JFMCs) are registered in the State covering an area of 458303.20 ha. The income generated is distributed between JFMCs and Government.

4. Soil and Moisture Conservation: In Gujarat, soil and moisture conservation works such as check-dams, gully plugging and forest tanks (Van-Talao) was started in late nineties which still continues.

5. Grass Land management: The grass from the reserved vidis is collected by the Forest Department and stored in godowns or on open platforms. The grass stored in closed godowns is kept up to three years as a buffer stock for meeting scarcity conditions in the State. Beyond this period, the grass is disposed off as per the Government Orders.

6.6 Schemes

6.6.1 Central Sponsored schemes:

1. National Afforestation Programme (60:40)
2. Agro Forestry Scheme (60:40)
3. Integrated development of wildlife Habitats (60:40)
4. Action plan for conservation and management of coral reef in Gulf of Kutch and Khambhat (60:40)
5. Action plan for creation of kutch biosphere reserve (50:50)
6. Long Term Conservation of Asiatic Lion (100:0)
7. Action plan for conservation of wetlands (50:50)
8. Green India Mission (60:40)
9. Biodiversity Conservation and Rural Livelihood Improvement Project (100:0)
10. Ashoka Van Project (FDA) (50:50)
11. Guggal Project (50:50)
12. Bamoo Mission (60:40)
13. Forest fire prevention and management scheme (60:40)

6.6.2 State Funded Schemes:

1. Forest Protection
2. Forest Management and development
3. Community Forestry Scheme
4. Gujarat Community Forestry Project
5. Schedule cast sub plan scheme for fruit plantation
6. Action plan for creation of Eco Task force and Mangrove plantation
7. Forest Research , Training and publicity
8. Management and development of wildlife
9. Participatory Forest Management Scheme under Gujarat Forest development Programme
10. Grass development Project
11. Vruksh Kheti Yojana
12. Botanical Garden Waghai Development Project

13. Modernization of Timber depot
14. Vermi Compost Scheme
15. Exchange of waste, minimization and cleaner production Technology.

Corporation/ Companies

6.7 Gujarat State Forest Development Corporation Limited (GSFDC)

The National Agriculture Commission (NAC) recommended establishment of Forest Development Corporations in each State to accelerate progress and development of the forestry sector. Gujarat State Forest Development Corporation Limited (GSFDC) was established in August 1976 and registered under the Companies Act 1956.

In 1979 the Minor Forest Produce (MFP) trade was nationalized in Gujarat. The Corporation was entrusted with the task of its execution. This meant translating on the ground the State Policy of protecting economic interest of STs, SCs and other weaker sections, while justifying its corporate status.

GSFDC Limited is engaged in collecting, processing and marketing of Minor Forest products among its various activities. The activity has tremendous bearing on forest resources utilization and tribal employment generation. This corporation gets no grants and budgetary support from the Government. The Corporation has completed 30 years of its existence in the service of the tribal. Besides MFP, it has since expanded into Ayurveda, Plantations Woodworking, and recently the Wood-charcoal.

Its paid-up Share Capital is ₹ 631.65 lakhs of which the state's contribution is 62 *per cent* and the balance 38 *per cent* is the Government of India's contribution.

Main objectives of the Corporation is as under:

- To undertake commercially viable and ecologically sustainable forest-based enterprises.
- To eliminate exploitation from private trade of forest dwellers in general and the tribal in particular, who derive sustenance through collection of Minor & other Forest Produce (MFP).
- To maximize benefit percolation from such trade to the tribal.

The Management of the Corporation is vested by the Board of Directors headed by Chairman. The Managing Director appointed by the Forests & Environment Department is the Chief Executive Officer of the Corporation.

Main Activities: The Corporation took up trade of Minor Forest Produce (collection, processing and marketing) as its main objective. This had substantial bearing on tribal economy.

Special points to be seen during the audit

- a. To review the various manuals prepared by the Management and approved by the Competent Authority for conducting its business. To examine the cases of any inconsistencies and non-compliances with reference to the manuals.
- b. To examine the Delegation of Powers approved by the Competent Authority.
- c. To examine the Management Information System (MIS) Reports and identify the key areas for conducting the audit. To also examine the Exception Reports if any, while auditing in the ERP environment by using Interactive Data Extraction Analysis (IDEA) Software.
- d. To examine the effectiveness of the Internal Audit System so as to ensure

- adherence to its policies and mitigation of operational risks.
- e. To examine the corporate plan (including physical and financial targets) *vis-à-vis* the achievements. Analyse the reasons for deviations if any, for not achieving the targets.
 - f. To examine the System of Collection of MFP through the Adivasi's and ensure the payments made are as per the rates fixed by the Technical Committee of the company.
 - g. To examine the System of procurement of Round Timber from Forest Labour Co-operative Societies and Forest Department and ensure that the payments made to these agencies are as per the rates decided by the management.
 - h. To examine the utilisation of various Processing plants of the Company against the installed/ rated capacity and also examine the idle capacity.
 - i. To examine the utilisation of raw material is as per the norms fixed and its wastage is not beyond the norms if any, fixed by the Company.
 - j. To examine the System of Inventory Control adopted by the Company. To also examine physical verification of stock and shortages/ excesses have been analysed.
 - k. To examine the pricing policy of the Company and the prices are fixed after taking into consideration all direct costs, overheads and a pre-determined rate of profit margin.
 - l. To examine the system of auction to check if it is transparent enough to ensure fair realisation of value of timber.
 - m. To examine that by-product produced was within the norms fixed by the Company.
 - n. To examine whether the inventory management is effective to bridge the gap between the demand and supply to avoid distress selling of timber.
 - o. To examine diversion of grants/ subsidies received from Central/ State Government or their agencies for performing certain other activities.

Audit of the Gujarat State Forest Development Corporation Limited (GSFDC) is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971.

6.8 Gujarat Environmental Management Institute (GEMI)

Gujarat Environment Management Institute (GEMI) is an Autonomous Institute set up under the aegis of Forest and Department, Government of Gujarat on 1st February, 1999. The Institute has been registered under Society Registration Act, 1860 on 1st March, 1999 as well as under the Bombay Public Trust Act, 1950 on 1st March, 1999.

Primary role of GEMI is to focus on Research & Development in the areas of technologies related with Environmental Management as well as evolution of Environmental processes and technologies and render advise on policies that are in consonance with a sustainable and healthy environment.

Following are the Objectives of the Institute:

- (i) Advising and providing guidance to the industrial units of the State for the prevention and control of pollution in consultation with other National & State level Institute, and Government and NGOs and Voluntary institutes, wherever required.
- (ii) Creation of an Institute committed to the objective of Prevention, Control and Abatement of the pollution.
- (iii) Advise on the final disposal of industrial hazardous waste and effluent generated in industrial unit after carrying out study on their use.

- (iv) Exploring the means and use for reuse and recycling of industrial hazardous waste.
- (v) Facilitate the trade of industrial waste and to act as an information bank.
- (vi) Carrying out studies to review the impact of Environment and Evaluation of its carrying capacity.
- (vii) Conducting Environmental Audits and preparation of statement on Environmental Impact.

Functions

- (i) It has to carry out the Inventorization of “Bio-medical waste” and “E-waste” in the Gujarat State”
- (ii) It provides Environment monitoring comprises planning of monitoring, sampling and analysis, data analysis & interpretation, observation and recommendation for mitigation and remediation.
- (iii) It received the accreditation of an Environmental Impact Assessment (EIA) Consultant by National Accreditation Board for Education and Training (ABET).
- (iv) It is recognized as Social Impact Assessment Team (SIA Team) by Revenue Department, Government of Gujarat.
- (v) It has to work as a primer training institute in the field of environment management in the State through organizing numerous training programme, workshops, seminars on various topics of environment for Government Organization, NGO, Industries and academia etc. it also conducted awareness programme on E-waste and Bio-medical waste aims to create effective awareness in various levels of society to reduce the adverse impact on health and environment.
- (vi) The Institute is offering two years degree course on ‘Environment Management’ & ‘Environmental Science and Management’ in collaboration with Gujarat Forensic Science University (GFSU).
- (vii) It has a State-of-the-Art laboratory that carries out analysis of soil, water and Air parameter.
- (viii) It certifies the Environmental Auditors under the scheme titled ‘Accreditation to Environmental Auditor’ that enables the effective Environmental Audits of the Industries leading to better environment management practices.

Audit of the Gujarat Environment Management Institute (GEMI) is conducted under Section 14 of Comptroller & Auditor General’s DPC Act, 1971

Societies

6.9 Gujarat Ecology Commission (GEC)

The Gujarat Ecology Commission was established in 1992 by the Forest and Environment Department of the Government of Gujarat. It aims at sustainable development of the State through comprehensive policy and works towards pollution control, environmental upgradation and ecological management. The Commission is headed by a Chairman and other Members of the Commission.

The Member Secretary is the Chief Executive Officer of the Commission who is assisted by gazetted officers, deputed from Government of Gujarat.

The Commission's role is to plan and work for the restoration of degraded ecosystems in the state, to act as organization for accreditation of various NGOs seeking funds for restoration of degraded ecosystems, and to raise ecological awareness and to develop a conservation ethos among the people.

It is the State Project Management Unit for the World Bank funded Integrated Coastal Zone Management Project and also functions as the state ENVIS hub.

Following activities are being done by the GEC.

- To provide and apex organization in the field of ecological management, which plans and works for restoration of ecologically degraded areas.
- To arouse ecological consciousness among the people of Gujarat and to develop a conservation ethos in the state and to sensitize the general public towards gravity and complexity of the present day environmental issues and its implications.
- To provide technical assistance to the Forest & Environment Department of the State Government on matters pertaining to ecology and environment.
- To implement the National Coastal Mission and other related coastal zone management programmes.
- To undertake on its own or with support of the State Government of India, the World Bank and other agencies inside or outside the country the rehabilitation and or restoration of disturbed or degraded ecosystems of the state.
- To spread ecological and environmental awareness amongst stakeholders
- To make efforts for ecological restoration of degraded ecosystems through research studies and pilot projects
- To establish laboratories, training classes and establishments necessary for the purposes of ecology and to disseminate knowledge and information by available means and methods, including education, instruction and training;
- To promote the study, discussion and knowledge of and to stimulate general interest in, various aspects of ecology amongst the community
- To collaborate with other disciplines and agencies for participation in development of areas which could be saved from impending biological, ecological and environmental degradation through appropriate programming
- To undertake any other activity which is directly or indirectly connected with ecology

Audit of the Gujarat Ecology Commission (GEC) is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971.

6.10 Gujarat Ecological Education and Research Foundation (GEER)

Gujarat Ecological Education and Research (GEER) Foundation is an autonomous body, set up in 1982 by the Forests and Environment Department, Government of Gujarat. The Foundation has been registered as a Society under the Indian Societies Registration Act, 1860, and as a Public Trust under the Bombay Public Trust Act of 1950. The Foundation is governed by a Board of Governors chaired by the Hon'ble Chief Minister of Gujarat.

The objective of the foundation is ecological education and research, creating public awareness and sensitizing people about nature and environment, carrying out ecology, ecosystem and environment related studies and Promoting the cause of conservation.

Following Activities are being done by the foundation:

- To generate love for & promote knowledge of ecology, ecosystems, environment and natural history among children, youth and common public.
- To initiate and facilitate scientific researches & studies for conservation of natural resources and to promote all branches of natural history actively engaged in biological research and allied activities.
- To establish, manage and promote wilderness areas, museums, parks and other repositories of animals and plants, living or dead.
- To promote advocacy for importance of natural resources of Gujarat and the need for their judicious and scientific management and development.
- To engage in breeding of endangered species of plants and animals and reintroduce these in the wild, if possible.
- To promote knowledge of natural history, particularly the study of animal and plant life of the oriental region and adjoining zoo-geographical regions, both, alive and otherwise.
- To assist other institutions and individuals engaged in similar pursuits with information, advice and finance.

Audit of the Gujarat Ecological Education and Research (GEER) Foundation is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971.

6.11 Gujarat Forest Research Foundation (GFRF)

The Gujarat Forestry Research Foundation is an autonomous organisation with an independent governing body, constituted for managing and developing research in forestry & wildlife and also in specialised subjects like tree genetics, tissue culture, applications of biotechnology etc. The foundation is constituted under the Forest and Environment Department of the Government of Gujarat and is registered as a society under the Registration of Societies Act, 1860 and Public Trust Act, 1950. The registered office of the foundation is located at Gandhinagar in Gujarat State.

The Foundation is headed by the Director, who looks after day to day management & administration of the Foundation. Presently, Additional Principal Chief Conservator of Forests (Research & Training) is the director of the foundation.

The functions of GFRF are as follows:

- To conduct research in forestry and wildlife as per the requirement of the Gujarat Forest Department.
- To organize training, education, orientation and communication programme as part of capacity building of the Forest Department and manage and develop existing training institutions.
- To conduct research in relation to development of technology for raising better quality seedling including establishment of tissue culture laboratories, developing protocols for tissue culture raised seedlings of various species and to provide research inputs for better quality seedlings to farmers, people, forest department and other users.

- To conduct research with the financial and/or technical assistance from other organizations, industries, individuals etc.
- To support specific research in relevant fields and to publish papers, reports, books, journals, periodicals, newsletter covering the activities of Foundation.
- To collect and disseminate information regarding forestry, wildlife, biodiversity, nature education camps, agro forestry projects/schemes, environment, etc.
- To collaborate with national / international institute for strategy research & training in forestry & Wildlife.
- To act as nodal agency of the State Government and coordinate various issues relating to research and development of technology in forestry, wildlife, biodiversity, ecology, etc.
- To organize or assist in organizing training courses, workshops, seminars and conferences in forestry independently or in association with other agencies.
- To undertake, promote, support, and/or provide services for the publication of books, periodicals, journals, monographs, research papers, research/ study reports, magazines, video tapes, C.D ROM, documentary films, serials and such other various modes of media in the field Forestry research technology.
- To undertake, promote & support various activities relating to public opinion, public awareness campaign, etc.

Audit of the Gujarat Forestry Research Foundation (GFRF) is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971.

6.12 Gujarat Marine National Park and Marine Sanctuary Conservation Society (MNPS)

The Marine Sanctuary covered an area of 270 sq. km was established in 1980. A core area of 110 sq. km was subsequently notified as the Marine Park, comprising 7000 ha area towards the west and 4000 ha towards the east. In 1982, the area of the sanctuary was increased to about 458 sq. km and the geographical spread of the MNP now is 163 sq. km. A complex coral reef ecosystem coupled with extensive mangroves, dominated the seascape of the shallow water of the MNP.

Intertidal zones along with 42 islands in the Jamnagar, Dev Bhumi Dwarkd and Morbi districts have also been included in the marine protected areas. The MNP also known for its species diversity, as there are more than 49 species of hard corals, 23 species of soft corals, 70 species of sponges, 421 species of fishes, 27 species of prawns, 30 species of crabs, 199 species of mollusk, 16 species of echinoderms, 172 species of birds, 3 species of sea mammals, 6 species of mangroves, 3 species of sea turtle, 108 species of brown, green and red algae, etc.

Gujarat Marine National Park and Sanctuary Conservtion Society was established on 3rd June, 2011 as a directive from the Hon'ble Supreme Court of India. To protect and conserve marine biodiversity by utilizing the compensatory funds generated against the land of the Marine National Park and Sanctuary provided to the user agencies such as Thermal Power Station, Indian Oil Corporation and Gujarat State Fertilizer Company. The main focus of the society is to strengthen and maintain marine biodiversity including mangroves and corals in and around Marine National Park and Marine Sanctuary.

The key objective of the society is to facilitate action/activities, update information periodically, carry out research and studies to fill the knowledge gaps on marine biodiversity in the Gulf of Kachchh and Arabian Sea.

PCCF (Wildlife) and CWLW (Chief Wild Life Warden) is the Chairperson of the Society and the board members are from Government as well as Civil Society.

Activities

- To update information periodically about Marine biodiversity in Gulf of Kachchh and Arabian sea.
- To facilitate action/activities for Marine bio-diversity conservation and protection in the region.
- Landscape level research and studies to fill the knowledge gaps.
- Mobilize and provide resources for pursuing:
 - 1) Management Plan prescriptions for management of the MNP & MS and other habitats in charges of the society.
 - 2) Long term conservation plan of Marine biodiversity including mangroves, corals etc.
 - 3) Capacity building and training programme for staff and local communities.
- Enlist active participation of local communities in conservation.
- To provide and facilitate integrated disaster management plan in the region including oil spill contingency plan.

Audit of the MNPS is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971.

6.13 Gujarat State Lion Conservation Society, Junagadh (GSLCS)

Gujarat State Lion Conservation Society, Junagadh was established in 2007 with a desire that the resources for the Lion Conservation Programme be augmented with participation of various sections of society which will help augment funds to pace up the lion conservation programme and will also help instill in society sense of ownership of the effort. It is registered under Society Registration Act, 1860 vide No.Gujarat/2806/Junagadh Dt.17/04/2007 and registered under Bombay Trust Registration Act, 1950 vide No.F/2752/Junagadh Dt.17/04/2007.

Activities

- Conserve Asiatic Lion and its habitat for its long-term survival there by retrieving it from list of endangered species.
- Facilitate reclamation of lost territories and thereby promote stable meta populations of Asiatic Lion with minimal man animal conflict.
- Address issue of man animal conflict in the regions occupied by Asiatic Lion.
- Provide health care and veterinary service to support the cause of conservation of Lion and its associate fauna.
- Promote healthy eco-tourism in the region that shall contribute to increased awareness for need and issues of conservation locally as also globally.
- Actively pursue eco-development in the region of influence of Asiatic Lion to:

1. Mitigate hardship of local population
2. Extend and make it aware of benefits of conservation and
3. Facilitate ecologically suited sustainable development of local population.

6.13.1 Sakkarbaug Zoo Management Advisory Society, Junagadh (SZMAS)

The Forests and Environment Department of Government of Gujarat constituted The Sakkarbaug Zoo Management Advisory Society in 2007, to promote, support, assist and mobilize resources for management of Sakkarbaug zoo, raise awareness for wildlife conservation, ex-situ and in-situ conservation of Asiatic Lions and other endangered wild animals. The society is registered under the Indian Societies Registration Act, 1860. The main source of income of the society is the collection of entry fees to the tune of around ₹ 2 Crores annually. The society provides funds for Wildlife Conservation with special emphasis on Gir protected area.

Activities

- The society strives to inspire amongst zoo visitors empathy for wild animals, an understanding and awareness about the need for conservation of natural resources and for maintaining the ecological balance.
- The society supports the conservation of endangered species. Towards this objective the society support wildlife conservation in Protected Areas with special emphasis to the Gir protected area.
- Facilitate research for health care and breeding of wild animals in captive also wild in coordination with the institutions of repute.
- Facilitate breeding programme of wild animals for ex-situ conservation, reintroduction and augmenting prey base in the areas claimed by the Asiatic Lion in the process of reclaiming its lost territory.
- The society also facilitates functioning of the zoo as orphanage and rescue centre for wild animals so rescued from wild.

Audit of the Gujarat State Lion Conservation Society (GSLCS) is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971

6.14 State Forest Development Agencies (SFDA)

State Forest Development Agency, Gujarat was constituted as per GR of Forest & Environment department, GoG vide no. SFD-102009-SFS-34-M dated 29.01.2010 with a focus towards regeneration and management of forest resources while strengthening the village level capacity for the same. It is registered under Society Registration Act, 1860 and functions as a federation of Forest Development Agencies (FDAs) in the State. It acts as a three tier institutional set up namely SFDA at the state level, FDAs at forest division level and Joint Forest Management Committee (JFMCs) or Eco Development Committee (EDCs) etc. at the village level.

State Forest Development Agency will work as a federation of all the Forest Development Agencies of the State to achieve the following key objectives:

- As per the Centrally Sponsored Scheme and Central Sector Scheme, all the required activities of regeneration, development and management as well as activities pertaining to policy related programs and projects can be done in the forest and other areas with public co-operation.

- Forestation and related activities assigned by the SFDA can be done.
- Projects for forestation and associated activities related to SFDA can be prepared and implemented through FDA for following objectives :
- To be helpful in development and management in a way to achieve sustainable production thru' forest research in the areas of Participatory Forest Management.
- For improving the density of forest and trees
- Activities related to promotion of decentralization and people's co-operation in forest development and management.
- Activity of strengthening the long term people's co-operation in forest border area.
- To carry out activities of soil and moisture conservation to improve fertility of land in different areas.
- To improve ability/skill of people in border areas and local staff associated with development and management of natural resources.
- Activity for development of forest based micro enterprise (industry).
- Activities and overview of progress review and independent monitoring (internal and central).
- Affiliated activity to ensure increase in tree planting in non-forest areas.
- Activities of development and restoration of difficult areas with low productivity with the help of financial assistance from Central Government, State Government and other funding agencies as well as mutual co-operation.
- Any other activity assigned by the state or central government.
- Other activities other than forest or affiliated work that can improve progress and development of people of surrounding areas of forest.
- SFDA use all its power of giving priority, improve, modify, approve, direct, monitor and assess to achieve all the above-mentioned objectives.
- State Forest Development Agency, Gujarat give required priority to rehabilitation of surrounding areas of natural sites.

Authorities:

6.15 Compensatory Afforestation Fund Management and Planning Authority (CAMPA)

Compensatory Afforestation Fund Management and Planning Authority (CAMPA) are meant to promote afforestation and regeneration activities as a way of compensating for forest land diverted to non-forest uses.

CAMPA Act or Compensatory Afforestation Fund Act is an Indian legislation that seeks to provide an appropriate institutional mechanism, both at the Centre and in each State and Union Territory, to ensure expeditious utilization in efficient and transparent manner of amounts released in lieu of forest land diverted for non-forest purpose which would mitigate impact of diversion of such forest land.

In 2002, the Supreme Court of India observed that collected funds for afforestation were underutilized by the states and it ordered for centrally pooling of funds under Compensatory Afforestation Fund. The court had set up the National Compensatory Afforestation Fund Management and Planning Authority (National CAMPA) to manage the Fund. In 2009, states also had set up State CAMPAs that receive 10% of funds from National CAMPA to use for afforestation and forest conservation. The Compensatory Afforestation Fund Act 2015 was passed on 28 July 2016.

The Hon'ble Supreme Court also approved the guidelines prepared by the MoEFCC for utilizing CAMPA funds. Government of Gujarat constituted a Governing Body, an Executive Committee and a steering Committee of State CAMPA vide GR dated 26th August 2009.

Some of the important points of guidelines as under;

1. The State CAMPA presently receive funds collected from user agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, Net Present Value (NPV) and all other amounts recovered from such agencies under the Forest (Conservation) Act, 1980 and presently lying with the Adhoc CAMPA.
2. The State CAMPA administer the amount received from the CAMPA and utilize the funds collected for undertaking compensatory afforestation, assisted natural regeneration, conservation and protection of forests, infrastructure development, wildlife conservation and protection and other related activities and for matters connected therewith or incidental thereto.
3. State CAMPA provide an integrated framework for utilizing multiple sources of funding and activities relating to protection and management of forests and wildlife. Its prime task is regenerating natural forests and building up the institution engaged in this work in the State Forest Department including training of the forest officials of various levels with an emphasis on training of the staff at cutting edge level (forest range level). In short, the department would be modernized to protect and regenerate the forests and wildlife habitat.

In sum, the prime task of State CAMPA would be regenerating natural forests and building up the institution engaged in this task in the State Forest Department.

Activities under CAMPA funds

- CA Model For habitat development in Non forest lands acquired under FCA proposals & also for forest areas for Great Indian Bustard
- Compensatory Afforestation Scheme for double degradation areas & NPV plantations (model-1)
- Compensatory Afforestation Scheme for double degradation areas & NPV Plantations (model-2)
- Compensatory Afforestation Scheme for Non forest areas acquired under FCA Proposals(Model-3)
- Compensatory Afforestation Scheme in Non forest land acquired under FCA Proposals for Lion corridor area
- Zone wise per ha species spectrum for compensatory Afforestation For Non Forest Land Acquired Under FCA Proposals(Model-3)

The CAMPA shall prepare Annual Report by end of June for each financial year.

The accounts of the State CAMPA shall be audited by the Accountant General. The accounts of the State CAMPA as certified by the Accountant General shall be forwarded annually to the State Government, the MoE&F and the Adhoc CAMPA by the State CAMPA. The State CAMPA is audited under Section 20(1) of the CAG's DPC Act.

Boards

6.16 Gujarat Biodiversity Board (GBB)

The Biological Diversity Act, 2002 has defined three types of Biodiversity namely Ecosystem diversity, Species diversity and Genetic diversity. The Gujarat is covering Ecosystem diversity like different Forests Ecosystems, Desert Ecosystems, Wetland Ecosystems, Coastal & Marine Ecosystems and Agro-ecosystems in different regions of Gujarat State. The species diversity includes flora & fauna in wild as well as cultivated plants and domestic animals breeds.

Government of Gujarat has established Gujarat Biodiversity Board (GBB) in the year 2006 vide its notification no. GVN/2006/8/WLP/2003/177/G1; dated: 11/05/2006 under section 22 of the Act. The Board is actively engaged in the formation of Biodiversity Management Committees (BMCs) at the level of the local bodies of the State. Its mission is to ensure conservation of Biological Diversity in the State of Gujarat and Sustainable use of Biological Resources.

Section 22 of the Biological Diversity Act, 2002 makes provision for the establishment of State Biodiversity Board by State Government. The Board consists of: i. A Chairperson, ii. five ex-officio members (to represent the concerned departments of the State Government) and iii. five other members (experts).

Activities of Gujarat Biodiversity Board

6.16.1 Biodiversity Management Committees (BMC)

Local bodies constitute Biodiversity Management Committee in accordance with Section 41, within their area of jurisdiction for the purpose of promoting conservation, sustainable use and documentation of biological diversity including preservation of habitats, conservation of land races, folk varieties and cultivars, domesticated stocks and breeds of animals and micro-organisms and chronicling of knowledge relating to biological diversity. 329 BMCs have been constituted in 12 districts so far.

It consists of a Chairperson and six persons nominated by the local body, of whom one third are women and not less than 18 per cent are scheduled castes/scheduled tribes.

Functions of BMC

- i. Prepare, maintain and validate people's Biodiversity Registers (PBR) in consultation with local people. The BMC is to maintain a Register giving information about the details of the availability and knowledge, access to biological and traditional knowledge granted details of the collection of fees imposed and details of the benefits derived and the mode of their sharing.
- ii. Advice on any matter referred to it by the State Biodiversity Board or Authority for granting approval, to maintain data about the local medical practitioners using the biological resources.
- iii. Preparation of People's Biodiversity Registers (PBRs)

Audit of the Gujarat State Biodiversity Board (GSBB) is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971.

6.17 Gujarat Pollution Control Board (GPCB)

The Government of Gujarat constituted the GPCB (Gujarat Pollution Control Board) on 15.10.1974 as per provisions under the Water (Prevention and Control of Pollution) Act, 1974, the with a view to protect the environment, prevent and control the pollution of water in the State of Gujarat, that occupies a prominent niche in progressive and industrial development of the country. The Board has been entrusted with the Central Acts and relevant Rules for pollution control as notified thereof from time to time.

There were 27 Regional Offices made functional so far. There are six Regional Offices attached with laboratory facilities located at Vadodara, Bharuch, Surat, Vapi, Rajkot and Jamnagar.

Though basic functions of the Board have remained as regulatory, it has also been organising various awareness programmes, from time to time on local issues such as municipal solid wastes, bio-medical wastes, plastic issues besides water, air and land pollution generated from various industrial clusters. Efforts are being made for pollution control with a view to minimize and prevent pollution along with sustainable development.

The Board is headed by the Chairman and the Member Secretary nominated by the Government of Gujarat.

The GPCB enforces following Acts, Rules and Directives: -

- (i) The Water (Prevention and Control of Pollution) Act, 1974
- (ii) The Water (Prevention and Control of Pollution) Cess Act, 1977
- (iii) The Air (Prevention and Control of Pollution) Act, 1981
- (iv) The Environment Protection Act, 1986, various relevant Rules notified thereof
- (v) The Hazardous and other Waste (Management and Trans boundary Movement) Rules, 2016.
- (vi) The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989
- (vii) The Coastal Zone Regulation-Declaration Notification, 1991.
- (viii) The Environmental Clearance [including EIA-Environment, Impact Assessment] for expansion/modernization of activity or new projects, Procedure Notification, 1994
- (ix) The Environmental Public Hearing Rules, 1997.
- (x) The Bio-Medical Waste (Management) Rules, 2016.
- (xi) The Rules for the Manufacture, Use, Import, Export and Storage of Hazardous micro-organism.
- (xii) Genetically Engineered Organism Cess, 1989.
- (xiii) The Plastic Waste (Management) Rules, 2016
- (xiv) Utilization of Fly Ash- Notification of Direction, 1989.
- (xv) The Noise Pollution (Regulation and Control) Rules, 2000.
- (xvi) The Ozone Depleting Substances (Regulation and Control) Rules, 2000.

- (xvii) The Municipal Solid Waste Management Rules
- (xviii) The Batteries (Management & Handling) Rules, 2001.
- (xix) The Environmental Audit Scheme, 1996.
- (xx) The Public Liability Insurance Act, 1991.
- (xxi) The National Green Tribunal Act, 2010.
- (xxii) The E-Waste (Management) Rules, 2016.
- (xxiii) The Construction and Demolition Waste (Management) Rules, 2016.
- (xxiv) The Environmental Audit Scheme-1996 with Modification on 2014.
- (xxv) The Public Liability Insurance Act-1991

Objectives of the GPCB

The major objectives of the Board are centered around the Pollution Control and the protection of the environmental quality with sustainable development. These are outlined as under:

1. Bring about all round improvement in the quality of the environment in the State by effective implementation of the laws.
2. Control of pollution at source to the maximum extent possible with due regard to technological achievement and economic viability as well as sensitivity of the receiving environment. This objective is being fulfilled through laying down the disposal standards as well as gaseous emission standards.
3. Identifications of sites and development of procedures and methods for the max reuse, recycle and then disposal of hazardous wastes.
4. Maximization of re-use and re-cycle of sewage and trade effluent on land for irrigation and for industrial purpose after giving appropriate treatment and thereby economizing and saving on the use of water. The practice also helps in stopping pollution of water due to reduction in discharges of waste into water bodies.
5. Minimization of adverse effect of pollution by selecting suitable locations for the establishment of new industrial projects.
6. Co-ordination with other agencies of the State Government and local authorities to encourage the Common Effluent Treatment Plants and Treatment Stabilization Disposal Facilities BMWF, CHWIF, e-waste recycling facilities.
7. Close co-ordination and rapport with educational institutions, non-government organizations, Industries Associations, Government organizations, etc. to create environmental awareness.

Activities of Gujarat Pollution Control Board

- (i) The Board critically examines the location clearance cases, and determines various conditions and requirements pertaining to environmental pollution control. These conditions are conveyed to the applicant and on receipt of the commitment by the applicant in respect of fulfilling these requirements the Board issues location clearance certificates.
- (ii) Twenty-Five common effluent treatment plants (CETP) in the State are already commissioned. Intense monitoring of industrial effluents, gaseous emissions and

hazardous waste disposal systems is being carried out. There are seven common Hazardous Waste Disposal TSDFs (Treatment Stabilisation Disposal Facilities) in operation.

(iii) Special drive carried out by Gujarat Pollution Control Board to check the petrol pumps of Ahmedabad to verify pre-mixing of 2T lubricating oil for 2-stroke two/ three wheelers. Special Campaign was also launched by Gujarat Pollution Control Board jointly with Civil Supply Department and Forensic Science Laboratory to check the quality of fuel at petrol pumps of Ahmedabad to verify adulteration.

(iv) Action is initiated against those industrial units who fail to improve the performance in the implementation of Pollution Control Acts, as per the rules.

(v) The Board has continued coastal monitoring under the plan scheme in Gujarat to ascertain the water quality of different parts along the coastal zones in Gujarat.

(vi) The Board monitors the water resources in the State by collecting and analyzing samples of water at intervals of time of rivers, estuaries, underground waters, lakes and wells of some villages. Under this project, all the water resources are covered.

(vii) One of the primary functions of the Board is to process and finalise consent applications received from various pollution potential industrial units under the Water and Air Acts.

(viii) In accordance with the provisions of Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 each industry emitting gas (es) has to obtain the consent of the Board.

(ix) As per Hazardous Wastes (Management & Handling Rules) 1989 notified under the Environment (Protection) Act, 1986, every unit generating hazardous wastes and having a facility for collection, reception, treatment, transport, storage and disposal of such wastes should obtain the authorization of the Board.

(x) As per the Bio-Medical Waste (Management and Handling) Rules, 1998 notified under the Environment (Protection) Act, 1986, the Board gives authorization to institution generating bio-medical waste which includes a hospital, nursing home, clinic, dispensary, veterinary institution, animal house, pathological laboratory, blood bank as well as an operator of a facility for the collection, reception, storage, transport, treatment, disposal etc.,.

The accounts of the Board shall be audited by an auditor duly qualified to act as an auditor of companies under Section 226 of the Companies Act, 1956. The said auditor shall be appointed on the advice of the CAG.

Audit of the Gujarat Pollution Control Board (GPCB) is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971.

6.18 Important records maintained in Forest Divisions and Points to be seen in Audit

Sl.No.	Form No.	Name of Register
1	GFM 30	Cash Book
2	GFM 34	Register of Forest Sales and Other Demands
3	GFM 2	Register of Forest Land given out on lease
4	GFM 35	Register of outstanding on account of Revenue
5	GFM 37	Register of Forest Remittances
6	For.4e	Register of cheque drawn

7	For.81 Gen.113	and Receipt book
8	GFM 7	Bill book
9	GFM 8	Permit for timber
10	GFM 9	Permit for fire wood and other minor produce
11	GFM 10	Purchase certificate
12	GFM 14	Marking register
13	GFM 16	Daily measurement register
14	GFM 20	Depot register
15	GFM 21	Lotwari register
16	GFM 22	Depot sale and delivery register
17	GFM 29	Register of Forest Produce and other property seized and disposed off

A brief description of some of the important records and the specific points, inter alia to be seen is given below;

6.18.1 Cash Book (Form No.GFM 30)

Every officer who is authorised to receive or disburse government money should maintain an account in Cash Book in Form GFM 30. The Cash Book of the Forest Department differs from the Cash Book maintained in other Civil Departments. The Rules regarding maintenance of Forest Cash Books are contained in Article 296, 297, 303, 307 and 385 to 389 of Gujarat Forest Manual Volume I. Book transfers permissible under Article 301 of Gujarat Forest Manual Volume-I also find place in the Cash Book of the Forest Department. An intelligent scrutiny of the Cash Book will reveal important sources from which revenue is derived in the Division. While scrutinizing the Cash Book with reference to relevant rules and orders interesting points may come to light. The receipt for one month selected for test check should be checked in detail with the counterfoils of the receipt book (Form For.81 and Gen.113) and other connected records.

The amount entered in the Cash Book should be traced in the relevant registers e.g. Form 81 and Gen. 113 (Receipt book), Form 37 (register of forest remittance) and Security Deposits Register. The entries of cheques drawn should be tallied with Cheque Drawn Register (For.4e) and the counterfoils of the cheque books. In addition to the detailed test check of the accounts for one month, the arithmetical accuracy of the cash book should be checked by the local audit party for one more month selected at random. This should also include the checking of the opening balance for proper carry forward from the closing balance of the previous month and that of the closing balance of the month selected for scrutiny to the next month.

Previously cash book was being maintained in the Range Office. Nowadays, all financial transaction (Receipt/ Payment) is being done at Division Office hence no Cash book is maintained in Range Offices.

While checking the Divisional Cash Book, it should be seen:

- (i) that all cash transactions are properly incorporated in the Divisional Cash Book after checking in the Head Office;
- (ii) that the cash book is properly written up so that the receipt side always balances with the expenditure side;
- (iii) that all cheques drawn have been duly incorporated in the Divisional Cash Book

- (iv) that the collections are promptly brought to account and remitted to treasury as soon as they exceed the limit prescribed, by the end of the month;
- (v) that payees are invariably granted machine numbered receipts in prescribed form, a proper stock account is kept of all Receipt Books, the stock thereof is periodically verified and certificate of count of receipt forms is recorded before receipt book is issued from stock;
- (vi) that the return of the counterfoil of used receipt books is properly watched and the counter-foils are recorded after check so as to ensure that there had been no delay or omission in bringing the receipts to account
- (vii) that all remittances into the treasury as per entries made in the Register of Forest Remittances (GFM 37) are supported by a challan duly receipted by the Treasury Officer;

6.18.2 Verification of credits with reference to Treasury Records

Under the General Financial Rules, departmental officers are primarily responsible for reconciliation of departmental figures of receipts with those appearing in treasury accounts. One of the important checks to be exercised during the course of audit is to conduct a review with a view to seeing whether this reconciliation is actually done by the departmental officers regularly.

In addition to the review independent verification of remittances for the selected month's credits as appearing in departmental records may also be done with the original records of the treasury. (General Circular No.8-AC-II/1990 issued under No.369/102-ACII/89 dated 28 May 1990 by the Director (Accounts).

6.18.3 Forest Deposits

A. Earnest Money Deposits

Earnest money deposits, which are paid by the contractors direct into a treasury, should be treated as Revenue Deposit and not as Forest Remittances. No previous authority of a departmental office is necessary, but the depositor must state the designation of the officer in whose favour he makes the deposit. Such deposits should not appear in the accounts of the offices of the Forest Department. Earnest money deposits, which are received initially by a forest officer but remitted subsequently to the treasury as such, should also be dealt with in the treasury accounts as "Revenue Deposits".

Nowadays, the contractor deposit EMD in the form of Demand Draft.

It should be seen in audit that there has not been undue delay in crediting earnest money deposits in to the treasury in cases in which they are not immediately returned to unsuccessful bidders.

B. Security Deposits of Contractors

Deposits received by forest officers from contractors as security for fulfilment of terms of contract or other purposes are remitted in to the treasury as "Forest Remittances" and treated as Forest Deposits in the accounts and are regulated by the same rules as are applicable to Revenue Deposits. The challans accompanying the remittances should clearly show the purpose as forest remittance on account of security deposit for forest contracts so as to distinguish them from earnest money deposits creditable to "Revenue Deposits". No sums are to be credited to "Deposits" which can be carried to any head of account.

In audit, it should be seen

- (i) that all deposits received are entered in the register at once, serially numbered beginning a new each year with adequate details of transactions;
- (ii) that each entry is verified and attested;
- (iii) that the monthly totals and balances are worked out and attested;
- (iv) that each repayment of deposit is noted both in the register of repayment and that of receipts with date and amount of repayment;
- (v) that the repayment is made on completion of a contract satisfactorily as per conditions of contract and fulfilment of all relevant rules and regulations;
- (vi) that unclaimed deposits are lapsed to Government as per provisions contained in Article 372 of Gujarat Forest Manual Volume-I
- (vii) that a statement of lapsed deposits is furnished to the Accountant General immediately after 31 March each year as required under Article 441 of the Gujarat Forest Manual Volume-I.

6.18.4 Accounts of timber and other forest produce

All forest produce removed must be brought into account immediately by entering in to prescribed registers in Forms GFM 15 to 23 according to the instructions issued from time to time. The detailed procedure of accounting in this regard is given in Chapter XXIII of Gujarat Forest Manual Volume-I. It should be seen in audit that relevant procedure is adhered to in account of movement and sale of forest produce.

6.18.5 Register of Forest Produce and Other Property Seized and Disposed off (GFM 29)

A register (Form GFM.29) of forest produce and other property seized and disposed of otherwise than under Section 68 of the Indian Forest Act, in accordance with the forest law or rules in force is to be maintained in the Divisional Forest Office. Procedure for compounding of forest offences under Section 68 of the Indian Forest Act and standing orders on forest offences and their prosecution has been detailed in Article 168 to 172 of the Gujarat Forest Manual Volume II.

It should be seen in audit that:

- (i) whether there are any undue delays in settling cases or in recovering compounding fees;
- (ii) that credit of compounding fee shown as paid are traced in Cash Book;
- (iii) Whether any information is available as to the disposal of property seized and whether in the case of confiscated timber, the articles are brought in to the timber return and sold in public auction;
- (iv) that all properties shown as confiscated in reports have been included in the register for the months selected for test check; and
- (v) that in respect of property confiscated and disposed of by sale, credits are traceable into the Cash Book

6.18.6 Register of Saw Mill Licenses

According to the provisions of the Bombay Forest Rules, 1942, any person desiring to erect or operate any machinery or Saw Mill for cutting or converting timber has to obtain license from the Divisional Forest Officer on payment of prescribed fees.

It should be seen in audit that:

- (i) a register of saw-mill licenses is maintained and posted up-to-date.
- (ii) fees for issue and renewal of licenses paid are at prescribed rates

Audit of revenue records main sources of revenue, sale and contracts and points to be seen in revenue audit.

6.19 Main source of revenue

Revenue in the Forest Department is mainly derived from the sale of forest produce like timber, fuel wood and charcoal, bamboos, grass and other minor forest produces. Revenue is also derived from fees, fines or compensation and forfeiture on account of forest offences and infringement or provisions of the Indian Forest Act and the terms of any agreement deed, grazing dues, Forest Rest Houses and lease of forest land.

6.20.1 Sale of contracts

The usual method of disposing off forest produce is by sale both to Government Departments and public, Sales to Government Departments are made according to standing orders and instructions issued from time to time. Sales to public are made through open auction and exploitation of forests through Forest Labourers Co-operative Societies.

6.21.2 Sales to Government Departments

As per Article 191 of the Gujarat Forest Manual Volume-I, sales of Government Land and immovable property and transfer from one department to another or to local bodies are regulated by Rule 185 and 186 of Gujarat Financial Rules, 1971.

6.21.3 Sales through public auction

A notice for sale is to be issued to public, at least before 15 days of the date of sale specifying the conditions of sale. Among other conditions it would also be notified that (i) when the bid is subject to confirmation by selling officer whole amount is to be paid before confirmation (ii) when the sale is subject to confirmation by the Deputy Conservator of Forests, the bidder whose offer is accepted for submission to Deputy Conservator of Forests, shall pay earnest money equal to 1/4th of the bid or ₹ 10 whichever is higher and the said offer may be rejected or confirmed within 30 days (iii) the bidder is bound to complete the sale within 30 days if called upon to do so, failing which his deposit is liable to be forfeited and (iv) no private offers will be considered after the sale.

In this connection, inter alia, it should be seen in audit:

- (i) that there has been a fair competition in auction, sales and contracts have been offered to the highest bidders. It should be seen that the bid lists have been signed by at least the highest and the next lowest bidders (if not by all the bidders) and by the Officer conducting the auction;
- (ii) that the required security deposits as per conditions of sales and Service Tax/GST as the case may be due was deposited by the contractors;

- (iii) that no contractor who was in debt to Government on account of any previous contract or who failed to fulfil a previous contract was allowed afresh contract without the prior sanction of competent authority;
- (iv) that the interest of the Government was fully watched in effecting the sales considering all aspects and that any wrong formations by contractors were carefully warded off; the file containing the results of auction should be obtained and critically examined in audit to see that the contractor has completed the work in lot, removed the material or resigned from the lot;
- (v) that the agreement with the contractors have been executed in the prescribed form and signed by the contractors as well as by the competent authority on behalf of the Government and are complete in all respect. It should also be seen that the amount of sale price and security deposit obtained agreed with the original bid list;
- (vi) that the amount of security deposit is correctly noted in the security deposit register;
- (vii) that the sale price demanded, instalments due and security obtained have been correctly noted in the list of purchases and no omission has been made including any sale in the register;
- (vii) that the terms of agreement are adhered to and there is no undue delay in the adjustment of earnest money or security deposit after close of the contracts;
- (ix) that while working out the up-set price, average of past three years is correctly worked out and sanction for the up-set price (held as confidential and kept under the security of Deputy Conservator of Forests) is correct;
- (x) that sales do not fall below the up-set price and/or reasons recorded for sale of lots at prices lower than the estimates were justified with valid and convincing reasons;
- (xi) that cancelled and abandoned lots were resold and steps were taken to recover the loss on resale from the old contractors, as per conditions of sale.

6.22 Points to be seen in Social Forestry Unit

- (i) Check whether treatment plan and treatment map detailing models of plantation, place, survey number, area, year of plantation, type and number of species, type of soil, details showing expenditure to be incurred under various activities and ancillary works every year by March, have been prepared by the concerned RFO/ACF.
- (ii) Check whether treatment plan and treatment map have been approved by the DCF by the month of May for all works to be carried out in such subsequent year.
- (iii) Check whether plantation activities have been carried out as per approved treatment plan and treatment map.
- (iv) Check whether the plantation work site have been visited by the DCF/CF as per Government GR/Instruction.
- (v) Check whether proposals for diversion of forest land cases were processed as per the Guidelines/GR issued by MoEF&CC and Government of Gujarat and Wildlife (Protection) Act 1972.
- (vi) Net Present Value (NPV) and Compensatory afforestation (CA) amount has been recovered as mentioned in principal approval letter issued by the MoEF&CC. Arithmetic calculation will be checked whether wages rates are correctly adopted while calculating CA amount.

(vii) All conditions mentioned in the in principal letter issued by the MoEFCC for diversion of forest land for non-forest purpose, are compiled and amount as mentioned in letter (NPV/CA and other leviable) have recovered from user agency.

(viii) Check whether the department has taken any policy initiative to save the matured tree in case of diversion of forest land cases instead of felling trees in very such case.

(ix) Check whether the Division office utilized the grants/ subsidies received from the Central/ State Government as per the terms and conditions of release of such grant/ subsidy so as to achieve the intended objective efficiently and efficaciously.

(x) Check whether forest activities properly carried out to create livelihood opportunity for rural poor people.

6.23 Points to be seen in Wild Life/ Bird Sanctuary Division

(i) Government declares time to time revenue/private land as forest land, check whether land acquisition process has been completed and necessary entry has been made in revenue record.

(ii) Check whether Eco sensitive zone has been created up to 10 Km radius of periphery of wild life sanctuary.

(iii) Check whether inspection has been carried out by forest person in insubstantial units which were granted permission to establish eco sensitive zone

(iv) Check whether Management Action Plan/Annual Plan of operation has been prepared and got it approved from MoF&CC.

(v) Check whether equipment has been purchased and provided to security staff for effective checking of poaching cases

(vi) Check whether adequate number of doctors, staffs is posted in rescue center attached with wild life/bird sanctuary.

6.24 Points to be seen in Division where plantation of grass is carried out.

(i) Check how much area is covered under grasslands (reserved/unreserved)

(ii) Check how much grass is produced from grass land situated in jurisdictional area of division.

(iii) Check which type of grass species is planted? Check geographical and climatic condition is taken into consideration while selecting species of grass.

(iv) Check whether grass is stored in godown/open platforms. Check stored grasses are disposed off in specified time limit i.e in case of godown, it should be disposed off upto three years and in case of open platform it should be disposed off within one year.

(v) Check whether grass in-ward/out ward registers are maintained. Check proper entry is made at the time of in-ward/out ward transition of grass.

(vi) Number of god owns are in existence for storage of grass.

(vii) Check whether capacity of godown is at par with production of grass

(viii) Check whether new godowns are constructed and while constructing godown new technology such as Galvanised sheet is used for construction of roof top of godown so that leakage may be prevented in rainy season.

- (ix) Check whether repairing work is carried out in old godown. Check how much amount is incurred and financial propriety is taken into consideration while incurring expenditure.
- (x) Check whether soil and moisture conservation work is carried out in Grassland area.
- (xi) Check whether check dams/Van Talavadies are constructed for recharge of land.
- (xii) Check whether grass plantation model is prepared for each type of land i.e. hills, flats and slope.
- (xiii) Check whether grass is disposed off as per instruction of Revenue Department. Check how much grass (Quantity) is sold and whether their sale proceeds has been credited to Government Account.
- (xiv) Check whether grass is procured from other division/other states at the time of drought. Check how much amount is incurred for procurement of grass and whether procurement of grass was necessary.
- (xv) Check whether working plan for 10 years have been prepared and submitted by division and approved by the concerned authorities.

6.25 Manuals prepared by the Management and approved by the Competent Authority

- (a) Review the various manuals approved by the Competent Authority for implementation of Scheme/ Programme/ Projects/Activities of the Department. Whether any inconsistencies/non-compliance to the said manuals?
- (b) Examine whether the Delegation of Powers approved by the Competent Authority and that financial powers delegated are properly adhered to by Subordinate officials.
- (c) Examine the Management Information System (MIS) Reports and identify key areas for conducting audit.
- (d) Examine effectiveness of Internal Control System to ensure adherence to its policies.
- € Examine the Corporate Plan (Physical as well as financial Targets) vis-à-vis achievements

6.26 Utilization of grants/subsidies received from Central/State Government

- (a) Examine Budget provisions for implementation of Scheme, Programme, Project etc. and expenditure thereof.
- (b) Whether grants are sufficiently requisitioned based on the purchase intent by the user agencies.
- (c) Whether grants were properly utilized as per envisaged programme
- (d) Whether unutilized grants were surrendered back to the government along with interest applicable.
- (e) Whether UCs submitted in a timely manner? Whether is perused formal?

6.27 Research and development

- (a) Whether proper infrastructure is created in the field of R&D.
- (b) Whether training programme/ workshops are organized as per plan.

(c) Details in the field of Financial Assistance Programme for various schemes/ activities.

(d) Details of expenditure on supported projects in R&D and whether supported by adequate norms fixed by Competent authority.

6.28 Review of agenda and minutes of the Governing body meeting and other Committees related to

(a) Details of agenda and minutes of the meetings of Governing Body.

(b) Details of directions/ decisions of the Governing Body/ GoG.

(c) Whether directions/ decisions taken by Governing Body/ GoG implemented

(d) Details of committees constituted for a specific purpose and review of minutes of their meeting.

6.29 General Check List

(a) Whether annual programme schedule was prepared and finalized, yearly, for conduct of seminars/ workshops.

(b) Whether there were any deviations from the programme schedules and what were the reasons behind it and alternative plans.

(c) Whether awarding of construction contracts was carried out as per the terms and conditions of the contract.

(d) Whether important clauses relating to Earnest money, Delivery Schedule, Payment terms, Performance/ Warrantee Bank Guarantee, Pre-dispatch inspection, Arbitration, Liquidated Damages/ Penalty for the delayed supplies and Risk purchases etc. are incorporated in the bid documents.

(e) Usually the funds drawn for various Schemes/ Programmes/ Projects etc are kept in Personal Deposit (PD) Account/ TP Account with the Treasury or Bank Account. Examine whether sanction exists for depositing the funds in such accounts.

(f) Whether there was any drawl of fund from the treasury to avoid lapse of funds/grants.

(g) PD Accounts should be verified to see whether the amount drawn for various schemes are accounted separately.

(h) Expenditure under various schemes should also be accounted separately. The balance amount under each head should be worked out and verified whether it agree, with the balance lying in PD Account/ Bank Account.

(i) Examine whether purchase policy for procurement of materials/ services etc. Whether Purchase Committee has been formed at appropriate level and procurements have been made as per purchase policies of the Industries & Mines Department.

(j) Examine whether the system of tendering for execution for various projects/ system of procurements of material/ services/ machineries etc. the system of bid evaluation may also examined.

(k) Examine whether the involvement of Public Private Partnership (PPP) was based on calling for Expression of Interest (EoI), Memorandum of Understanding (MoU) by clearly specifying the qualification criteria.

- (l) Examine whether the terms and conditions in PPP Agreement for implementation of project is in financial interest of the Government.
- (m) Examine whether the system of physical verification of Store and Stock is adequate.
- (n) Examine whether idle equipment/ unserviceable/store and stock have been auctioned.
- (o) Examine whether internal audit system exists so as to ensure adherence to the policies and mitigation of operational risk.
- (p) Examine whether the Disputes/ Court Cases/ Arbitration cases against department and by the department against Supplier/ Contractors/ Parties have been adequately addressed.
- (q) Examine whether departmental receipt/ revenue have been taken into departmental account and credited the same into treasury/ Bank within prescribed period.

Note: For Expenditure Audit under Section 13 of Comptroller & Auditor General's DPC Act, 1971, General Principles enumerated in MSO (Audit) should be kept in mind.

For Audit of Autonomous Bodies/ PSUs/ Companies/ Corporations, General Principles enumerated in MSO (Audit) should be kept in mind.

Besides, following Annexure may also be referred to:

1. Annexure 1: Audit of Autonomous Bodies
2. Annexure 2: Audit of Government Companies and Corporations
3. Annexure 3: Audit of Expenditure/ Establishment Audit
4. Annexure 4: Audit of Grants or Loans given to Authorities/ Bodies for Specific Purpose

CHAPTER VII

Science and Technology Department

7.1 The Department is engaged in planning, coordination, policy preparation, budgeting, guiding institutions working under it and liaison with various states, national and international agencies. Department is also executing important projects like Gujarat State Wide Area Network (GSWAN), Integrated Workflow and Data Management System (IWDMS), Digital Data Centre, Sachivalaya Integrated Telephone Network, etc.

The Department has been looking after the following areas of technology in the State: i. Information and Communication technology including e-Governance, ii. Biotechnology, iii. Science and Technology, iv. Remote sensing and Space Applications, v. Seismology

It is also responsible for formulation and implementation of key policies in this sector in the state of Gujarat.

The Department is headed by the Secretary and is assisted by the Joint Secretary (IT) & Joint Secretary (BT) and Under Secretary (IT), Under Secretary (BT) and Section Officer.

Main objectives: i. to position Gujarat as a key State in the knowledge economy sectors of the country, ii. to create employment opportunities in the knowledge economy sectors including promotion of Semi conductor/ micro/ nano / Bio-technology based manufacturing units in the State, iii. to improve the availability of skilled man-power in the emerging areas of technology through training / industry institute partnership, iv. to make government citizen interface more effective, efficient and transparent.

The following agencies are working under the Department of Science and Technology:

8.2 7.2 Gujarat Council on Science and Technology (GUJCOST)

The GUJCOST was established in September, 1986, to play a catalytic role in promoting the use of Science and Technology in the development process of the State. The Science and Technology Council were constituted with a view to developing technologies appropriate to and in harmony with present conditions. The Council has been catalyzing interaction between developers and users of technologies, by bringing on a common platform to training scientists and engineers on one hand and policy makers as well as administrators on the other.

The Council is an autonomous body registered under the Societies Registration Act from 1 February, 2000 and working under department of Science and Technology. Hon'ble Minister of Education chairs the Council.

The administration and management affairs of the state Council is vested in the Governing Board. The Board has constituted Executive Committee for speedy execution of work. The administrative affairs of the State Council are looked after by its Advisor who also serves as a Member Secretary of the Council.

Objectives of GUJCOST

- i. to encourage R&D activities in various sectors by monitoring the development and by feeding available information to assess and recommend financial support for such efforts,
- ii. to devise policy guidelines for academic and field policies for the purpose of strengthening the planning and programming amenities for the development of science and technology,
- iii. to identify areas in which science and technology can be utilized for the achievement of the socio-economic objectives of the State and in particular, its objectives of tackling

the problems of backwardness, unemployment and poverty and of addressing itself to the problems of rural area, and under privileged sections of Society such as Scheduled Castes, Scheduled Tribes, Landless Labour, Artisans Small/Marginal farmers and women,

iv. to advise the State Government on policies and measures necessary to promote Science and Technology (and its utilization) for achievement of socio-economic objectives,

v. to prepare or assist in the preparation of Science and Technology plan for the state,

vi. to advise the state Government on policies and measures relating to the development and deployment of Science and Technology manpower resources,

vi. to promote the popularization of science and spread a scientific attitude among the people of the state,

vii. to interact with other states and National Science and Technology bodies having similar or related objectives, to identify priority areas of Science and Technology needed for long term,

viii. if essential, to establish, or cause to establish or assist in the establishment of the infrastructure (institutions, organizations, etc) necessary to achieve the aforesaid objectives,

ix. to take any other step which are relevant to the application of Science and Technology to the problems of the state.

Audit of the Gujarat Council on Science and Technology (GUJCOST) is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971

7.3 Gujarat Council of Science City (GCSC)

The Government of Gujarat has established the Gujarat Council of Science City, a registered society. The Government has created a sprawling centre at Ahmedabad which aims to provide a perfect blend of education and entertainment. It will showcase contemporary and imaginative exhibits, minds on experiences, working models, virtual reality, activity corners, labs and live demonstrations.

The Government is already in possession of 107 hectares of land. The GCSC plans to expand its infrastructure facilitating future expansion of Science, Thrill Rider/ Simulator, Musical Dancing Fountain, Energy Park, Space and Communication Pavilion, Life Science Park and Planet Earth for which 300 hectare of land has been acquired. These projects are expected to be completed in a short span of time.

Objectives: i. To nurture and stimulate the scientific faculties of community and develop rational thinking and scientific temper, ii. To promote innovative and experimental activities through minds-on exposures and hands-on learning process, iii. To promote and exhibit interaction of science, technology, energy and environment with human life, iv. To showcase the latest scientific and technological breakthroughs, v. To establish a countrywide network with shared programs in association with various Institutions and organizations.

Audit of the Gujarat Council of Science City, Ahmedabad is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971

7.4 Gujarat Informatics Limited (GIL)

Gujarat Informatics Limited is a nodal agency of Government of Gujarat and engaged in development of Information Technology, e-governance co-ordination, purchase of

hardware, software, networking etc to take the maximum advantage of information technology for purpose of governance and making the governmental processes more governance centric. GIL has executed many credit worthy projects and facilitated to various state government agencies in implementing their IT related applications. GIL is registered under the Indian Company Act, 1956.

Mission: To help improve e-Governance process in the Government by using computing devices, communication systems associated electronics and software to provide better delivery systems to the citizens.

Objectives: i. To help various players in IT field and in implementing IT Policy, ii. To select consultants/specialists for providing services to various Government departments/agencies under broad frame work contracts, iii. To provide input for formulation and review of State Information Technology Policy, iv. To formulate and implement action plan which would carry out the objectives of State IT Policy, vi. To promote investment in IT sector, vii. To provide technical assistance to Govt. organization in IT field, viii. To be the nodal agency for IT training in Government, ix. To help frame guidelines regarding opening of new Govt. affiliated institutes in IT field, x. To establish framework contracts with reputed suppliers/consultants/experts to provide a range of IT consultancy and specialists services to the Govt./Govt. agencies, xi, To put in place policy framework for State information infrastructure and to help create the same, xii. To promote electronic commerce, xiii. To help promote IT centre in State of Gujarat.

7.4.1 Projects under Gujarat Informatics Limited

i. E – City: Ahmedabad Municipal Corporation is the first Municipal Corporation in India to facilitate better performance of the delivery of municipal services like birth and death registration, building plan, primary health and education, city cleanliness, water supply, sewage, road, street-lights, parks and garden through e-governance to the citizens. For this, Ahmedabad Municipal Corporation has established six City Civic Centres located in five zones of Ahmedabad city and also created forty-three ward civic offices all these interconnected via intranet/ Internet connectivity. AMC has endeavoured that a Citizen need not to come to Municipal Office for paying any fees/ taxes which he can pay through net / bank / cyber café. All this information is available on website www.egovamc.com so that 24-hour remote access to AMC transactions and services are available.

ii. E -Dhara

After digitizing all land records, e-Dhara Kendras (e-DK) have been setup at Taluka Mamlatdar offices to take up day to day activities of land records such as mutations and issue of Record of Rights (RoR). Workflow based software (BhuLekh Soft) has been implemented since 2004-2005.

By Integrating BhuLekh Soft with the e-Gram Vishwa Gram (eGVG) project, that provides broadband connectivity through VSAT to village Panchayats, farmers can get RoR copies from the Village Panchayat itself. BhuLekh Soft has good MIS capabilities. The data can be queried for mutation application, entry status, tenure statistics, land use statistics, land type statistics, tenant details, crop details, irrigation details, the agriculture census and other details. It is also searchable by Khatedar name, khata number, survey number, farm name and so on.

Objectives: i. To convert physical Village Land Records into Electronic records, ii. To automate maintenance and updation of Village Land Records in a secure manner, iii. To

set up e-Dhara Kendras (e-DKs) for accessing and updating of Land Records in a scalable manner, iv. To charge user fee for self-sustainable structure.

iii. Integrated Workflow & Document Management System (IWDMS)

Government of Gujarat (GoG) wants to use e-Governance as the tool to improve the Accountability, Transparency and Effectiveness in Government administration. The Integrated Workflow and Document Management System (IWDMS) project has been implemented for the same through automating the government functions and processes at all levels of the administrative hierarchy. GoG has given stress to Change Management and Top-down approach for successful implementation of IWDMS project.

IWDMS provides Document Management, Workflow Management, Collaborative Environment and Knowledge Management in an integrated fashion and delivers an Electronic Workplace that result in productivity improvement in Government.

The project initially covered all employees of the Government of Gujarat at New Sachivalaya, Gandhinagar. It is now being extended to the employees of the HoDs of the departments in Gandhinagar and Ahmedabad. In order to achieve Single File Management System across the state, IWDMS will be extended to all other HoDs in Gujarat in a phased manner. IWDMS has not only helped improve the accountability, transparency and effectiveness but also benefited the citizen's directly through applications such as Grievance Redressal, CM Relief Fund, Surat Disaster Assessment Survey, etc. and benefited the industry through applications such as Investment Monitoring System.

iv. State Wide Attention on Public Grievances by Application of Technology (SWAGAT)

On the 4th Thursday of every month applicants arrive at the Chief Minister's Office in the morning. Grievances are scrutinized, registered and instantly transmitted online to the concerned authorities at the Secretariat level, District level and Taluka level, whereupon the authorities input their replies by afternoon on the same day. From 3.00 pm on the same day, the Chief Minister personally listens to the applicants one-by-one. The grievances as well as the replies of the concerned authorities are available through the system on a screen. The concerned secretaries are present along with the Chief Minister, for direct interaction with the aggrieved citizen, and district authorities are connected through video-conferencing. After listening to all the aspects of the case from all sides, necessary instructions are given for resolving the grievance. A record is maintained in the SWAGAT database and a separate log is maintained for each case. There is a focus on monitoring the cases to ensure solutions are made according to instructions given by the Chief Minister. Citizens can view the status of their application online, using their allotted password and login at local Government Offices and at any internet access point. Grievances are only eligible if they have already been presented to the appropriate authorities (such as the Sub-District Officer or the District Officer), and have not been resolved at this level. Cases for attention of the Chief Minister are selected as those that are long-standing, acute humanitarian issues, difficult to resolve at other levels of Government and those that have policy implications.

Advantages: i. Common citizens can access the highest authority of the state to resolve the most challenging cases, ii. Citizens have the facility to know the status of their problem from their nearest internet access point, which will be at their own location or at the local Government office, iii. It saves time and cost of public, previously they would have to travel to different offices and wait a long time before their grievances were

settled, iv. SWAGAT has had an even more powerful indirect impact in encouraging state officials to resolve grievances before they reach the SWAGAT stage, v. The system has reduced the response time & cost of settling grievances: a benefit for both Government & citizens. The direct resolution of grievances, SWAGAT has had an even more powerful indirect impact in encouraging state officials to resolve grievances before they reach the SWAGAT stage, given the significant threat that the CM may become personally involved.

v. Gujarat Hospital Management Information System (GHMIS)

The GHMIS project was conceptualized by the Department of Health and Family welfare to ensure the quality health care by IT application in such a manner so as to provide standard clinical and diagnostic tools, hospital management tools and integration of management information at the state level so as to ensure online review and monitoring.

The GHMIS has been envisaged to not only help the administrators to have better monitoring and control of the functioning of hospitals across the state using decision support indicators but also assist the doctors and medical staff to improve health services with readily reference patient data, work flow enabled less-paper process and parameterized alarms and triggers during patient treatment cycle.

Objectives: i. Streamline the operations and improve efficiency in government hospitals, ii. Improve patient care, iii. Effective administration and control, iv. Pro-active monitoring of quality health service indicators, v. Integrated state-level holistic view of the resource utilization

vi. Web Portal of Home Department

It is a completely dynamic (Unicode based) web-portal and website based on Content Management System (CMS) and having online updating facility, user interaction to the various applications and database, search engine enabled features, online complain and user feedback facility. The portal of Home Department – www.home.gujarat.gov.in – covers total 70 individual websites, including that of the Home Department and all its HODs.

The website provides a wide range of relevant information as well of services to the people. It is developed keeping in mind the need of making the work and procedures of the department speedy and transparent. The site also makes all HoDs far more approachable and accessible to the public.

Objectives: i. To bring the government department closer to the citizens, ii. To make the work and procedures of the department speedy and transparent, iii. To make all the HoDs far more approachable and accessible to the citizens, iv. To provide in-depth information about each office, going much beyond the requirements under the Right to Information Act, v. To provide public interface to the applications like whom to contact (contact matrix), online complain, report and find missing/ stolen persons/ vehicle/ things, Track FIR status, find police station, Getting Tenant/Servant Registration, etc.

vii. E -GRAM (Gram Rural Accounting Management) Vishvagram

With the introduction of modern office tools and connectivity at the lowest rural administrative unit in the State i.e. Village Panchayat, e-GRAM project has enabled computerized record keeping of accounts and maintenance of register of various types of taxes at the village level. In addition, by using digitalized databank in Gujarati, VPs issue computerized certificates such as certificates of birth, death, income, caste, domicile, property, residence proof, agriculture, tax collection, family information, etc.

viii. E- Procurement

e-Procurement system has been introduced for all the purchases and procurements in all the Government departments, Nigams and Societies under the administrative control of the State Government and which are funded by Government.

e-Procurement is an online bidding system wherein the physical tendering activity is carried out online using the Internet and associated technologies. Through *www.nprocure.com* portal, any organization can avail of e-procurement services. The portal can handle all the activities from the notice inviting tender to the publishing of the complete tender in the electronic form to corrigendum to filing, encryption for security, and digital signing of online tenders, to multistage evaluation and final conclusions.

7.4.2 Gujarat ISP Services Limited

Gujarat ISP Service Limited is wholly owned subsidiary of Gujarat Informatics Limited (GIL) incorporated on 05 December 2016 with an object to carry on the business of establishing, setting, arranging, undertaking, operating, managing the following services namely, ISP licence procurement to provide connectivity to citizen through Wi-Fi services, technology selection, technology implementation, different types of internet services management, application to provide communication services.

The Authorised and Paid-up Share Capital of the Company stood at ₹ 10.00 lakh at the end of March 2018. The Paid-up Share Capital of the Company is wholly held by Gujarat Informatics Limited.

7.4.3 Special points to be seen during the audit

- (a) To review the various manuals prepared by the Management and approved by the Competent Authority for conducting its business. To examine the cases of any inconsistencies and non-compliances with reference to the manuals.
- (b) To examine the Delegation of Powers approved by the Competent Authority.
- (c) To examine the Management Information System (MIS) Reports and identify the key areas for conducting the audit. To also examine the Exception Reports if any, while auditing in the ERP environment by using Interactive Data Extraction Analysis (IDEA) Software.
- (d) To examine the effectiveness of the Internal Audit System so as to ensure adherence to its policies and mitigation of operational risks.
- (e) To examine the corporate plan (including physical and financial targets) *vis-à-vis* the achievements. Analyse the reasons for deviations if any, for not achieving the targets.
- (f) To examine utilisation of grants/ subsidies received from Central/ State Government or their agencies for implementing IT projects and also examine the unspent grants are credited to the Government Account along with interest applicable.
- (g) To examine rate contracts and agreement with the vendors for supply of hard ware and software items/ accessories.
- (h) To examine whether the service charges are invoiced to clients as per the rates prescribed by the State Government from time to time.
- (i) To examine whether the Administrative charges are recovered from the clients as per the rate fixed by the State Government/ Management.
- (j) To examine whether the Company recovers service tax from their clients and remits the same to the Statutory Authorities as per the Rules.
- (k) To examine the cases of redundancy in software, hardware or IT enabled systems.

7.5 Gujarat State Biotechnology Mission (GSBTM)

GSBTM was established to facilitate and leverage the development of biotechnology in the State. GSBTM is governed by Biotechnology Council of Gujarat. GSBTM is working with the mandate and mission to create awareness, strengthening R&D activities in biotechnology and overall biotechnology promotion by facilitating infrastructure development, establishing national and international linkages developing industry-institute interaction and providing policy support in the state of Gujarat.

GSBTM also provides financial support for activities under which financial support is provided to universities/ colleges/ research/ NGO institutions for organizing seminars/ symposia/ workshops/ conferences/ training programmes, etc. at state, national and international levels in various fields.

Mission Director, GSBTM is the head of the organization, who functions under the administrative control of the Secretary, Science and Technology Department.

Objectives: i. To promote, support and facilitate the overall development of biotechnology in the state, ii. To provide institutional, legal financial and policy support, iii. To facilitate networking among stakeholders at regional, ational and international level, iv. To facilitate the infrastructure development and R & D activities, v. To create scientific awareness, sensitization, socio ethical acceptance and adoption to the potentials and application of biotechnology.

Developing Biotechnology Ecosystem

a. Gujarat Biotechnology Research Centre (GBRC)

Gujarat Biotechnology Research Centre (GBRC) has been established to undertake biotechnology research and related activity in priority areas. The focus of GBRC is not only to undertake conduct cutting-edge research in the frontier areas of biotechnology but also leading to product, prototype and process development with application in healthcare, agriculture, environment, marine etc. GBRC is also acting as a state-of-art shared laboratory facility by extending its infrastructure to other research organization, institutions, industries and students for their research purposes.

b. Savli Technology and Business Incubator (STBI)

STBI has been established with the vision of promoting technology driven start-ups with global level acceptance. STBI work to support and promote technology development and its commercialization, through the incubator which provide the much-needed boost to young entrepreneurs and start-ups.

c. Advanced Bioinformatics Laboratories in twelve leading universities and colleges of Gujarat by Department of Science and Technology (DST)

Gujarat State Biotechnology Mission (GSBTM) has established Advanced Bioinformatics Laboratories in eleven leading universities and colleges of Gujarat for the purpose of promoting and facilitating high end biotechnology research and education in the state. The main objective behind this initiative is to fulfil the requirement of skilled manpower in different sectors of biotechnology.

Audit of the Gujarat State Biotechnology Mission (GSBTM) is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971

7.6 Institute of Seismological Research (ISR)

Institute of Seismological Research has been established as a Society.. Aims and

objectives include assigning optimum seismic factors for building in different regions and long-term assessment of earthquake potential. The ISR is the only institute in India fully dedicated to seismological research.

A network of 52 seismological observatories has been established with state of art digital broadband seismographs. The seismic data from most of these observatories are downloaded at Gandhinagar via VSAT. The seismic activity is monitored round the clock. The details of any regional earthquake are reported within few minutes. In addition to this a network of 54 Strong Motion Accelerographs (SMA) is also established to record strong ground motions.

Main objectives: i. to undertake, promote and encourage various levels of long term original research, education and training in pure and applied seismology. The focus can be on developing earthquake system science to understand origins, properties and consequences of earthquakes. ii. to develop new knowledge based techniques of probabilistic earthquake forecasting, micro and macro zoning of various vulnerable zones. There should be survey of earthquake science in India from ancient times to the presentday. iii. to undertake earthquake monitoring through standardized surface, ocean bottom and satellite observations. The use of modern digital technology in establishment of regional seismic networks including strong motion instruments, data acquisition and dissemination by exchange of catalogues, databases and bulletins from various sources. Iv. to undertake development and deployment of broadband seismometers, GPS surveys, gravimeters, strain gauges, boreholes, ocean-bottom seismometers and remote sensing information from earthquake zones, laboratory apparatus for investigating fault friction and means for simulation of massive streams of observation should be evolved. v. to undertake research in Earthquake Mechanics and Engineering for development of new concepts, new algorithms and numerical simulation of geological structures. The chaotic nature of brittle deformation and detection of various kinds of precursory signals. vi. to use multidisciplinary development in geological, geodetic, archaeological, physical and mathematical sciences, geo-chronological and paleo-seismic studies for understanding a seismic-tectonic framework under plate tectonics theory and non linear dynamics. The approach would be for accurate fault characterization, global and regional forecasting, fault system dynamics, earthquake source physics and ground motion prediction. vii. to undertake application of high performance computational seismology, modeling and interpretations, including use of artificial intelligence tools for visualization of earth processes, delineating hydrocarbon reservoirs and other resources for sustainable development. viii. to study and make recommendations relating to reduction of earthquake losses, use sound disaster mitigation policy and practices. Application in pre-earthquake and post-earthquake scenarios including modeling of socioeconomic impacts can help in seismic hazard studies, site effects and seismic event analysis among other things. There is a need to improve seismic safety and performance in build environment especially in highly vulnerable urban areas. ix. to organize workshops/seminars/conferences in pure and exploration seismology and publish research papers, books, journals, periodicals, newsletters, leaflets devoted to seismology. x. to pursue multi-institutional collaboration and participation in similar programs of advances institutions in related areas. xi. to undertake steps and efforts to communicate earthquake science to engineers and use the knowledge base for creating public awareness by various methods in modern communication and media methodologies in society. xii. to evolve and participate in the development of seismic policies, seismology syllabus in academic institutions, study tours at regional, national and international organizations so as to develop quantitative understanding of limits of earthquake predictability and explain

concerns to public institutions. xii. to develop and establish mechanisms for research, training and collaboration with national and international organizations in related fields. xiii. to award relevant senior/junior fellowships, prizes, trainee-ships, financing of specific research in areas considered relevant to the development of seismology and its awareness in Gujarat. xiv. any other areas, issues, subjects related to seismology, geophysics, geology or related disciplines which the Governing Council of the Institute may decide from time to time.

Audit of the Institute of Seismological Research (ISR) is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971

7.7 Directorate of ICT (Information and Communication Technology) and e-Governance

Directorate of ICT and e-Governance shall monitor and manage the e-Governance applications and various projects in the State. Apart from this, various other critical IT & e-Governance infrastructure shall also be placed in the ambit of the Directorate. This will include various applications and incentive policies.

At present, Gujarat Informatics Limited (GIL), a PSU under the Department of Science and Technology (DST), is acting as the nodal agency of the Government for IT related procurement (hardware and software).

7.8 Gujarat Fibre Grid Network Limited (GFGNL)

7.8.1 Government of Gujarat has set up an SPV namely "Gujarat Fibre Grid Network Limited (GFGNL)" to implement Phase-II of BharatNet Project in Gujarat under the Department of Science and Technology, Government of Gujarat. GFGNL was set up on 30th September, 2016 under Company's Act, 2013.

This SPV has been created to synergize with the efforts of Government of India under the National Optical Fibre Network and Digital India initiative and make focused efforts to actualize a state-to-village fibre grid and to facilitate building common Government owned infrastructure to provide internet facilities to residents of State of Gujarat

The Memorandum of Understanding (MoU) among the four parties namely, USOF, Department of Telecommunications, Government of India, BBNL, The Government of Gujarat and the SIA-Gujarat Fibre Grid Network Limited, has been signed on 27.12.2017.

Gujarat Fibre Grid Network Limited is implementing BharatNet Phase-II project for 7692 Gram Panchayat (including 170 District Centres and Taluka Centres) of the state of Gujarat. The Gram Panchayats (GPs) to be connected under BharatNet Phase-II has been divided into two packages (Package-A and Package-B), each containing a group of GPs for convenience of implementation. GFGNL has selected Project Implementing Agency (PIA) for implementing the entire project on Engineering Procurement and Construction (EPC) basis and Third Party Auditor (TPA) for validating the entire execution done by PIA

Every Gram Panchayat will have 12 dedicated Optical Fibers which will be used for delivering Government and non-Government Data Services to the villages. The infrastructure will create backbone of the National Optical Fibre Network and will allow cellular operators, content distributors, internet service providers, and the Government agencies to deliver their services to the villagers at their doorstep. Every Gram Panchayat will be connected with 100 Mbps bandwidth, which is scalable up to 1 Gbps.

7.8.2 Special points to be seen during the audit

- a) To review the various manuals prepared by the Management and approved by the Competent Authority for conducting its business. To examine the cases of any inconsistencies and non-compliances with reference to the manuals.
- b) To examine the Delegation of Powers approved by the Competent Authority.
- c) To examine the Management Information System (MIS) Reports and identify the key areas for conducting the audit. To also examine the Exception Reports if any, while auditing in the ERP environment by using Interactive Data Extraction Analysis (IDEA) Software.
- d) To examine the effectiveness of the Internal Audit System so as to ensure adherence to its policies and mitigation of operational risks.
- e) To examine the corporate plan (including physical and financial targets) *vis-à-vis* the achievements. Analyse the reasons for deviations if any, for not achieving the targets.
- f) To examine utilisation of grants/ subsidies received from Central/ State Government or their agencies for implementing IT projects and also examine the unspent grants are credited to the Government Account along with interest applicable.
- g) To examine the system of e-tendering.
- h) To examine the advances paid to the contractors is as per the contract conditions in line with Road and Buildings Department, Gujarat.
- i) To examine Measurement books, Running Accounting Bills and Final Bills with reference to the progress made in each project by reviewing the MIS Reports and Quarterly Reports.
- j) To examine whether the Company has taken suitable action for non-completion of the work within the timelines on defaulting contractors.
- k) To examine rate contracts and agreement with the vendors for supply of hard ware and software items/ accessories.
- l) To examine whether the service charges are invoiced to clients as per the rates prescribed by the State Government from time to time.
- m) To examine the cases of redundancy in software, hardware or IT enabled systems.
- n) As the Company is engaged in development of public infrastructure, to check whether work awarded to various contractors has been done in efficient, transparent and economical manner as per the applicable regulations and framed policies of the Company.
- o) To check with Contract Management and Financial Management.
- p) To check whether work order/ Purchase order are in line with the Guidelines applicable.
- q) Levy of Penalty on Project Implementing Agency.
- r) Compliance of the provisions of the Companies Act.

Note: For Expenditure Audit under Section 13 of Comptroller & Auditor General's DPC Act, 1971, General Principles enumerated in MSO (Audit) should be kept in mind.

For Audit of Autonomous Bodies/ PSUs/ Companies/ Corporations, General Principles enumerated in MSO (Audit) should be kept in mind.

Besides, following Annexure may also be referred to:

1. Annexure 1: Audit of Autonomous Bodies
2. Annexure 2: Audit of Government Companies and Corporations
3. Annexure 3: Audit of Expenditure/ Establishment Audit
4. Annexure 4: Audit of Grants or Loans given to Authorities/ Bodies for Specific Purpose

CHAPTER VIII

Department of Climate Change

8.1 Government of Gujarat has established a Department for Climate Change in September 2009. The department deals with preparation of a comprehensive policy, co-ordinate with all departments and promote green technology. Preparing for climate change includes a study of predicated changes along Gujarat's 1600 Kilometres coastline when sea-levels rise.

The Government of Gujarat has prepared State Action Plan on Climate Change (SAPCC) in line with national action plan in year 2014. The climate change department acts as nodal department for climate change among the departments of state government. The SAPCC has set various goal/ objective for various departments:

The action plan emphasizes to promote private investment in renewable energy sector, Energy Audits of power plants, renovation and modernization of low performance power plants and promote use of green technologies in power sector. For this, Installation of Solar Photovoltaic Power Pack for Anganwadis, Primary Health Centre (PHC), Gram Panchayats, installation of solar pumps for small farmers, creation of 5 MW solar Photovoltaic Rooftop Programme under Gandhinagar-solar city, study the carbon footprints based on lifestyle patterns in Gujarat, replacing conventional light with LED lamps in APMCS and demonstration of solar light in APMCs, installation of solar power plants in the premises of Gujarat Narmada Valley Fertilizer Limited (GNFC), energy efficiency in commercial and residential buildings of Gujarat International Finance Technical (GIFT) City. The SAPCC also emphasises on Climate change impact on cities, efficient conservation of rain water, through rain water harvesting systems for large scale housing and infrastructure projects

Climate Change Department is headed by the Secretary and assisted by the Deputy Secretary and Under Secretary.

Objectives: i. Creating core competencies in the Government and facilitates capacity building of various Government Departments to integrate Climate Change perspectives in their planning, ii. Generating strategic knowledge for informed decision making for sustainable and climate resilient future for the people of Gujarat, iii. Enabling a low carbon pathway for Gujarat's economic growth that would meet people's aspirations with equity and inclusiveness, iv. Mitigation of Green House Gases emissions, iv. Empowering communities for participatory and decentralized action on Climate Change, v. Creating public awareness, education and capacity building on Climate Change

Mandates

i. To co-ordinate with various departments such as Energy and Petrochemicals Department, Forests and Environment Department, Industries and Mines Department, etc. and provide advice and guidance to them in the context of Climate Change and prepare a holistic Climate Change policy for the Government of Gujarat with the support of these departments.

ii. To co-ordinate with the Government of India, National Clean Development Mechanism (CDM) Authority, United Nations Framework Convention on Climate Change and other national and international agencies on the issues related to Climate Change.

- iii. To work on issues related to promulgated policies for non-conventional alternative sources of energy like solar energy and wind energy along with necessary research and developmental work and publicity to encourage the use of such sources.
- iv. To study the impacts of Climate Change in terms of the rising of the sea level, agricultural productivity, problems of coastal population and coastal infrastructural facilities and assets and to impart guidance on its mitigation.
- v. To act as nodal department for the purpose of maximum utilization of Green Technology and to create new employment opportunities so as to convert green technology into a new vehicle to boost economy.
- vi. To promote dealing with policy issues related to Green technology and Clean technology to generate revolving fund for the purpose and to administer the same.
- vii. To promote availing of benefits of CDM by earning CERs (Certified Emission Reduction/carbon credit) through public and private sectors.
- viii. To suggest measures to promote wide acceptance of CNG or other alternative fuel resources for transportation so as to control air pollution.
- ix. To make suggestions and provide guidance on disposal of solid waste, sewage waste and medical waste in the context of Climate Change.
- x. To evolve new strategies for environmental conservation with regard to air, water and land.
- xi. To suggest measures to ward off expansion of desert and to increase forest cover.
- xii. To provide guidance on developing various courses and curricula for educational purpose in the context of Climate Change and encourage Research and Development on Climate Change in the universities, organize training for professors and planning thereof.
- xiii. To establish new "Gujarat Institute of Research and Climate Change (GIRCC)" affiliated with Pandit Deendayal Petroleum University and other ancillary work related thereto.
- xiv. To develop new technology and suggest measures for mitigation of Green House Gases (Carbon dioxide and Methane etc.) in the atmosphere.
- xv. To keep the city and rural areas clean, to associate Sakhi-Mandal with activities such as awareness development among people, to remove filth and create hygienic environment.
- xvi. To produce biogas from cow dung, agriculture and biological waste as an alternative source of energy and adopt a new international technology for the purpose.

Implementing Agency

8.2 Gujarat Energy Development Agency (GEDA)

Gujarat Energy Development Agency (GEDA) was set up under Govt of Gujarat, Industries, Mines and Power Department GR dated 7.06.1979. The GEDA is registered under the Societies Registration Act 1860.

GEDA aims to provide a platform to utilization of sustainable energy (renewable energy and energy efficient) technologies on mass scale to make them techno-economically and socio-culturally viable in the context of Gujarat's energy scenario.

GEDA has been instrumental in introducing various new technologies for mass use through design of several innovative programmes, involvement of reputed NGO network, implementation strategies and promotional initiatives. GEDA's programmes have provided basic energy to the remote tribal and rural areas. They have contributed to rural development, generated grassroots employment, boosted agricultural productivity, improved the productivity of rural artisans, alleviated the drudgery of women, conserved scarce fossil fuels, promoted energy efficiency in domestic, agricultural, industrial, commercial and transport sectors and played a significant role in protecting the environment and reducing carbon emission levels.

As per Article 25 of the Memorandum of Association, the accounts of the Agency shall be audited by a Chartered Accountant to be appointed by the Governing body subject to second audit to be undertaken by the Accountant General, Gujarat state at his discretion.

The Administration and Management of the Agency is inducted by the Governing Body comprising of six members including Chairman and Directors who are appointed by the State Government. The members of the Governing Body are also trustee of the institute for the purpose of the Public Trust Act.

Objectives:

- i. Sponsor, co-ordinate and promote research programmes or projects for prototype (demonstration projects) and pilot investigations in the area of new and renewable sources of energy.
- ii. Provide technical and financial assistance for formulation of programmes, designs and projects meant for extension of renewable energy development in the state.
- iii. Undertake, on its own or in collaboration with other agencies, programmes of research and development, applications and extension as related to various new and renewable energy sources.
- iv. Undertake or sponsor, techno-economic/socio-economic feasibility studies/cost-benefit analysis.
- v. Formulate and implement a broad-based programme for conservation of energy at all stages, including extraction, conversion, distribution and consumption in all sectors of the economy.
- vi. Study the environmental effects of all energy-related processes.
- vii. Establish an Energy Resources Centre that will collect and collate energy and inter-related information.
- viii. Develop and support Documentation Services in area of energy in general and renewable energy in particular.
- ix. Develop Communication and Education projects for wide spread dissemination of energy and environmental issues.

Audit of the Gujarat Energy Development Authority (GEDA) is conducted under Section 14 of Comptroller & Auditor General's DPC Act, 1971.

Note: For Expenditure Audit under Section 13 of Comptroller & Auditor General's DPC Act, 1971, General Principles enumerated in MSO (Audit) should be kept in mind.

For Audit of Autonomous Bodies/ PSUs/ Companies/ Corporations, General Principles enumerated in MSO (Audit) should be kept in mind.

Besides, following Annexure may also be referred to:

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CHAPTER IX

Information and Broadcasting Department

9.1 The Department is headed by Secretary, Information and Broadcasting Department.

Office of the Director of Information functions under the administrative control of Information and Broadcasting Department. He is assisted by Additional Director.

There are four Joint Directors at Ahmedabad, Rajkot, Vadodara, Surat. There are offices of Dy. Directors/ Assistant Directors at district level.

Functions: i. Communicating pro-people welfare schemes of the State Government to all the sections of the society and acquainting the beneficiaries about it, ii. Acting as a communication bridge between the Government and people, iii. With an array of high-tech cameras and skilled operator, the department captures all important happenings and events in the State and furnishes news content to 'Doordarshan', iv. Department also uses traditional media like 'Bhavai, folk-dances, 'puppet shows, plays etc. to disseminate knowledge and information in the rural areas. For instance, to acquaint the villagers with electronic voting machine.

Main objectives: i. To communicate and endorse the State Government's work and achievements, ii. To act as a bridge between the common man and the government, iii. To act as a feedback system for the government, iv. To provide an accurate and true account of situations in times of emergencies, v. To maintain a database system for future reference and records.

Mission and Vision: The Department of Information strives to be the ultimate resource for the government to reach out to the common man through public awareness about the welfare schemes and programs of the state government.

To constantly innovate, nurture media relations and incorporate newer means of communication in order to ensure a healthy exchange of information between the government and common public.

9.2 Gujarat Press Academy, Gandhinagar

Gujarat Press Academy, Gandhinagar has been established in 1998. It is headed by Additional Director.

Mission: To promote development in the field of journalism, establishment of healthy values in the field of journalism

Main functions: To organise trainings, workshops, etc. for journalists

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CHAPTER X

Legislative and Parliamentary Affairs Department

10.1 The legislative and parliamentary affairs Department came into existence as an independent Department of the Secretariat of State of Gujarat on the 1st November, 1993. It has been entrusted with the combined functions of Legislation and Parliamentary Affairs. These functions were previously performed by the Legal Department.

The Department is headed by Additional Chief Secretary and assisted by Secretary (Legislation) and Secretary (Parliamentary Affairs). The Secretary (Legislation) is assisted by Joint Secretary, Deputy Secretary, various under secretaries and assistant draftsman. The Secretary (Parliamentary Affairs) is also assisted by Joint Secretary, Deputy Secretary and under secretary. The department has no field offices.

Objectives and functions:

The department is divided in two part (i) Legislation and (ii) Parliamentary Affairs. The Legislative department is working with vision for achievement of excellence in legislative matters by ensuring consistency, uniformity, clarity and precision in drafting of government bills, ordinance and subordinate legislation.

The Parliamentary Affairs department is effectively handling diverse and important Parliamentary work. It is serving as an important link between the Assembly Secretariat and the Government in respect of Government business to be taken up in the House on part of Government. The department is also co-ordinating the Government decisions in Assembly matters.

The function of department could be divided in two parts (i) Legislation function and (ii) function related to Parliamentary affairs. The following functions have been allotted to department.

10.1.1 Legislative function: i. Drafting of all principal legislations for the State Government viz, Bills to be introduced in Legislative Assembly, Ordinances to be promulgated by the Governor, on the subjects falling under State List and Concurrent List of the Constitution of India, including technical and procedural aspects thereof, ii. Legal scrutiny and drafting of Subordinate Legislation in the form of statutory rules (including Recruitment Rules), Regulations, Bye-laws, Notifications, Orders; etc., ii. Updating the Laws in force in the State, iv. Research work relating to Legislation, revision of Acts and compilation of the Legislations, v. Reprinting of Acts, vi. Translation from English to Gujarati of Official and Nonofficial Bills and Acts of the State and Ordinances amendments in the laws, Statutory Rules (including Recruitment Rules), Regulations, Bye-laws, Notifications, Orders, Corrigendum.

10.1.2 Functions related to Parliamentary Affairs: i. Summoning and prorogue them of the House of Legislative Assembly; Dissolution of Legislature, ii. Preparation of programme for the sessions of the house of State Legislature; set the dates for Presentation of Budget, Supplementary Budget and discussion thereof, iii. Plan win and co-ordinating legislative and other official business in the Legislative Assembly, iv. Render assistance to various departments to decide Government stand on private members' Bills, Motions and Resolutions, v. Give advice to other departments on Assembly procedure and other parliamentary matters, vi. Constitution of the informal Consultative Committees of MLAs for different departments, vii. Administrative and other work of Government Whips' Offices, viii. Liaison with leaders and whips of different parties, ix. Assist Government during Assembly session on issues like Point of

order, Adjournment motion, Legislative business, Financial business, Questions of Privilege etc. on the basis of Rules of the Procedure of the Legislature, Speakers' Rulings, Parliamentary Practice and Procedure and Constitution of India, etc. x. Legal scrutiny and examination of vires of private members' Bills, xi. Pursue other departments for prompt and proper implementation of assurances given by ministers in the State Legislature, xii. Deal with the Acts relating to Salaries and Allowances of Officers of Assembly and that of Leader of the Opposition; Salary, Allowances and Removal of Disqualifications for membership of the Legislature of the State, xiii. Research work relating to Parliamentary Affairs work, xiv. All other matters connected with Parliamentary affairs

10.1.3 Laws administered by the Department

- i. The Gujarat Legislative Assembly Members (Removal of Disqualifications) Act, 1960.
- ii. The Gujarat Legislative Assembly Members' Salaries and Allowances Act, 1960.
- iii. Gujarat Legislative Assembly (Speaker and Deputy Speaker) Salaries and Allowances Act, 1960.
- iv. The Gujarat Legislative Assembly Proceedings (Protection of Publication) Act, 1961.
- v. The Gujarat Legislative Assembly (Leader of the Opposition) Salary and Allowances Act, 1979.

10.2 Law Commission

The State Government, after having careful consideration, created a Gujarat State Law Commission. Having regard to pending work, every year, the tenure of State Law Commission is extended by one year.

Function and Objectives: i. To make suggestions after examining the relevancy of the laws so that it (the laws) become effective tool to achieve the changed social, economic objects. Moreover, to make suggestions to amalgamate different laws so as to make them as per the desires and expectations of the people, ii. To make laws in consonance with the directive principles of the state policy and make amendments in them to make them relevant. If need arises, then make suggestions to frame new laws, iii. To make suggestions after examining whether the provisions may be incorporated in laws to what extent regarding fixing responsibility of the person/officer who is implementing the laws fails to enforce thereof, iv. To make remedies and suggestions for removing anomalies which are inherent in Procedural Laws after making further scrutiny and the proceedings may be shortened, v. To make remedies and suggestions for removing legal anomalies and ambiguities came to notice vide High court and Supreme Court judgements, vi. To make remedies and suggestions for examining probabilities of either repealing or amending the existing laws which are not meeting its objects and which has outlived its utility in its form in statute volumes and in the way it is implemented, vii. To make suggestions for examining the probability of scrutinizing existing different laws relating to one subject and amalgamating such laws into only one law, viii. To make consideration by taking into account the suggestions regarding revision/amendments in laws made by experts of different departments of the State Government with a view to ensure compilation of laws, ix. To suggest necessary remedies (criteria) to ensure that immediate remedies may be initiated against the hardships being faced by citizens in the legal field, x. To review and examine the laws affecting the downtrodden, xi. To consider on any other matters which are delegated by the Government regarding the laws and to communicate its opinion to the Government.

10.3 Gujarat Vidhan Sabha (GVS) Secretariat

After independence, the Secretariat was known as the Bombay Legislature Department and was working under the administrative control of the Legal Department of the State of Bombay. At a conference of the Chief Minister, Home Minister, Chairman and the Speaker held at the Council Hall, Bombay on 26th March 1952, it was proposed that as Article 187 of the Constitution contemplates an independent Secretariat for State Legislature.

The above proposal was agreed to under the Government Resolution, Legal Department No.9284/B, dated the 23 March 1959, Bombay Legislature Department was named as "Bombay Legislature Secretariat", and with the creation of a separate State called Gujarat in 1960, this Secretariat was named as "Gujarat Legislature Secretariat".

Functions of the Secretariat

1. Legislation Branch deals with legislative matters such as Summoning the House, Calendar of the House, Order of the day, Governor's Address, Motion of thanks and amendments thereon, Government and private member bills and amendments thereon, Business Advisory Committee, Committee on papers laid on the table of the House, Statutory motions, all Presiding Officers and Secretaries Conference, constitution of the committees of the House except financial committees.

2. Table Branch deals with various types of Motions, Resolutions and Financial Business of House such as Budget, cut motions, motions expressing want of confidence in the Ministry, motion for adjournment of the House, notices of raising discussion for short duration, calling attention notices, private member's resolutions, last day motion, brief report of the working of the House.

3. Question Branch deals with deals with Parliamentary Questions such as the work regarding starred, un-starred and short notice questions and half-an-hour discussion.

This branch also deals with the Committee on socially and educationally backward classes and nomadic and de-notified tribes (Committee-4) which lays its report before the house after investigating the matters regarding the adequate representation on the socially and educationally backward classes and nomadic and de-notified tribes in the State Government and in the Government undertakings, statutory and Semi Government organisations responsible to the State Government

4. Estimates Committees Branch deals with the work of Committee on Estimates, Elections of Members of Rajya Sabha, Election of President, Representatives of Legislative Assembly on Court/ Senate of different Universities and other institutions, resignation of members from the membership of the House, election of members on the Finance committees.

5. Public Accounts Committees Branch deals with the work of the Public Accounts Committee which considers the Appropriation Accounts, Financial Accounts and the Reports of the Comptroller and Auditor General of India thereon and submits its Report before the house.

6. Public Undertakings Committee Branch deals with the work of the Public Undertakings Committee which submits its report after examining the representatives of the Government and Board and Corporation concerning audit paras of the Audit Report of the Comptroller and Auditor General of India on Board and Corporation of the State Government and also examines whether the functioning of the different Boards and

Corporation is healthy and according to norms of commerce or not with reference to their autonomy and capacity of work.

7. Panchayati Raj Committee Branch deals with the work of the Panchayati Raj Committee which submits its Report before the House after Examining the Audit Report of the District and Taluka Panchayat Accounts by the Examiner of Local Fund.

8. Assurances Committee Branch deals with the work relating to the Assurances Committee which submits its report before the House on the assurances, promises and undertakings given by the ministers from time to time on the floor of the House and the extent to which such assurances, promises and undertakings have been implemented and whether there has been any inordinate delay in such implementation by the departments of the Government.

9. Committee on Welfare of Scheduled Casts Branch deals with actions which the Government should have taken on the report of the Commissioner of the Scheduled Castes and Scheduled Tribes and the report on measures taken by the Government on giving adequate representation to the Scheduled Castes people in the Government Undertakings and statutory and Semi Government organizations, responsible to the Government. This Branch also issues Bulletin Part 2 and 3.

10. Committee on Welfare of Scheduled Tribes deals with the committee which prepares report after investigating the measures which should have been taken by the Government on the report of the Commissioner of the Scheduled Castes and Scheduled Tribes and the measures taken by the Government to give adequate representation to the Scheduled Tribes people in the Government Undertakings and statutory and Semi Government organizations which are responsible to the Government. It also deals with the Petitions committee.

11. Legislation Branch- 2 deals with the cases of Breach of propriety, Breach of Privileges, Committee on Privileges, Preparation of list of members of Legislative Assembly, their names, addresses and constituencies (including the names of Members of Parliament representing Gujarat) and the cases of disqualifying a member for defection.

12. Legislation Branch– 3 deals with the Committee on Subordinate Legislation.

13. Reporting Branch deals with taking dictation of verbatim proceedings of the sittings of the House and the Committees of the House and keeping its records. It also deals with the compilation of un-parliamentary words and expressions and also preparation and publication of books on debates of the House.

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Annexure 1

Audit of Autonomous Bodies

1. Audit of autonomous bodies should be conducted by local audit parties with reference to the "Manual of Instruction for audit of autonomous bodies" issued by the Comptroller and Auditor General of India. This manual apart from incorporating guidelines for conduct of audit for certification of accounts of autonomous bodies and review of their performance presents together various instructions issued from time to time for the conduct of audit under Sections 14, 15, 19 and 20 of the C&AG's (Duties, Powers and Conditions of Service) Act, 1971 and is supplemental to those contained in the C&AG's Manual of Standing Orders (Audit).The instructions in the manual are not exhaustive and have to be supplemented in the field with reference to the nature of the organisations and transactions of different autonomous bodies.

The audit and certification of Autonomous Bodies is taken up under the provisions of Section 19 and 20 of the Comptroller and Auditor General's (Duties Powers and Conditions of Service) Act 1971.

2. Time frame: The audit and certification is done as per the instructions contained in the Manual of Instructions for Audit of Autonomous Bodies issued by the Comptroller and Auditor General of India and as per circular instructions issued from time to time from his office.

Comptroller and Auditor General has fixed the following timeframe (Vide Hqrs Circular letterNo.173-Rep (AB)/ 27-84(I) dated10-9-1999) for the processing of Separate Audit Reports (SAR):

- i. Availability of accounts: By30th June
- ii. Completion of audit: By 31st August
- iii. Draft SAR to Chief Executive for reply: By15th September (Only two weeks time for receipt of replies from the autonomous body i.e. upto 30th September).
- iv. Draft SAR to C&AG whether reply of autonomous body is received or not: By7th October (If reply received, with aide-memoir)
- v. Approved SAR will be sent by Hqrs. within two weeks from the receipt from field office: By 21st October
- vi. Final SAR in English version with Audit Certificate to be issued to the Autonomous body: By 31st October
- vii. Hindi version of final SAR where this is done by PAG/ PDA themselves: By15th November
- viii. Copy of SAR with Audit Certificate as issued to the Autonomous Body should be endorsed to Hqrs. simultaneously: By31stOctober

3. Checking of accounts received: On receipt of the accounts it should be examined in detail to ensure that the following documents are received. Five sets of annual accounts should be submitted by the organization:

- i. Balance sheet-duly authenticated
- ii. Income and expenditure account duly authenticated
- iii. Receipt and Payment account duly authenticated
- iv. Schedules supporting the figures in Balance Sheet

v. Significant Accounting policies

vi. Notes on Accounts

vii. Minutes of the Meeting of the Authority/ Body approving the annual accounts

viii. The accounts should not bear the seal and signature of the Chartered Accountant who prepared the accounts.

ix. If omissions are noticed in this regard, the wanting documents should be called for immediately. The date on which the wanting documents are received is deemed to be the date of receipt of accounts.

4. Arrangement of audit: Immediately on receipt of annual accounts of a body, suitable party/parties should be identified for the audit of annual accounts and audit of transactions. In the case of small bodies audit of both annual accounts and transaction can be entrusted to one and the same party. But in the case of large bodies, it is advisable to deploy two parties one for the audit of annual accounts and the other for the audit of transactions.

The Parties and supervising officer should be directed to report to AMG II for briefing regarding the nature of audit, previous audit report and inspection report, major points that may come across during audit. The accounts should be handed over to the Party. The above directions should be conveyed in the form of a Note.

5. Audit and certification: The audit and certification of the accounts of the AB should be done as per directions contained in the Manual of Instructions for the Audit of Autonomous Bodies with reference to the Acts and Rules of the Body concerned. General principles of commercial accounting will apply to the Bodies and the accounts viz. Balance Sheet, Income and Expenditure Account and Receipts and Payments Accounts should be subjected to thorough scrutiny and comments included in the SAR.

6. Audit procedure:

A. On commencing audit, as the first step, the adequacy of various accounting systems and procedures, whether set out in the form of a manual or otherwise, should be examined and the extent of check of individual transactions should be determined based on the results of such examination. This is all the more necessary since generally only a small percentage of the transactions are checked in audit and Audit cannot escape responsibility if significant deficiencies in the accounting systems and procedures lead to misuse or abuse of public monies. Though Audit cannot ensure against defalcation and frauds, the possibility of their occurrence should be duly kept in mind while preparing for and conducting audit.

B. Sanction constituting local bodies ordinarily prescribe what classes of expenditure are to be admitted against them and who will be the controlling authority. The Accountant General should see that the prescribed rules are followed in regard to receipts and expenditure and he should, for this purpose obtain sufficient information in respect of all items of the account in each case, either in the form of vouchers or in some other form as may be considered necessary.

C. It is necessary to examine whether appropriate and adequate systems and procedures are in place for:

- i. Proper account of receipts, expenditure and assets;
- ii. Monitoring of unrealized revenues and un-discharged liabilities;
- iii. General control over expenditure;

- iv. Sanctions to expenditure, remission of revenues and transfer/ disposal of assets;
- v. Safe custody of cash, stores and other assets; and
- vi. Purchases and conclusion of contracts

D. It should then be examined whether:

- i. The institutions have proper organizational arrangements for the discharge of accounting functions;
- ii. Responsibilities for the performance of all duties in relation to the accounting functions are clearly defined and specifically assigned to appropriately qualified staff; and
- iii. The accounting system provides for:
 - a. Efficient and economical management of the operations of the body and the resources entrusted to it;
 - b. Proper monitoring of the activities by Government which has a substantial stake in it; and
- iv. A meaningful evaluation of its achievements and shortcomings by external agencies, including Audit

E. The audit of the accounts of non-commercial autonomous bodies entrusted to the Comptroller and Auditor General under the relevant Acts setting up these bodies should be conducted in accordance with the general principles and rules prescribed by him to regulate the audit of Government accounts, unless otherwise provided. The broad aim of Audit should be to ascertain how well these bodies are discharging their financial responsibilities and how far the funds placed at their disposal is utilized in fulfillment of the objects envisaged by Government. In this context it should be examined whether:

- i. The objectives of the organization have been clearly defined and are in conformity with the Government's policies and decisions;
- ii. Policies and programmes have been formulated in accordance with these objectives and are being implemented based on specific and well defined procedures;
- iii. Systems exist for the collection of and collation of reliable progress reports on the implementation of policies and programmes;
- iv. Progress is reported periodically to the Governing Body of the organization of Government and such reports are adequate, timely and accurate; and
- v. Internal control mechanisms are adequate and effective.

(Auth: Paras 2.6.22 to 2.6.26 of M.S.O. (Audit) Second Edition-2002.)

F. The following aspects may be specifically kept in view during the preparation of draft Separate Audit Reports and the certification of annual accounts of the State Autonomous Bodies.

- i. Accounting Policies: Organizations may be advised to append to annual accounts 'Significant Accounting Policies' and 'Notes to Accounts'. The former indicates items, if any, accounted for on cash basis, fixed assets and inventory valuation, etc. while the latter indicates non-applicability of Income Tax on the surplus of the organization, exemption from statutory enactments, treatment of contingent liabilities, etc. Such disclosures by the autonomous bodies will introduce transparency in accounts and any shortcoming in these aspects may be commented in the SAR.

ii. Transactions under Plan and Non-Plan: Transactions need to be examined to ensure that there is no mixing up of 'Plan' and 'Non-Plan' in any inflow or outflow and if there be, suitable comments should be made in SAR. If 'plan' and 'non-plan' are not separately depicted in the accounts, a separate schedule for the bifurcation for revenue and capital and 'plan' and 'non-plan' items may be insisted upon. If the organization is not able to exhibit such important data distinctly under major activities/heads, it should be commented upon in the SAR.

iii. Minus balances: Minus balances shown in the accounts require careful probe in audit. They sometimes foretell serious irregularities. Reasons for each minus balance should be examined and commented upon.

iv. Suspense heads: The extent of amount in suspense heads and their relevance to the accuracy in accounts inasmuch as Suspense Accounts dilute the accuracy they may be examined and commented in SARs.

v. Fund Accounts: If fund accounts for different purposes are found in the autonomous body, then the relevant transactions of each fund being accounted for in the respective fund should be checked in audit. Mixing up of funds should be commented upon in the SAR and audit of each fund account should be done specifically to assess the accuracy of each fund account.

vi. Depreciation and Capital assets: Even though in autonomous bodies there is no concept of "profit", it is the duty of audit while certifying the accounts, which includes the balance sheet, to mention the status of the assets in the context of depreciation due to usage, obsolescence, etc. Depreciation is not necessarily a charge on profits. They can be provided for either actually out of surplus generated by the autonomous bodies, as in the case of revenue earning Port Trusts, or be deducted from the value of assets of non-revenue earning organizations so as to provide a true and fair view of the assets of the autonomous bodies. Continued exhibition of assets at book value despite obsolescence, reduced value with corresponding capital entry gives a totally wrong picture about the assets of the organization. It is, therefore, essential and desirable that in supersession of instructions issued in 1982, in all such cases where the accounts indicate value on original cost, suitable comments should be made in the SAR wherever applicable on the following lines:

a. "The asset accounts depict book value of acquisition and do not exclude obsolescent, unusable, irreparable and condemned assets and also do not take into account depreciation with corresponding reduction of capital account. Therefore, the capital and asset accounts are overstated accordingly thereby not giving the correct picture".

b. If, however, the organization indicates in the "Notes to Accounts" that the depreciation for the assets has not been provided for and quantifies the amount no comment need be made by Audit on this point. It may, however, be ensured that the condition of the assets vis-à-vis the valuation is verified. A specific certificate from the organizations should be obtained that they are not holding any obsolete or unusable assets which should be cross checked with reference to corroborating records during the audit and comments included where necessary.

vii. Accounting of transactions on accrual/ cash basis and exhibition in Balance Sheet: The system of accounting is required to be on accrual basis so that Income and Expenditure Account and Balance Sheet make a meaningful depiction of the true and fair view of financial position of the organization. If any deviation is made from this basic principle, unless it is properly spelt out in the 'Accounting Policies' or 'Notes to

Accounts', SAR should always have clear comment of this aspect in respect of all such items. The Autonomous Bodies should be advised to adhere to accrual principle for all transactions with only rare justified exceptions clearly revealed.

viii. Cross checking of accounts with schedules: It has to be ensured in audit that all the schedules referred to in the accounts are correctly drawn up and figures shown therein tally with the accounts figures, as the schedules form part of the accounts certified by Audit.

ix. Bank reconciliation: As also required in Headquarters' Circular No.52 Rep (AB)/20-86 dated 25.2.1993, it has to be ensured that comments about arrears in bank reconciliation highlighting possibilities of misappropriation and frauds and the risks involved due to non-reconciliation/ delays in reconciliation and the procedural deficiencies and lapses are highlighted in the SARs. Wherever warranted, SAR should contain a clear comment that the bank/ cash balances as revealed in the books of account could not be verified in Audit due to such non-reconciliation.

x. Revision of Accounts: In all cases where accounts are revised at the instance of audit, suitable comments about the impact of such revision may be made in the SARs as required in this office circular dated 16.1.1998 provided the substantial revision was effected due to our audit scrutiny.

xi. Register of Assets: These should be carefully checked in the context of earlier comments on this subject and certification on physical verification of assets insisted upon so that non-availability of such certificates is commented upon in SAR.

xii. Concise and brief comments: As the SARs are required to contain only "Comments on Accounts", it should be ensured that the comments to be included in the SARs are concise and brief with a clear statement about impact on accounts of each comment as a result of deficient procedure/ accounting followed. The SAR should convey only final comment and should not read like as an Inspection Report or draft para. The SAR should always say the result and under/over statement of head concerned and impact on surplus/ deficit/ assets/ liabilities in exact amounts.

xiii. Unspent Grants: It is necessary that the organizations draw a distinction between annual maintenance/ revenue grants and grants for specific/capital purposes. The unspent grants refundable/ repayable to Government/ other agencies, as may be required under the conditions stipulated in the grants are in fact distinctly shown as "returnable" in the liability side of the Balance Sheet of the autonomous bodies. Non-depiction of such unspent balances in the Balance Sheet should be commented in the SAR.

xiv. Realization of income due to the organization: It is necessary that income realized by an organization is accounted for as income in the Receipt and Payment Account/ Income and Expenditure Account and is not allowed to be kept in a separate fund/account.

xv. Completeness in Accounts: It should be ensured in audit that the accounts to be certified are complete in every respect and in cases where the accounts are voluminous, the organizations should be asked to suitably consolidate and index the annual accounts so that possibility of any accounts remaining out of the purview of audit is avoided. In order to ensure completeness and meaningful exhibition, all the three accounts, namely 'Receipts & Payment Account' 'Income and Expenditure Account' and 'Balance Sheet' with supporting schedules, 'Significant Accounting Policies' and 'Notes to Accounts' should come as a set to the audit to enable the auditor to check and certify these accounts. Incidentally figures should be reduced to a maximum of 5 digits for easy comprehension.

xvi. One of the main shortfalls in ensuring utilization of grants/ loans for such purposes for which the grants/ loans are given to Autonomous Bodies is non-production of such certificates to the Ministry/ Department/ Government. While on one hand the accounts are purported to have accommodated such expenditure on revenue and capital heads and are certified by Audit, on the other hand Audit also list out that such certificates are yet to be received. This is like absence of physical verification certificate for assets exhibited in Accounts certified. Therefore, in future a distinct comment should be made in SARs that the assets/ expenditure as exhibited in the current and previous year(s) accounts are not supported by utilization certificates for the specific amounts for which certificates are yet to be furnished to the Government.

(Auth: Hqrs. Ir. No.111-Rep (AB)/49-99 dated 31-5-99)

xvii. Serious shortcomings in the internal control system must also find a place in the SAR. A brief note on the evaluation of internal controls of the Autonomous Bodies shall be invariably sent along with the draft SAR to Headquarters.

(Authority: Para 4 of Hqrs. Ir. No.77-Rep (AB)/63-2004 dated 5.4.2004)

7. Internal Control System of Autonomous bodies

Internal Control is a management tool used to provide reasonable assurance that management's objectives viz. Reliability of financial reporting, Effectiveness and Efficiency of operations, Compliance with applicable laws and regulations, etc. are being achieved. While conducting the audit, the auditor should appraise the internal control in force before he plans out the detailed audit programme. C&AG has desired that as a part of our audit of Autonomous Bodies we are required to make an assessment of the effectiveness of the internal control arrangements in the Autonomous Bodies. Though the responsibility for the adequacy and effectiveness of the internal control structure rests with management of respective Autonomous Bodies, the responsibility of reviewing the internal control system including internal audit lies on us as we are the sole auditors. Appraisal of internal controls enables the auditor to restrict his detailed examination in areas where internal control is satisfactory and extends it in areas where internal control is weak. With weak internal controls and limited audit coverage many things could go wrong.

Evaluation of internal control can be made in a number of ways but the most effective and common method is through internal control questionnaire. In general the controls are as can be:

- i. Policies and procedures
- ii. Scope and independence of internal audit
- iii. Receipt and disbursement of cash
- iv. Mixing of funds (Plan/ Non-plan)
- v. Purchase/ custody of investments/ securities
- vi. Accounting and receipt of interest on investments/ securities
- vii. Fixed assets/ vulnerable assets
- viii. Disbursements/ payables
- ix. Payrolls/ Loans and advances to the individuals
- x. Bank balances/Bank reconciliation

xi. Manpower analysis

For the purpose of evaluation of internal control a standard form of questions may not be suitable to all Autonomous Bodies. Individual variations may have to be made to suit specific circumstances and activity of Autonomous Bodies.

(Auth: No.77-Rep (AB)/63-2004 dated: 5-4-2004 of Hqrs. Office)

8. Format of Separate Audit Report

Comments to be included need not be comparative statements but should be concise and brief with a clear statement about impact on accounts of each comment as a result of deficient procedure/ accounting practice followed. Comments should be pointed and indicate in exact amounts the resultant under/ overstatement of head concerned and the impact on income/expenditure/excess of income/ expenditure/ income as well as on assets/ liabilities.

Audit comments on accounts can be included as sub-paras at one place under this para depending upon defects noticed and the sub-paras may be arranged suitably one after another in the order of Form of Annual Accounts being certified.

Introduction

1. Comments on Accounts

2. Balance Sheet

2.1 Liabilities: Deficiencies noticed against various head may be commented in short sub-paras.

2.2 Assets: Deficiencies noticed against various heads may be commented in short sub-paras.

3. Income and Expenditure Account

3.1 Expenditure: Deficiencies noticed against various head may be commented in short sub-paras.

3.2 Income: Deficiencies noticed against various heads may be commented in short sub-paras.

3.3 Excess of Income/ Expenditure over Expenditure/ Income

4. Receipt and Payment

4.1 Receipts

4.2 Payments

5. General

6. Accounting Policies and Notes to Accounts: Brief comments about deficiencies noticed in accounting policies, notes on accounts, suitable disclosures not given on matters concerning accounts may be included.

7. Effect of Audit Comments on Accounts: The net impact of the comments given in preceding paras is that assets as on -----were understated/ overstated by Rs. ----- lakh, liabilities understated/ overstated by Rs. -----lakh, and Excess Income/ Expenditure over Expenditure/ Income for the year was understated/ overstated by Rs. -----lakh.

8. Lack of response (if replies to draft SAR are not received within the stipulated period).

(Auth: No.40-Rep (AB)/91-2003 dt: 25.2.2004 of Hqrs. Office)

9. The Party and Supervising Officer should report at AMG II after completion of audit to discuss the draft Audit Report. AMG II should see the following:

- i. Whether the report has been drafted as per Style Guide issued by the CAG
- ii. All points relating to accounts have been commented in the Draft SAR
- iii. All points relating to transactions have been commented in the draft Inspection Report and the draft Inspection Report has been discussed with the body and the fact recorded
- iv. Whether audit certificate have been prepared as per guidelines issued by the CAG.

CAG has revised (March 2010) the format of Audit Certificate in all cases of accounts to be certified.

[Authority: Para no. 9.02 of Manual of Instruction for Audit of Autonomous Bodies Volume I), 2010]

- v. Whether a Brief Note on Internal Control submitted as required in C&AG's Circular Dated 5-2-2004.
- vi. Whether key linking figures are submitted,
- vii. Working sheet showing net impact of audit comments,
- viii. Whether all the Audit Enquiries and replies are received, Title sheet enclosed, other statutory documents such as Minutes of Entry meeting, Minutes of Exit meeting, Individual Work profiles, tour diaries, etc. are received.
- ix. Whether the annual accounts have been inscribed with the certificate that the arithmetical accuracy and previous year's figures shown have been checked over the signature of the Inspecting Officer
- x. As per letter No. 39/Rep (AB) 91-2003 dated 3-4-2006 of CAG a 'Management Letter' has to be issued to the Chief Executive Officer of the Body. Party has to prepare this letter and submit along with the Draft SAR.
- xi. Statement of working days, leave, transit, etc. for calculation of claim for audit fees
- xii. The party and officer are be relieved after the above checks are completed.

10. Editing by Section

A. The comments made in the Draft Audit Report should be checked by the auditor. All formalities such as page numbering, marking of AEs and replies, noting the names of persons who took the para etc should be followed. The draft Separate Audit Report should be submitted to the Branch Officer within 2 days of receipt of draft SAR from the Party. Branch Officer should submit the DSAR after his scrutiny in 2 days to Technical Cell. After receiving remarks of Technical Cell, DSAR should be sent to the DAG and then to the Principal Accountant General (Audit-II) for approval.

B. The following documents should be submitted to the PAG along with the Draft SAR.

- i. Note seeking approval of PAG for the DSAR containing the details of party audited and supervising officer.
- ii. Draft letter to the Body forwarding the draft SAR requesting to furnish reply within 15 days of receipt of the Draft SAR
- iii. Management letter as prescribed in CAG's letter No.77-Rep (AB)/ 67-2004 dated 5-4-

2006.

iv. Draft SAR and Draft Audit Certificate as edited and approved by the DAG (Audit Enquiries and Replies duly referenced)

v. Audit Enquiries and Replies

vi. Key linking figures

vii. Brief Note on Internal Control Mechanism

viii. Net Impact of Audit Comments

ix. Acts and Rules of the Autonomous Body

x. Previous year's Audit Report and Certificate

C. When the draft Audit Report is received back after approval by PAG, the same should be forwarded to the Authority/ Body to verify the comments and to furnish reply within 15 days of the receipt of the draft report. Draft Audit Certificate should not be issued to the body at this stage.

D. Audit Report of the following bodies should be submitted to CAG for vetting before issue to the Body:

i. Gujarat Maritime Board, Gandhinagar

ii. Gujarat State Legal Services Authority

Draft SARs of the other bodies are not required to be sent to CAG for vetting:

Audit Reports of any new institution should be sent to CAG for the first 2 years and thereafter according to the Grant received/ expenditure incurred.

E. If the reply to the draft Audit Report is received within the stipulated period, an aide memoire should be prepared in the following format.

Sl. No.	Comments as per Audit report	Reply of the body/ authority	Remarks (If the reply is acceptable, the para may be deleted. If not, para may remain. If any modification is to be made in the DSAR, that may be mentioned.

If the replies are received in time, the draft Audit Report, Aide-memoire, AEs and Replies, letter to the Body, should be submitted to the PAG for approval and submission to the CAG for vetting. One copy of the annual accounts should also be forwarded to the CAG.

F. The CAG has directed that since the work of certification of annual accounts and issue of SARs is required to be completed in a time-bound manner, it should be ensured that the documents to be sent along with the draft SAR are complete in every respect and following documents are invariably sent:

i. Two copies of draft SAR along with aide-memoire and key linking the figures;

ii. Two copies of draft audit certificates proposed to be issued;

- iii. One copy of annual accounts to be certified by the office
- iv. Proforma showing progress of audit, etc.
- v. Brief Note on Internal Control
- vi. Net Impact of Audit Comments
- vii. Key Linking Figures
- viii. Minutes of the Autonomous Body approving the annual accounts
- ix. Draft of the Management letter to the Chief Executive of the Body
- xi. Checklist

G. If the replies are not received within the stipulated time of 15 days, the draft SAR may be treated as acceptable to the Body and the draft SAR sent to CAG for vetting through PAG as described above. If the draft SAR is not required to be sent to CAG, the draft SAR may be issued as final AR with audit certificate by PAG.

H. When the draft audit reports sent to the CAG's Office for vetting is received back, corrections/ suggestions pointed out by the CAG have to be carried out and final SAR with AC issued to the Board/ Authority with certified annual accounts. The letter should contain direction to place the Audit Report and Certificate before the State Legislature after approval by the Governing Body of the Board/Authority without delay and to intimate this office the dates of approval by the Governing Body and of placing in the State Legislature. Simultaneously, a copy of final report and Audit Certificate should be sent to CAG's office with the Proforma and Annotation.

I. When the previous audit reports are not placed on the Table of the Legislature, the CAG insists that the present Audit Report may be released only on getting an assurance from the Government that the present report will be placed along with the previous report(s) on the Table of the Legislature.

J. When Government intimates the date of placing of the Audit Report on the Table of The Legislature, the date is noted in the Progress Register.

11. Inspection Reports

Points detected in transaction audit should be issued as an Inspection Report. The Inspection Report and the paras are noted in the Inspection Report Settlement Register of AMG II for watching their clearance.

Statement 1

Revised Format of Audit Certificate from 01.07.2006

Office of the Comptroller and Auditor General of India New Delhi-110002

No-44/ Rep (AB)/ 91-2003 Dated 25th April, 2006

To

The Directors General of Audit/ Pr. Directors of Audit

The Pr. Accountants General (Audit)/Accountants General (Audit)

(As per list)

Sub: Revision of Audit Certificate in case of certification of accounts of Central/ State autonomous bodies.

Sir/ Madam,

The matter of revision of audit certificate in case of certification of accounts of Central /State autonomous bodies where CAG is the sole auditor has been under consideration. In this connection, a copy of the revised audit certificate is enclosed herewith. It is requested that the revised audit certificate may be adopted in all cases of accounts to be certified/ SARs issued to the Government/ management from 1st July 2006 onwards

2. Suitable corrections to the Manual of Instructions will be issued separately.

3. Hindi version will follow.

Yours faithfully,

Sd/-

(A. K. Koushik)

Director (Exam/ AB)

Encl. as above

Format of Audit Certificate

Separate Audit Report of the Comptroller & Auditor General of India on the Accounts of (name of the AB) for the year ended 31 March 2XXX

We have audited the attached Balance Sheet of _____ (Indicate name of the AB) as at 31 March 2XXX and the Profit and Loss Account/ Income & Expenditure Account/Receipt & Payment Account (strike out which is not applicable) for the year ended on that date under Section 19(2)/19(3)/20(1)/20(2) (mention appropriate Section) of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971 read with Section _____ of the _____ Act, _____. (*mention the relevant section of the governing Act of the AB and the Act*). The audit has been entrusted for the period up to _____ {*mention in case of Section 19(3) / 20(1)*} These financial statements include the accounts of units/branches of the AB (*strike out if not applicable*) These financial statements are the responsibility of the AB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. This separate Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards and disclosure norms, etc. Audit observations on financial transactions with regard to compliance with the Law, Rules & Regulations (Propriety and Regularity) and efficiency-cum-performance aspects, etc., if any are reported through Inspection Reports/CAG's Audit Reports separately.

3. We have conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of financial statements. We believe that our audit provides a reasonable basis for our opinion.

4. Based on our audit, we report that:

(I) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;

(II) The Balance Sheet and Profit and Loss Account/Income & Expenditure Account/Receipt & Payment Account dealt with by this report have been drawn up in the format approved by the (mention the name of the authority approving the format) under Section/Rules (mention the relevant section of the Act governing the AB and the Act).

(iii) In our opinion, proper books of accounts and other relevant records have been maintained by the _____ [*Name of AB*] as required under Section (*mention the relevant section of the Act governing the AB and the Act*) in so far as it appears from our examination of such books.

(iv) We further report that:

(A) Balance Sheet

(B) Profit & Loss Account/Income & Expenditure Account

(C) Receipt & Payment Account

(D) Accounting Policies

(E) General

{Note Significant audit observations on financial statements may be classified into above categories and non-compliance, if any, of the Accounting Standards may be mentioned under respective category referring to any mandatory requirements to follow Accounting Standards by the AB}

(F) Grants in aid

Out of the grants in aid of ₹ crore received during the year (₹ crore was received in March), the organization could utilize a sum of ₹. crore leaving a balance of ₹ crore as utilized grant as on 31st March XXXX. (Please mention if applicable).

(G) Management letter: Deficiencies which have not been included in the Audit Report have been brought to the notice of the through a management letter issued separately for remedial/corrective action.

{Please mention this comment, if any management letter is being issued}

(v) Subject to our observations in the preceding paragraphs, we report that the Balance sheet and Profit and Loss Account /Income & Expenditure Account/Receipt & Payment Account dealt with by this report are in agreement with the books of accounts.

(vi) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the Accounting Policies and Notes on Accounts, and subject to the significant matters stated above and other matters mentioned in Annexure-I (*number of annexures may be mentioned in case where there are more than one annexure to the Audit Report*) to this Audit Report give a true and fair View III conformity with accounting principles generally accepted in India:

(a) In so far as it relates to the Balance Sheet, of the state of affairs of the _____ (*Name of AB*) as at 31 March 2XXX; and (b) In so far as it relates to Profit and Loss Account/Income & Expenditure Account of the profit/loss /surplus/deficit for the year ended on that date.

(5) A review of accounts showing the summarized financial results of the AB for the last three years is given in Annexure-II. (*Para applicable where a review of accounts is issued to the AB*).

For and on behalf of the CAG of India

**Principal Accountant General/ Accountant General
Director General of Audit / Principal Director of Audit**

Place:

Date:

Statement 2

Quality and contents of Separate Audit Reports

Office of the Comptroller and Auditor General of India New Delhi-110002

No.39/ Rep (AB)/ 91-2003 Dated: 03.04.2006

To

The Directors General of Audit/ Pr. Directors of Audit

The Pr. Accountants General (Audit)/Accountants General (Audit)

(As per List)

Sub: Quality and contents of Separate Audit Reports on the Central/ State autonomous bodies-Issue of Management Letter

Sir/ Madam,

It has been observed that some of the offices have been preparing lengthy SARs, even in cases where the annual accounts/ SARs are very old. The comments on accounts in SARs proposed by the field offices do not always bring out the impact of accounts i.e. the comments are not linkable with the annual accounts or the comments are too lengthy or of a general nature.

To overcome the above situation, it has been decided to introduce the practice of issuing a 'management letter' in addition to the SAR / audit certificate. In such cases, the auditor submits a detailed report termed 'management letter to the management regarding the procedures, systems, weaknesses in the internal control, etc. which would enable the management to exercise a greater degree of control over the operations of the autonomous body. The observations of following nature may be included in the 'management letter':

- i. Errors of a minor nature that are not considered material;
- ii. Deficiencies in the accounting records, systems and controls with recommendations for their improvement;
- iii. Non-compliance with the financial control/ internal control procedures as detailed in the concerned accounting/ financial manual being followed in the AB;
- iv. Classification errors within the accounting head; where management has assured rectification in next year's accounts.
- v. Recovery of advances, steps to be taken for recovery/ adjustment of long outstanding balances on personal accounts;
- vi. Reconciliation between the balances as per broad sheets and as reflected in the accounts
- vii. Typing/ printing errors which can be rectified at the time of printing the annual accounts/ annual reports;
- viii. Failure to obtain confirmation of balances, or to watch over receipt of utilization certificates from grantee/ beneficiaries, etc;

The SAR should only contain comments which have the necessary attributes of materiality and significance. However, it has to include the following:

- i. Non compliance of accounting standards/ instructions contained in the Common Format of Accounts.
- ii. Corrections/ rectifications/ revisions carried out at the instance of audit.
- iii. Cases where assurances for rectification are not fulfilled after a couple of years;
- iv. Where corrective measures have been taken by the management in relation to matters brought to their attention by the auditors, it may still be necessary, for the auditors to report certain cases to the Governing Body, for example, cases relating to any fraud/embezzlement committed but compensated by officials.

The management letter must be addressed to the Chief Executive Officer of the autonomous body and issued under the signature of PAG/ AG/ DG/ PD concerned. In the SAR, mention may be made invariably about the issue of a separate management letter to the top management/ Chief Executive Officer of the autonomous body. It may be ensured that the 'management letter' is issued only at the time of issue of final SAR to the autonomous body/ ministry. The 'management letter' will not require headquarters approval but a copy should be sent to headquarters along with the draft SAR.

For inclusion of comments in the SAR, the principle of materiality should invariably be followed and comments of minor/insignificant nature should not feature therein. Every effort should be made to bring out comments on accounts with a clear impact i.e. understatement/ overstatement under the respective head of accounts as appearing in the Balance Sheet/ Income & Expenditure Account/ Receipt and Payments Account.

In this connection, instructions issued in this office circular letter No. 111-Rep (AB)/41-99 dated 31.5.1999 and 40-Rep (AB)/ 91-2003 dated 25.2.2004 may also please be kept in view and followed.

Hindi version will follow.

[This issues with the approval of ADAI (RC)]

Yours faithfully,
Sd/-
(AK Kaushik)
Director (Exam/AB)

Statement 3
Quality and contents of Separate Audit Reports- Specimen
Office of the Comptroller and Auditor General of India New Delhi-110002
No.-108-Rep (AB)/ 91-2003 Dated 4th July 2006

To
The Directors General of Audit/ Pr. Directors of Audit
The Pr. Accountants General (Audit)/Accountants General (Audit)
(As per List)

Sub: Quality and contents of SARs on Central and State autonomous bodies-issue of a Management letter- Specimen thereof

Sir,

A reference is invited to this office circular letter No.39-Rep (AB)/91-2003 dated 3-4-2006 wherein instructions were issued for issue of a management letter to the Chief Executive Officer of the autonomous body. From the perusal of management letter received along with SARs, it is observed that the field offices are proposing management letter in different formats. In order to have uniformity, a specimen of the format of management letter to be issued is enclosed for information and guidance it is requested that this specimen may be adopted for issue of management letter. Slight modification, if necessary, keeping in view the activities of a particular AB can be made.

Encl: as above.

Yours faithfully,

(A. K. Kaushik)
Director (Exam/AB)

To
The-----

Sir,

I have audited the annual accounts of-----for the year-----
-----and have issued the Audit Report thereon vide letter dated-----
During the course of audit, the following deficiencies were noticed which were of a relatively minor nature and were, therefore not included in the Audit Report. There are being brought to your notice for corrective and remedial action.

- 1.
- 2.
- 3.

Pr. Accountant General

Statement 4

Special Point to be seen during Local Audit of Autonomous Bodies

During local audit Autonomous Bodies, the audit party should see following special points in respect of Schemes/Projects/Programme/Mission etc implemented by the auditee entities: -

- (i) Review the various manuals approved by the Competent Authority for implementation of Scheme/ Programme/ Projects/ Activities of the Department. Examine the cases for any inconsistencies and non-compliances with reference to the manuals.
- (ii) Examine whether the Delegation of Powers approved by the Competent Authority and that financial powers delegated are properly adhered to by Subordinate officials.
- (iii) Examine whether budget provisions for implementation of Scheme, Programme, Project etc. and expenditure thereof.
- (iv) Examine whether the Grants received from the State/ Central Government are utilised for the purpose it was granted/ sanctioned.
- (v) Usually, the funds drawn for various Schemes/ Programmes/ Projects etc. are kept in Personal Deposit (PD) Account/ TP Account with the Treasury or Bank Account. Examine whether sanction exists for depositing the funds in such accounts.
- (vi) Whether there was any drawal of fund from the treasury to avoid lapse of funds/ grants.
- (vii) PD Accounts should be verified to see whether the amount drawn for various schemes are accounted separately.
- (viii) Expenditure under various schemes should also be accounted separately. The balance amount under each head should be worked out and verified whether it agree, with the balance lying in PD Account/ Bank Account.
- (ix) Examine unutilised grant that has been surrendered to Government Account.
- (x) Examine the expenditure incurred are properly sanctioned and recovered.
- (xi) Examine whether funds allocated for the development of destination have been properly sanctioned, utilised.
- (xii) Examine Management Information System (MIS) Reports, Monthly/ Quarterly/ Yearly Progress Reports/ Expenditure Reports pertaining to activities of Department/ Scheme/ Programme/ Projects etc. Examine whether it indicates delay/ slow progress etc.
- (xiii) Examine whether the Prospective Plan/ Developing Plan/ Annual Plan etc of department and subordinate offices. Physical and financial targets and achievements against target fixed. Analyse the reasons for deviations, if any, for not achieving the targets.
- (xiv) Examine whether mechanism/ system exist to assess the benefits which are actually derived due to implementation of Scheme/ Programme/ Project/ Activities of department after obtaining feedback from the concerned field offices/ Programme Implementing Units (PIU).
- (xv) Examine whether purchase policy for procurement of materials/ services etc. Whether Purchase Committee has been formed at appropriate level and procurements have been made as per purchase policies of the Industries & Mines Department.

(xvi) Examine whether the system of tendering for execution for various projects/ system of procurements of material/ services/ machineries etc. the system of bid evaluation may also be examined.

(xvii) Examine whether the system of physical verification of Store and Stock is adequate.

(xviii) Examine whether idle equipment/ unserviceable/ store and stock have been auctioned.

(xix) Examine whether the Disputes/ Court Cases/ Arbitration cases against department and by the department against Supplier/ Contractors/ Parties have been adequately addressed.

(xx) Examine whether departmental receipt/ revenue have been taken into departmental account and credited the same into treasury/ Bank within prescribed time period.

(xxi) Examine whether fund drawn on Abstract bills/ by way of issue of charges against expenses, department receipt credited to Govt. Account has been reconciled within Treasury/ Bank and deposited/ credited into correct head of Accounts.

(xxii) Examine whether internal audit system is designed to provide reasonable assurance of fulfilling accountability obligations complying with laws and rules, orderly conduct of operation in an ethical, economical, efficient and effective manner and safeguarding of assets against losses.

(xxiii) Examine whether internal audit findings are promptly issued to the concerned wings and their response received timely. Outstanding internal audit paras should also be reviewed.

Annexure 2

Audit of Government Companies and Corporations

1. Audit of Government Companies under the provisions of the Companies Act, 2013 [Section 19(1)] and Audit of accounts of Corporations established by law made by the legislature of the State on request by the Governor [Section 19(3)] are conducted by AMG II.

2. Scope of audit

An audit may be described as an examination of the records of the transactions of a business or and undertaking so as to verify whether the accounts thereof are properly drawn up and exhibit a true and fair view of the state affairs of the concern. The records of such verification consists, in part of the books of accounts and in part of documents (known as vouchers) confirming or supporting the correctness of the entries in the books. Generally the auditor of the companies (Chartered Accountant) conducts such examination as he considers will justify his giving the certificate which is required to him. The Statutory Auditors; however work under a limitation. They have to admit all charges covered by the sanction competent authority so long as they are intra-vires of the Company Law. In other words, their functions are not comparable to those of the Comptroller and Auditor General who conduct what might be described as efficiency and propriety oriented audit. This would involve *inter alia*, a review of the decisions of the Board of Directors to ascertain to what extent their powers have been, exercised in the best interest of the undertakings and in accordance with accepted principle financial propriety and an examination of the cost accounts to ensure that the unit is being administered efficiently and economically. It includes the verification of the, correctness of the accounts, the propriety of the transactions and the evaluation of the performance of the Commercial Undertakings.

3. Audit Programmes

Before commencing the audit of such concern the audit staff should familiarize themselves with the working of the undertakings, internal checks and internal audit in vogue. Some of the sources from which the preliminary information may be readily obtained are:--

- (a) The Acts, Rules, Regulations, Memorandums and Articles of Association.
- (b) Reports of Parliamentary or other Committees
- (c) Budgets.
- (d) Accounting Manual
- (e) Policy pronouncements, directives etc. Made/ issued by Government.

The programme of audit will be drawn up after obtaining a complete list of all the books of accounts. It should be clearly understood that the audit programme will not necessarily comprise the whole of the work incidental to the audit. It is intended that the quantum of audit prescribed should not make the audit more automatic in character, nor shall it in any way relieve the staff from bringing to bear on their work their critical faculties and powers of imagination.

4. Procedure for Auditing Cash Transactions

4.1 Receipts: The Chief aim while conducting the audit of receipts should be to ascertain that an adequate procedure has been prescribed and regulations have been framed to

secure an effective check on the pricing of the products or cost of services and allocation of revenue. The following points should be seen in audit:

4.1.1 Verify the receipts for cash sales with cash sales book and the duplicate cashmemos.

4.1.2 Verify the receipts on account of credit sales with the counterfoils of the receipts. See that all receipt boob issued are accounted for and the printed number on the counterfoils in the used book runs consecutively.

4.1.3 Vouch income from investments with counterfoils of dividend warrants and / or bank advices.

4.1.4 Vouch refund of T.A. Advance with T.A. Bills.

4.1.5 Examine the terms of discounts allowed to customers.

4.2 Payments: The objects of audit of expenditure are to ensure:

(i) That the c laims are made in accordance with the rules.

(ii) That all prescribed preliminaries to the incurring of expenditure are observed such as proper estimates being frame and the expenditure being approved by the competent authority.

(iii) That the expenditure is in accordance with the sanction properly accorded and is incurred by the officers competent to incur it.

(iv) That the payment has been made to the proper person and that it has been so acknowledged.

(v) That the charges are correctly classified and posted to the proper head of account, and

(v) That the payments have been correctly brought to the account in the books of original entry.

The following points should be seen in audit

4.2.1 Vouch each payment with the receipt given therefor and/in the case of payments which are pasted to an impersonal accounts, examine the invoice, statement of, account, demand note or other independent document, which furnishes evidence that, the payment is a proper cover and duly chargeable to the account to which, it is debit able. In the case of the audit of Government Commercial and Quasi-Commercial Departments, compare the office copies of the vouchers with the paid vouchers received from the Accountant General's office.

4.2.2 For wages paid, examine the wages sheets together with the acquaintance of the workers.

4.2.3 For salaries inspect the salaries books and vouch his with the receipts given by the employees, endorsed cheques etc

4.2.4 Vouch payments on account of petty cash with the petty cashbook and examine the vouchers for the disbursements.

Similar procedure may be adopted for imprest accounts also.

4.2.5 Vouch book charges, interest etc. with the Pass Book. Similar check may be made in the Pass Book of customs authorities and Port Trust for the charges debited in the cashbook.

4.2.6 Vouch the bills payable with the return/matured bills

4.2.7 Vouch the purchase of investment with the brokers or bankers advices

4.3 General: It should be seen that:

- (i) The system of receipt and payment of cash, cheques and bills, banking and custody of cash, verification of, cash balances ,and recording, of cash transactions is adequate:, and satisfactory; whether there is any waste nugatory expenditure or loss, of cash due ,to inadequate safeguards.
- (ii) All the receipts and payments are posted to the proper accounts in the ledger. The receipts and payments affecting the sales and bought Ledgers when total accounts maintained are posted in totals in the General Ledger.
- (iii) The totals and carry' forward balances are correct
- (iv) The balances of the bank accounts are periodically reconciled with the balances shown in Pass books.
- (v) The details of the various subsidiary books are periodically reconciled with the total
- (vi) The general rules of recording the transactions in the chronological order
- (vii) The, cashier does not handle the accounts books other than the cashbook.'
- (viii) The custody and issue of receipt books, cheques books etc should also be, generally examined.

5. Audit Practice in connection with various Trading and Profit and Loss Account items

No hard and fast rules regarding audit procedure can be laid down, as the work to be performed must largely depend on the circumstances of each individual case. However, some of the important points for the audit of various items are enumerated below:-

A. Purchases

- (a) Examine the Bought Day Book/ Purchase Journal with the invoice examining the date of each invoice. See that it is made out in the name of the Company or Corporation, that it is approved as correct and see whether the kind, of goods bought are such as you would expect to find in the particular business. See that if purchases of different kinds are kept separate such item is entered in to its proper analysis' column.
- (b) Check the totals and cross totals of the Bought Daybook.
- (c) Check the postings of the Bought Day Book/Purchase Journal into the Bought Ledger and the total(s) to the debit of various purchase accounts.
- (d) Check rest of the postings in the Bought, Ledger from: the books such as the cash book, purchase returns books. Check the totals and balances.
- (e) If detailed records are kept of the quantities of stock coming in and stock, passing out, ascertain what steps are taken to reconcile the goods purchased as shown by the Bought Day Book with the goods received as shown by the stock records.
- (f) Check the purchase procedure starting' from the preparation of stores indent to the passing of the bills for payment.
- (g) Check the inspection notes with reference' to the remarks of the inspecting authority, follow up of rejection; recovery of amounts and action against unreliable suppliers.,
- (h) Check the routine for disposal of used and damaged stocks.

- (i) Check the routine for ensuring that the stocks are not issued in excess of the standards/estimates and that the total value of the stores consumed is absorbed in costs.
- (j) Ensure that when stores are purchased from contractors the system of open competitive tender is adopted and the purchase is made from the lowest tenderer unless the recorded, reasons' to the contrary.
- (k) Check that the rates paid agree with those shown in the contract or agreement made for supply.
- (l) Ensure that ordering quantities in use represent the economic quantity for purchase.
- (m) See that certificates of quality and quantity are furnished by the passing and receiving authorities before payment is made.
- (n) Stores in many cases represent a locking up of capital which is not justifiable unless essential. In order to effect economy in this direction it should be seen- that the balance in hand is not in excess of requirements for reasonable period.
- (o) Examine the system of physical verification of the stores on hand and the accounting adjustments of the excesses and shortages.
- (p) Examine the system of locating, accounting and disposal of unserviceable, slow moving, redundant and obsolete stores.
- (q) Compare the balances in the Bought Ledger at the end of the financial year with the creditor statements in order to see whether any mistakes have been committed while posting from the Bought Day Book and whether any wrong credits and debits have been posted.
- (r) Examine whether the company is taking advantage of the period of credit allowed in every case.

B. Sales

- (a) As regards cash sales, the system under which goods are sold and the cash received and banked should be seen. Check the additions in the cash sales book and test the entries therein with the duplicate of cash sales slips in the sales men's book.
- (b) The procedure for obtaining orders, the planning of production in accordance with the orders in hand, and' anticipated demand, the reasonableness of the time lag, between the receipt of the order in the company and, the execution of the order should also be examined.
- (c) The credit policy followed by the company should be reviewed. The action taken against overdue account must be specifically examined.

C. Sales Returns

- (a) Enquire into the system of recording goods returned by customers and issuing of credit notes in respect thereof
- (b) Check the entries in the sales returns day book with the duplicates or counterfoils of credit notes issued and the goods returned book, if one such is kept.
- (c) Check the additions of the sales returns day book and the postings of totals, periodically in the General Ledger.

D. Wages

- (a) Ascertain the system in force for the recording and payment of wages in order to get an idea of the scope for errors, or of fraud.
- (b) Check the wages sheets with primary records like Gate Card. Attendance production, overtime sheets etc.
- (c) Test checks the bonus calculations to ensure that they have been correctly computed.
- (d) Examine the system authorizing overtime. (e) Check the unpaid and prepaid wages account.
- (f) Checks leave payment (including payment from E.S.I.) and holiday wages payment sheets. Check the overtime wages, with special reference to the need, sanction of the competent authority and the periodicity.
- (g) Examine the reconciliation statement of the wages paid with attendance or production records and ensure that the system of recording attendance and/or production is fool-proof.
- (h) See that the analysis where necessary, is certified as, correct by those responsible and that the proper accounts are debited in the impersonal ledger. Special charged to capital account.
- (i) Compare the weekly fortnightly or monthly totals of the wages sheets with each other and obtain satisfactory reasons for any large fluctuations.
- (1) Glance through the wages sheets in order to see whether any large sums appear to have been paid to any one man. Examine those items fully. Examine the systems of wages payment with special reference to the adequacy of control over dummy workers, idle time, etc.

E. Salaries

- (a) Ascertain the authority competent to create posts and see that the existing strength is always within the sanctioned strength; examine the documents in support of the fixation of pay of the employees and see that the pay has been fixed in accordance with the rules made for regulating pay. In some cases the salaries of Managing Director, F.A. and C.A.O.: General Manager, Secretary would probably be fixed by Government. In cases of others the Board of the Management may be competent.
- (b) If the employees give receipts for their salaries, the receipts should be checked with the salaries book or if they are paid by cheque, the returned endorsed cheques or receipts may be seen.

The additions of the salaries book should be checked and the totals agreed with the payments in the cash book.

F General

The administrative set-up should be examined thoroughly so as to ascertain:

- (i) Whether the growth of, expenditure on administration is reasonable in relation to the turnover and total expenditure.
- (ii) Whether the financial powers of various categories of officers have been clearly laid-down, whether such powers are properly delegated and whether they have been exceeded

(iii) Whether any unusual concessions or extra amenities are being provided to the staff or officers without the sanction of competent authority.

G. Rent, Rates and Taxes

(a) Examine each cash payment with the receipt given on the authorised form and see that period covered by the payment as shown by the receipt of the demand note is correctly stated in the cash book and see that the periods are continuous and do not overlap.

(b) At the end of the financial year scrutinise the various ledger accounts relating to the above items and see, that the payments have been made when due and the discounts, if any, have been availed.

(c) Compare the total charges shown in each ledger account with the corresponding charges in the previous year and account satisfactorily for any differences.

(d) In the case of new rents payable, obtain particular thereof from leases or agreements.

(e) As regards income-tax, call for the assessment order and see that proper adjustment has been made for tax deducted at source and advance payments.

H. Traveling Expense:-The main point to be considered is whether the travelling expenses incurred are in the interest of the company and whether the person incurring them is entitled to charge them against the company.

The travelling expenses of the directors (official) of the company are not chargeable to the company and in the case of non-official directors the provisions in the Articles of Association should be seen. In the case of persons on deputation, the Government rules should be applied. The details of the travelling allowance and the approval of the competent authority should be seen together with the adjustment of advances already taken and the time-lag between performing the journey and submission of the bill.

I. Special Allowances: Where special pay or allowances are given, the justification for such pay/allowances and the order of the competent authority should be seen. In case of special conditions are attached for the grant of such allowances, the same should be carefully examined.

J. Bank Charges.-Bank charges as shown in the cashbook/bank book should be vouched with bank advices or the bank pass book. It may not be necessary to check small charges but it is advisable to ascertain the rate of interest payable and list of individual items and take an approximate calculation as to the total charges for the period in question having regard to the average balance of the loan outstanding, throughout the period.

K. Advertising. -In addition to seeing the receipts given for, the payments made under this head the auditor should carefully note the rate paid, the period covered and the media *approved*.

L. Petty Cash/ Imprest Account: Ascertain the system under which petty cash disbursement are made and recorded and whether the records and vouchers are examined by any independent official.

Vouch the receipts shown in the petty cash book with the cheques drawn on account of petty cash as shown by the general cash book, check the totals and cross-totals of the analysis column, if any.

Vouch the payments with, receipts, particular attention should be paid to large amounts in the petty cash book.

Vouch the, payments for postage stamps with the postage account and dispatch register and check the additions in the latter book, comparing the total payments as between one period and another and obtain satisfactory explanations for wide variations. Examine whether periodical physical verification of stamps on hand is carried out. Where franking machines are in use, the readings in the bill should be checked with the expense in the dispatch register. The need for surplus checks may be examined.

The classification of petty cash expenses should be examined in a general way. Where petty cash balances are considerable, the need for such a balance should be examined and reduction suggested if necessary. Withdrawal of reimbursement of petty cash when the balance is sufficient should be carefully scrutinised

M. Telephone and Trunk Calls- It should be seen 'separate registers are maintained for these charges. Private calls should be noted in the register for recovering the charges. The system of authorizing trunk calls should be examined and the method of accounting and verification of the official and private calls should also be reviewed

N. Bad and Doubtful Debts- In order to verify the correctness of the charge in respect of bad and doubtful debts it is necessary to verify on one hand that proper authority exists for writing off the amount so wing by the debtors which have been charged to the bad debt account and on the other hand that sufficient provision has been made for estimated loss on the remaining debts. Although the quantum of provision depend upon the management decision, it will be necessary. To verify that a regular procedure is adopted for reviewing the accounts and suitable action is taken where necessary. The accounts of customers whose outstanding have become doubtful should also be examined.

It is important that the authorisation to write off specific debts should be given by an authority such as the Managing Director of the Board of Directors, as it is not unusual for the fraudulent appropriation of the cash received from debtors to be cancelled, by entries writing off the debts as bad

It is useful to compare the ratio of bad debts reserve to the total debtors at the end of each year and also the percentage which the bad and doubtful debts bear to the total sales during the year. These comparisons may be of assistance in considering the adequacy of the doubtful debts reserve.

O. Directors' Fees- This may be verified with reference to the provisions in the Articles of Association of the Company, the orders of Government and the Directors attendance books.

P. Commission Payable-The agreement, if any, entered into with the company or letter issued to agents may be seen to verify the conditions under which the commission is payable and the rate at which it is payable. The arithmetical accuracy should also be checked to some extent.

In cases where the commission payable is based on profits earned, the provisions of the Companies Act should be borne in mind.

Q. Interest Payable- The payment should be vouched with receipts giver or with other evidence such as endorsed cheque or with Bank Pass Book. It should also be seen that the proper amount of interest on account of all loans has been paid when due and the interest which accrued on the due date has been provided for. As regards interest payable on deferred payments the relevant clause under the Schemes/ Agreement should be seen

R. Rent receivable-In order to verify the correctness of the income from rent, it would be necessary to call for the Rent Roll or list of properties and the rent recoverable from each.

The particulars in this list of roll should be vouched with counterparts of leases and agreements.

The rents actually received should be vouched with counter foils of rent receipts. The details for arrear should be examined with reference to the rent registers and the action taken to recover the arrears should be watched. Were it should be seen that an adequate reserve is created in the accounts.

Depreciation: The Government of India Ministry of Finance (Department of Expenditure) have: issued 'instruction to all undertakings which .were following diminishing balance method to switch over to 'straight line method' as soon as possible vide O. M. N. F. 3(5)-PC/62, dated 11-4-1963. The compliance of this should be examined.

It should be seen that the rates adopted are reasonable. The basis on which the rates have been arrived at should also be examined.'

Generally assets are maintained at their original cost and .the depreciation written off from time to time is accounted for separately. Hence whenever there is a sale, of, disposal of the asset, the adjustments in the asset account and depreciation account should be examined.

6. Audit Practice in connection with various Balance Sheet items

Some of the important points for the audit of various items are enumerated below:

A. Share Capital- The Memorandum and Articles of Association may be studied to see that the subscribed capital does not exceed the authorised capital and that the requisite procedure has been followed i.e. permission from the Controller of Capital issues, where necessary has been obtained the Directors have passed a resolution (other than the share taken by the signatories to the Memorandum) etc.

See that the application and allotment money has been duly paid and that the total amount paid into the Bank as shown in the Bank Account agrees with the credit in the Pass Book. Ensure that the total cash received on account of share capital as ascertained from the Register of Members agrees with the credit balance shown in the share account after allowing for share capital and the percentage of share held by Government or Governments, may also be seen'

The utilisation of the share capital money should be examined, especially in the case of subsequent issues. If any unused capital has been deposited in the band, the capital structure of the company should be examined bearing in mind the scheme originally proposed and the progress thereof

B. Reserve and Surpluses.-Share holders'/Directors' minutes authorising transfers to or from Reserve Accounts should also be seen. The Company's Articles of Association should be seen in order to verify that the operations in this respect are in accordance therewith.

While examining the classification of the reserve, the distinction between reserved and provision should be borne in mind (The term provision would include any amount by way of providing for any known liability of which the amount cannot be determined with substantial accuracy e.g. provision for taxation).

Care should also be taken to see that if any portion of the reserve account is as capital and not a revenue reserve; such portion is not afterwards transferred to the credit of the Profit

and Loss Account or applied in reduction of a charge which would properly be debited to Profit and Loss Account.

The desirability and possibility of investing the reserves/surpluses should be examined carefully.

C Secured Loans.-The loan should examine with reference to the provision of borrowing powers in the Articles of Association of the company.

The Register of mortgages and charges maintained by the company should be examined.

D. Unsecured Loan-The terms and conditions under which the loan has been taken should be examined.

In the case of both secured and unsecured loans the need for the loan and the utilisation should be critically examined. The ratio of loan to capital should also be examined. The principles enunciated by Government in their letter No.9 (28)-P- II/61 dated 13-6-1961 and U.O. No. F. 2(2)-W&M/61, dated 14-12-1964 should also be borne in mind (Reproduced as Annexure 'E').

E. Current Liabilities and Provisions- In addition to the verification of the total balances of the trade Creditors Ledger with the balance on the Bought Ledger total account check the individual balance at the end of the year with creditors statements. Care should be taken to see that the balances represent credit of recent date and that the latter ones have not been paid leaving the earlier ones outstanding.

Pursue invoice files relating to a few weeks in the subsequent year in order to ensure that all the invoices pertaining to the year under audit have been brought into account.

See whether provision has been made for all wages and salaries accrued upto the date of the accounts.

Review the ledger accounts recording rents, rates, taxes, water, electricity etc. and see whether charges accrued during the year and the amount accrued due at the end of the shown noticeable variations compared with the similar items in previous years. Similarly comparison may be made regarding expenses of a fixed nature.

Inquire whether any special claims against the company were being made or whether there were any legal or other charges for which account have not been received.

F. Interest Accrued- See whether interest on all loans has been accounted for up-to-date. Verify the interest calculations generally.

G. Dividend- See that dividend is not declared from the general reserve fund. In this connection a reference is invited to para 24 of the 120th Report of the Estimates Committee 1960-1961 and para 20 of the P.A.C. 7th Report (Third Lok Sabha).

H. Provision for Taxation- Examine the provision for taxation bearing the following points in mind:

- a) Advance payment of tax and penalty levied, if any;
- b) Tax liability in foreign countries;
- c) Development rebate;
- d) Adjustment of tax deducted at source;
- e) Final adjustment of the tax against advance payments.

The distinction between provision for taxation and reserve for taxation should also be borne in mind.

I. Contingent Liability—The following items may also be included under this heading and shown separately as footnote;

- a) Estimated amount of contracts remaining to be executed on capital account and not provided for
- b) Suits filed by or against the company.
- c) Matters under arbitration.
- d) Pending labour demands
- e) Penalties under contracts, etc.

J. Land – To confirm the ownership of the free-hold property, examine the actual title deeds and the conveyance will state the purchase consideration. As regards lease hold property the lease deed should be inspected. If the property is mortgage the mortgage will be in a position to state the amount of mortgage and also that the title deeds are in his possession.

Legal expenses and conveyance charges in connection with the purchase of property can be properly considered as part of the cost of acquisition and charged to the asset account. These can be verified

Inquire whether the land is free-hold or lease hold, if latter, verify whether the lease is written of over the period of its duration.

K. Buildings—The construction of buildings may take place under contractor may be carried out by the company's own staff. In the former case it is usual for the architect to give certification from time to time as to the amounts which are due under the contract and these certificates, the contract itself and the receipts from the contractor for the amounts paid the him will constitute the evidence, which must be seen in audit.

Where the work is done by the company's staff the invoice for the purchase of

199 raw material charged direct to the building, stores issued and the wages paid will have to be the examined with care.

In the both cases, the bill of the contractors the expenses charged to building account will have to be examined with reference to the authority competent to sanction the estimates, the sanctioned estimates (for rates and quantities) and measurement books (for actual work done). A similar procedure may be adopted for subsequent additions. Where buildings are purchased check the title deed and other relevant documents.

L. Plant, Machinery & Equipments—Where newly formed company has taken over plant and machinery from the existing company or Government department, the purchase agreement must be examined to verify the valuation. Where a lumpsum is paid for all the assets it must be seen with reference to technical reports.

Subsequent purchases of plant and machinery should be verify for the invoice duly supported by receipts given for payments. Sanction from the competent authority must be seen for all purchase.

It should be ascertained that the expenses for erection of machinery are only are capitalized and that revenue expenses are not added to the value of assets. Particular care should be taken to verify the disposal of the construction period, administrative expenses.

The adjustment of the value of the assets in the receipt of plant and machinery received under deferred payment scheme should be examined to see that the full value of the assets is brought into account. Where machinery and equipments is manufactured by the Company, examine the job cards and estimates. These costs generally include works overhead besides material and direct wages.

The Plant and Equipment Register should be examined every year. The opening balance, addition, sales, transferred and closing balance should be checked. Examine whether the individual balance in the Register agree with the total in the General Ledger.

M. Motor Cars and Trucks- The register maintained for the fleet of cars should be examined. This should be link with Road tax charges and insurance premium paid.

N. Investments- The nature of the investments and the classification should be examined. The existence of these should be physically verified, if considered necessary. The dividend or interest due on these should also be verified with reference to dividend warrant/ advices.

O. Loose Tools- When purchase from outside, the invoice and when manufactured in companies own workshop, the estimate and the job card should be examined. The list of loose tools must also be seen at the close of the financial year.

P. Stock-in-Trade, Stores, etc- Test-check the totals and extension of the stock books or sheets. Compare the prices with those of some recent invoices for goods purchased by the company or with the prices quoted in trade journals or bulletins.

Inquire into the system for ensuring that all goods which were included in stock had been daily charged up as purchases and that no goods representing sales during the financial period were also included in the stock at the end of such period.

The total stock at the end of the year may be compared with that of the previous year and variation may be enquired and were stock was analysed between various departments a comparison may be made with the totals relating to each individual department year by year.

The details shown by the stock books or sheets may be test check and it should be seen that certificate has been recorded by those engaged in taking stock and in the work of pricing, extending and adding figures. The certification from the Managing Director or other responsible person that the figures shown by the inventory or list was, to the best of his knowledge and belief, correct should also be arranged to be recorded.

The general rule for valuing stock in trade for purpose of preparing account is that it should be taken at cost or market price whichever is lower at a close of the financial year.

In the case of the manufactured or partly manufactured stock, proportions of the expenses of manufacture are, as a rule, added in the cost of the raw material in fixing the value.

The basis of valuation of the inventories from year to year must also be carefully noted and deviation, if any should be reported, if considered necessary.

Examine whether any line of goods has been discontinued during the year and if so, whether the stocks thereof have been adequately depreciated.

In case where continuous stock taking is maintained, examine the system as whole and with reference to the frequency with each item is checked and the accounting adjustment of the shortages and excesses.

The value of the stock of finished goods, stores etc. are generally taken from the General Ledger with suitable adjustments necessitated by physical verification. In such cases examine the difference between the General Ledger and the detailed accounts.

Where old stock exists, examine the cost and the inventory value thereof.

Q. Goods-In-Transit- The invoices may be checked with reference to the clearing agents certificates, where the invoices are old, enquire in to the causes for the delay. The method of valuation of these stocks may also be examined with reference to the items included in the cost.

R. Sundry Debtors- The individual balances in the sales ledger should be critically examined. Checks such balances on to the schedule and check totals of the schedule and compare the total of the schedule with that of the total debtors account.

Where there are huge debit balance outstanding for long, care should be taken to ascertain the reasons for delay in collecting the dues. The accounts which show large credit balances should also be scrutinized carefully.

In case of debtors in foreign currency, ascertain whether the accounts have been agreed with statements received and the rate of exchange adopted.

In case of accounts carrying interest, examine whether this has been properly calculated or related at the date of the balance sheet.

Where impersonal accounts are included in Sundry Debtor, enquire into the details and a special note may be made, if necessary.

The balance against branches should normally be reconciled. Where there is difference, see how it is exhibited in the balance sheet and the steps taken to reconcile the difference.

The method of providing for bad and doubtful debts may be ascertained. The adequacy of the reserve may be examined with reference to the age of the debt, irregularity of the receipts in reduction of the balance and the notes and correspondence.

Examine the general terms of the credit given to customers and note the special concession, if any. The ratio of outstanding to sales may be worked out and compared with the previous year, variation, if any, may be examined in detailed. Ascertain the reasons for overdue debts and make special note of the debt due from Government Department.

The system of sending periodical statement of accounts of customers for confirmation may be studied and the fact whether allowances and discounts are properly authorised may be examined.

S. Loans and Advances- Examine the loan account to see that no cash loans are given. The system of adjusting the advances periodically against supplied or service must be enquired into. Examine the period for which the loans are outstanding and enquire into the reasons therefor. Where the loans are given against the security, examine the adequacy of the security. Examine the system of adjusting the advances against suppliers. Advances and liabilities for supplies from the same party should be adjusted.

T. Cash and Bank Balances- Examine the system of depositing withdrawing cash generally. The certificate recorded by the responsible officials periodically for having verified the cash must be seen.

Where the cash balance is large the need for that must be examined. The ways and means position should also be seen to find out whether the surplus money was properly invested

in short-term deposits. The question of fixed deposit vis-a-vis the loans should also be carefully examined.

The statement reconciling the balancing as shown by; the cash book with that appearing in the Pass Book should be checked. The certificates received from the banks should also be verified.

The fixed deposit receipts and the call deposit receipts should also be certified. Where the verification is not done on the last day of the financial year, the account should be thoroughly examined and the balance as on that date should be arrived at and then verified.

U. Miscellaneous Expenditure Losses-The classification of the expenditure should be carefully scrutinised. Special attention should be given to the additions made from year to year; as such additions may result in temporary capitalisation of the revenue expenditure. Normally a loss in the Profit & Loss Account cannot exist simultaneously with a general reserve. This point should also be examined.

V. Construction Period Expenses- In the case of manufacturing concerned involving initially a heavy capital outlay, examined whether the construction work of the company is proceeding according to the time schedule and expenditure during construction is being booked systematically, so that the cost of the particular unit of construction can be readily ascertained.

The allocation of the administrative charges and overheads, during the period of construction should be examined.

7. Articles of Association

While scrutinising the Articles of Associations of Government Companies, it should be seen that:-

(1) There are no anomalies or discrepancies in the Articles of Associations vis-a-vis the Companies Act.

(2) The Articles invariable contain an overriding provision for the issue of directives by Government in regard to the working of the Company which the Board will be bound to give effect to.

(3) The Articles contain provisions regarding the appointment of contain top management officials like the Managing Director. Chairman, Manager or to posts carrying pay of Rs.2,250 or above, by or with the approval of the Government.

(4) The Article, contain provision regarding the maximum number of the Board of Directors and that the majority of the Directors are appointed with the approach of Government.

(5) The Articles do not provide for the revision of annual accounts after audit and adoption in the Annual General Meeting; and the Articles contain provision regarding prior approval of Government in the following matters:

(a) Sale, lease of disposal otherwise of the whole or substantially the whole of the undertaking of the Company;

(b) Formation of a subsidiary Company;

(c) Winding up of the Company;

(d) Divisions of capital into different classes of shares;

- (e) Any programme of capital expenditure exceeding a certain amount;
- (f) Increase/reduction in the share capital of the Company;
- (g) Issue of shares/ debentures at a discount or premium;
- (h) Sub-division and consolidation of shares;
- (i) Borrowing any sum or sums of money for the purpose of the Company;
- (j) Investment in securities;
- (k) Allocation of profits and declaration of dividend;
- (l) Payment of commission to any person employed by the Company on the profits of any particular business transaction or in the general profits of the Company; and
- (m) Any other matter which in the opinion of the Chairman be of such, importance as to be, reserved for the approval of the Government.

8. Budget Estimates

It should be seen that the Management had prepared capital and revenue budgets for the period under audit well in time as the budget is a standard with which the actual achievements of various departments etc. can be measured. The budget is the planning in advance of the various functions of a business that the business whole can be controlled. Thus the preparation of budget is a matter of prime importance in every concern, particularly those which are engaged in manufacturing business. It should, therefore be seen that a budget is invariably prepared in every concern; otherwise the necessity to prepare the budget estimates should be brought to the notice of the management. Compare the actual results under various heads such as the actual production, cost of production, sales etc. with the budget estimates and bring to notice cases where large variations are found.

Annexure 3

Audit of Expenditure

1. The general rules regarding the audit of expenditure are given in Chapter II of MSO (Audit) Second Edition, 2002. The main points to be looked into while taking up the local audit of expenditure are detailed below:

It should be seen that:

- (a) There is proper sanction, either special or general, accorded by competent authority authorising the expenditure;
- (b) The payment has actually been made, and to the proper person and it has been acknowledged and recorded so that a double payment on the same account would not be possible;
- (c) The charges incurred do not exceed any rate or scale fixed under the rules or orders issued by competent authority;
- (d) The expenditure has been incurred with due regard to financial propriety, e.g. supplies in excess of requirements have not been obtained, the purchases have not been made at unreasonable rates and the expenditure has been incurred only for legitimate purposes, etc.
- (e) Vouchers which are not required to be sent to the Audit Office are kept on record duly cancelled so that they cannot be used again; (these voucher should be examined during local audit)
- (f) Entries in the local accounts are properly vouched;
- (g) The acquaintances of menials for whom pay has been drawn on contingent bills, have been duly taken in the office acquaintance rolls;
- (h) The entries of payments in the local accounts have been initialled by the disbursing officer after examination;
- (i) All materials and stores billed for, have been brought on to the respective inventories;
- (j) The articles or materials billed have been purchased on tender system, as prescribed in the financial rules of the Government concerned and that in case of non-acceptance of the lowest tender, the reasons for such non-acceptance have been recorded in writing;
- (k) Contract agreements for the supply have been executed;
- (l) The quality and quantity of stores have been certified as correct before payment;
- (m) The rates paid are not in excess of the accepted market rates;
- (n) Suitable notes regarding payment have been recorded against the original indents and the invoices concerned to prevent double payment;
- (o) On the sub-vouchers, dates of payment are recorded;
- (p) The details when added up tally with the totals;
- (q) There are no erasures and any alteration in the figures have been attested by the drawing officer and the expenditure has been recorded under the correct heads of account; and

- (r) Expenditure has not been incurred with a view to preventing the lapse of budget allotment, or charges incurred in one year have not been met from the budget allotment of the next year;
- (s) Where fees are realised to meet certain payments on behalf of private parties, the total expenditure on this account during the year has not exceeded the fees received; and
- (t) Expenditure on contingencies, works, etc. is being properly regulated according to the financial rules and the accounts indicate no laxity in supervision and control.

2. Audit of establishment vouchers

The establishment vouchers should be subject to those checks during local audit in the manner and to the extent indicated:

- (a) The establishment vouchers relating to the establishment should be checked by the Inspection Parties with cash book, office copies of the pay bills, acquittance rolls, treasury bill books etc.

Acquittance rolls and the register of undistributed pay and allowances are examined to see that each amount shown as disbursed has been disbursed to the persons entitled to receive them and the arrangement for keeping a proper watch over the undisbursed amount is satisfactory,

- (b) Besides the overtime allowance claims, children's education claims, reimbursement of tuition fees claims and TA bills should be checked with reference to the local records kept in the departmental accounts offices to ensure the correctness of the certificates on the basis of which the claims have been drawn and to see that the rules and regulations in regulating such claims have been followed,

- (c) The pay and allowances drawn for each individual as per vouchers taken from the central office are compared with the corresponding entries in the office copies of pay bills,

- (d) It should also be checked that no payment has been made to a Government servant beyond his attaining the age of superannuation or on the expiry of terms of extension of service sanctioned by competent authority. The audit endorsement duly signed by the in charge of the inspection party is required to be made in the service books checked during the audit.

- (e) The months selected for test audit are to be adopted for number audit as well as nominal audit.

- (f) Audit against sanctioned strength of establishment will be done with reference to the orders of competent authority for the creation/continuation of the posts in the offices visited. In the case of establishments

borne on provincial or circle scales, the records maintained by the cadre controlling authorities to ensure that the number of officials employed does not exceed the sanctioned strength should also be checked during local audit of the offices of such cadre controlling authorities.

- (g) The results of audit of establishment pay bills, Service Books and leave accounts should be incorporated in separate paras in Part II or Part III as the case may be, of the inspection report. A certificate to the effect that nominal audit and number audit of establishment pay bills, audit of increment certificates, checks of pay fixation on promotion/reversion, check of service books and leave accounts and check of office

copies of bills and acquittance rolls have been conducted to the extent prescribed, should invariably be furnished along with each inspection report.

(h) Cases of increments sanctioned to the members of establishment of the office under inspection and cases of fixation of pay on promotion/reversion during the period covered by local audit can be integrated with that of check of service books done, as a process of other local audit checks, during audit of all departmental offices.

(i) As regards the procedure for audit pay bills of gazetted officers in whose cases the system of issue of pay slips by Account Officer has been dispensed with and salary and allowances are drawn in the same manner as the non-gazetted establishment the existing system of check in Central Audit will continue.

(j) Headquarters office has reported some instance of fraudulent drawal of pay and allowances that have occurred in some States by preparing fictitious pay bills of a few employees every month and has instructed all audit group to exercise extra care and vigilance to prevent similar and other frauds. During local audit, monthly salary bills should be scrutinised with reference to the actual staff strength. Special attention should be paid in the Attendance Registers/ acquittance rolls/Register of Service Book, Register of sanctioned posts, GPF/GIS account numbers and such other relevant records and information.

3. Audit of Contingent Vouchers

General rules regarding audit of contingent vouchers are given in Paras 3.4.1 to 3.4.19 of MSO Audit (Second Edition) 2002.

(i) It should be seen, in addition to the points mentioned in the above paragraphs that:

(a) The sub-vouchers contain pay orders signed by competent authority and they are supported by payee's acknowledgement with date of payments;

(b) The details given in sub-vouchers agree with entries in other registers or records maintained in the office, e.g. the number of days of attendance in court as shown in the Witness Register of the Court, or the stores purchased agree with the Stores Ledgers etc.

(c) The totals are noted in words as well as in figures;

(d) Any alterations in the figures have been attested by the officer authorising payment;

(e) Revenue stamps have been affixed to the payees' receipts in all vouchers for sums over `5000/- and the stamps have been defaced.

(ii) In auditing the accounts of offices which normally incur heavy contingent expenditure, it should also be seen whether any of the following common irregularities exist: -

(a) Heavy payments made to firms in cash instead of by cheque or bills endorsed in favour of the firms which is in contravention of the instruction contained in Rule 303 (i) of the Compilation of the Treasury Rules or the corresponding Rules of the State Government.

(b) Fraudulent withdrawals by altering the amount shown in the vouchers;

(c) Purchases in excess of financial powers;

(d) Presentation of duplicate claims.

(CAG's letter No. 951/Admn.215-49 dated 19-5-1949)

(i) During the check of cash book for the months selected for audit, where these months are April or later months the local audit parties should check whether relevant payees' receipts have been received and properly kept by the Drawing Officer in respect of payments from 1st April. During local audit, if the departmental officer states that any payee's receipt has been forwarded to the PAG/AG, a certificate of payment should be obtained from the Drawing and Disbursing Officer, verified with the local records and attached to the concerned audit enquiry and reply, after acceptance by the supervising Sr. Audit Officer/AAO of the party. In cases where the officer supervising the party considers that it may be desirable to check the Payee's receipts stated to have been forwarded by the departmental officer to the office of the Accountant General (A & E), a special note for this purpose should be sent along with the draft inspection report. The Section dealing with the draft inspection report should in such cases, get the relevant payee's receipts verified by the concerned Central Audit Party.

(CAG's Office Letter No. 620-Audit.II/172-83 Cir. No. 15-Aud.II/1985 dated 14-5-1985)

4. Audit of Abstract Contingent Bills

The following instructions based on CAG's guidelines regarding local audit of Abstract Contingent bills should be followed by the Local Audit Parties:

(i) Sub-vouchers below `1000/- kept in local offices should be put to normal audit checks to see whether

- a) The amount drawn was required for immediate utilisation.
- b) The amount was adjusted within the stipulated period of 90 days from the date of drawal.
- c) The vouchers were chronologically and systematically maintained to prevent double drawal.

(ii) The field officers draw advance from Treasuries on Regular Contingent Bill form instead of in Abstract Contingent Bill form just to avoid submission of detailed contingent bills. The loophole should be checked in audit and commented in the Inspection report.

(iii) The OAD parties should ensure that in respect of all abstract contingent bills, the drawing and disbursing officer prepared detailed contingent bills in time and presented them in treasuries or sent them to the Account General (A&E) directly. Non-adjustment of Abstract Contingent bill should be commented in the inspection reports.

(CAG's circular No. 12 of 1999 No. 946-Rep(s) 127-98 dated 29-9-1999)

5. Audit of Contingent Register

The entries in the contingent register should be checked to ensure the propriety of the expenditure with reference to the rules. It should be seen that:

- a) The register is maintained in the prescribed form;
- b) Each entry is initialled by the drawing officer;
- c) They are correctly entered in the columns which show as heading the classification under which the expenditure falls;
- d) The total of the sub-vouchers agrees with the total of the contingent bills drawn;

- e) The details of stores and other articles purchased, as shown in the entries in this register, for which no sub-vouchers are available, agree with those in the stock books or other registers or records maintained in the office;
- f) The register is closed regularly indicating the progressive expenditure and the allotment of funds available for expenditure in future
- g) The total of the bills drawn in the Contingent Register are also checked.
- h) The relevant rules of GFR & Gujarat Treasury Rules had been properly observed.

6. Audit of Travelling Allowance Bills

The check exercised by Controlling Officers in TA Bills has to be audited by occasional test check and for this purpose audit should check a few specimen cases at the time of local audit of Government Offices, to ensure that the duties assigned to the Controlling Officers are properly exercised by them. Cases that may come to notice in which the Controlling Officers did not discharge their responsibilities in this regard should be brought specially to their notice.

The test-check of TA bills should be conducted during Local Audit to see whether:

- (a) a register of TA bills is maintained by all controlling officers to guard against double claims;
- (b) the distances of road journeys are scrutinised by the controlling officer;
- (c) the documents on the basis of which scrutiny is made is an authenticated one;
- (d) stations which could conveniently be visited in a continuous circuit were visited on different occasions necessitating more than one journey from headquarters and
- (e) any other feature exists which would vitiate the responsibilities entrusted to the controlling officers;

The results of this test-check and cases in which controlling officers did not discharge the responsibilities entrusted to them should be incorporated in the Inspection Report of the office concerned.

(O.O. No. OAD/Control/Civil/A dated: 1.5.1964)

(Please also see Para 3.2.15 of MSO (Audit) Second Edition-2002)

7. Check of permanent advance

Para 3.13.13 of MSO (Audit) Second Edition-2002 requires that permanent advances held by local offices should be checked occasionally in order to see that the amounts held by the various disbursing officers, are not in excess of their normal monthly requirements. The inspecting parties should therefore, verify the actual requirements of each office inspected and a report is to be sent to the Debt Head Section of the Office of the Accountant General (A & E).

It should be seen that:

- (a) Permanent advance has been sanctioned and authorised by competent authority;
- (b) the balance held as permanent advance did not exceed the sanctioned limit at any time;
- (c) the recoupment of permanent advance has been entered in the sanctioned limit at receipts side;

- (d) there is a valid voucher in respect of each payment;
- (e) the daily totals of receipts/payment are carried forward to the cash book and;
- (f) a certificate evidencing the holding of permanent advance has been furnished at the close of each financial year.

8. Treasury Bill Book

It should be seen that:

- a) All bills drawn and presented are entered in the register;
- b) Entries have been attested by the Head of the Office inspected,
- c) The date and amount of payment have been attested by the Treasury Officer;
- d) There are no erasures, over-writings, etc. in the registers;
- e) The cash received has been taken correctly to the cash book;
- f) The Register has been page numbered and a certificate of count of pages recorded over the signature of the Drawing Officer on the covering page of the Treasury Bill Book.
- g) The bill register is maintained in the prescribed form;
- h) The bills do not remain unencashed for a considerable time.

9. Stamp Account

It should be seen that:

- (a) The account has been maintained properly bringing into account all receipts and issues;
- (b) The physical balance has been verified periodically and agreed with the book balance;
- (c) The postage stamps have been issued for official purpose only; and
- (d) The expenditure on telegram is not excessive.

10. Register of Stationery, Register of Uniforms, Register of Books and Periodicals, etc

- (a) the purchases as seen from the vouchers have been entered in the relevant register;
- (b) the issues are not in excess of authorised scales;
- (c) the acknowledgements of the recipients are available for the issues and
- (d).physical verification of stock on hand is conducted annually.

11. Cash Accounts

(i) The arrangements for the withdrawal of cash from treasury and/ or its realisation from other sources, its custody, payment and accounting should be examined to see that they are in conformity with the prescribed rules.

(ii) The cash books should be examined to see that:

- (a) All entries relating to the months(s) selected for detailed check regarding receipt of cash as shown in the counterfoils of receipt books as well as cash received from the treasury on bills, cheques, cash orders, or Reserve Bank drafts are traceable under proper dates and with correct particulars;

- (b) Cash which should be remitted into the treasury are remitted without delay and the remittances supported by the challan are acknowledged by the treasury officer, or the bank or by the treasury pass book. It should be seen that all entries in the treasury pass book have been initialled by the Treasury Officer;
- (c) All payments are supported by proper vouchers, acquittance rolls etc. which are complete in all respects;
- (d) The totals are correct and the balance correctly worked out;
- (e) Private cash is not mixed with the cash balance of Government;
- (f) The cash book is closed and balanced on the prescribed dates;
- (g) There are no erasures or interpolations and errors are rectified properly;
- (h) There is no tendency to keep an unduly large cash balance in hand and the cash in hand with the Cashier and others does not exceed the amount of security taken from them;
- (i) There is evidence in the cash book of the verification of all entries made therein regarding receipts, payments and balances, and the balance of cash in chest has been counted at least once a month and duly certified by the head of the office concerned;
- (j) The expenditure shown in the permanent advance column, justifies the full amount of the permanent advance;
- (k) Expenditure has not been incurred in excess of the permanent advance by spending from the departmental receipts, except when specifically authorised;
- (l) the cash balance is subjected to surprise checks at irregular intervals.

Note: Accounts of imprest and temporary advances if any should be examined to see that they are closed punctually every month and that they are properly examined by the recouping officers before recoupment.

(iii) It is one of the important duties of audit to see that all departmental revenue have been remitted in time to the treasury to the credit of Government. With a view to ensuring that all the remittances to the treasury have gone to the credit of Government the audit staff should verify the credit entries in treasury records. In this connection, the instructions contained in Para 23 of the Secret Memorandum of Instructions may also be borne in mind.

Note:

The verification with treasury records should be conducted even if the treasury is located beyond 8 Kms. from the place of inspection. Details of journey, if any, undertaken for the purpose should be reported to AMG-II Section for regulating TA claim.

(iv) Where important initial records such as cash books, pass books security registers, etc. are not maintained properly, it will not be sufficient to state in the inspection report that such records are not maintained properly. Improper maintenance or non-maintenance of important initial records having a direct bearing on cash transactions will prima facie indicate irregularities in cash transactions. In such cases the Sr. Audit Officer, besides mentioning the technical defects and shortcomings noticed in keeping accounts, registers etc. should also make an intelligent probe to see if the defective maintenance or non-maintenance of accounts, registers and other initial records is a cover for any fraud or misappropriation.

(v) The cash book should be checked up-to-date.

While doing this, the Inspecting Officer should try to get all the facts and explanations on the spot. If satisfactory explanation for any irregularity detected is not forthcoming, he should collect all the relevant facts and make a special report for pursuing the point with higher authorities.

(vi) Objection, if any, taken on checking of Cash Account should be explained in sufficient details to enable the Central Office to find out whether the defects mentioned disclose any technical defect or serious irregularity. Audit parties should examine specially the adequacy of the procedure followed by various authorities for the receipt, custody and disposal of cash and other valuables, and defects, if any in this regard, should be commented upon in the report.

(vii) All irregularities relating to the accounting of cash whether technical or material should be mentioned invariably in Part II of the Inspection Report.

(viii) In cases where the cash book is maintained properly and the rules observed correctly, the Supervising Officer/ AAO of the Party should mention the fact specifically in the letter forwarding the inspection report.

12. Cash verification

(i) The supervising officer or when the party is unsupervised, the AAO should ensure that physical verification of cash as per the records is done by the Drawing and Disbursing Officer in his presence and include comments, if any, arising from such verification in the Inspection Report which should comprise the following:

- (a) The opening cash balance as on date;
- (b) Cash receipts / disbursements during the day till the time of verification;
- (c) Closing cash balance;
- (d) Actual cash balance found on physical verification;
- (e) An analysis of the difference between the cash balance and the balance found on physical verification indicating whether the difference was due to
 - Misappropriation i.e. unexplained shortage of cash
 - Unadjusted advances given from un-disbursed cash or
 - Unadjusted voucher specifying disbursements on account of item for which there are no allotment or sanction.
- (f) Cases of retention of heavy cash balances.

(Annexure to Para 6.1.7 of M.S.O. Audit-Second Edition. 2002)

It should be seen in audit that the Government Safe contains nothing but Government money and other Government Valuables.

(ii) Whenever cash is verified it should be seen that the cash book is written upto date and all entries should be vouched to the date of verification. The composition of the balance in hand so verified, i.e. cheques, notes, coins, etc. should be recorded in the verification report also.

(iii) If the cash balance pertaining to the cash book is counted, it is desirable to have simultaneous count of all cash balances in the same office, with relevant accounts in

charge of the disbursing officer or other custodian of the cash chest. This verification of cash should preferably be done at a time when the officer-in-charge is present.

(iv) The above instructions apply also to surprise inspection of cash undertaken when temporary misappropriation is suspected

(vide CAG's D.O. No. 70/ Admn. I/54 dated 26-7-1974)

13. Muster Rolls

Muster rolls should be generally examined to see that the instructions prescribed for their maintenance are followed. In particular, it should be seen that:

- a) attendance is taken daily and the record of attendance is checked at intervals by responsible officers inspecting the works for which the labour is employed;
- b) disbursement are not entrusted as a rule to officials of low rank;
- c) where possible, the officer making the disbursement is not the same as the one controlling the labour;
- d) a record is kept of the progress of work done by labour and the cost of the work done is not in excess of the value at current rates indicating either loss to Government or need for closer financial control and
- e) labourers paid from muster rolls are not engaged in any work other than that for which they are detailed.

Works Manual may also please be referred.

14. Account records not specifically mentioned

All other account records not specifically mentioned in the preceding paragraphs or in the chapter dealing with the audit of accounts of the particular office or institution, should be examined to see:

- a) that they are maintained in accordance with the prescribed rules and are up-to-date and
- b) that they are periodically reviewed by a responsible officer.

15. Intelligent exercise of checks

The efficiency of local audit depends largely on the intelligence, thoroughness and resourcefulness which are brought to bear on it. Even an apparently minor defect or irregularity might conceal a fraud or misappropriation. The inspecting staff should be alert to this and exercise the check intelligently and not in a mechanical way. An illustrative list of irregularities which are likely to conceal potential frauds is given below for guidance: -

- a) Erasures, overwriting, interpolations, alterations and unattested corrections in figures, pass orders etc., in account books and registers, bills, receipts, etc.;
- b) Removal of pages from account books and registers;
- c) Tampering with totals and carry forward of totals especially in cash books and stock books;
- d) Erroneous arithmetical totalling in bills;
- e) Errors in carrying over figures from subsidiary registers to main register;

- f) Delay in disbursement of moneys drawn from treasury to payees (including moneys recovered against court attachment, undisbursed salaries etc.,);
- g) Non-availability of challans in support of remittance entries in cash books and tempering of figures in challans;
- h) Note: - Fictitious entries of remittances in cash book will be brought to light during the verification of credit for remittances for months selected direct from the books of the treasuries, prescribed by the Comptroller and Auditor General.
- i) Persistent delay in the submission of payees "Stamped receipts, suppliers' invoices and countersigned detailed bills to audit;
- j) Payments made on duplicate invoices, absence of proper reference to entry in stock books invoices, failure to cancel sub-vouchers or paid invoices;
- k) Issue in stock accounts not supported by proper initials and acknowledgements issues on free transfer bills not acknowledged by the recipients;
- l) Bills presented at the treasury without entry in the treasury bill book, interpolation and alteration of entries in the treasury bill books.
- m) Items stores, works etc paid for in bills not being traceable in the relevant registers, viz, stock account, works registers, measurement books, etc.;
- n) Signing office copies of bills in full, difference between the entries in the office copies and fair copies of bills in regard to name of payee, endorsee etc., or absence of office copies;
- o) Persistent failure to conduct physical verification of stores or to take action on the verification reports;
- p) Entries in important records like cash book, stock accounts, etc., not being attested;
- q) Absence of proper periodical scrutiny of cash book, stock books, contingent registers and D.C. bill registers by the head of the officer or the authorised gazetted Government servant;
- r) Non-reconciliation of departmental figures with those of the treasury.

16. Accounting of Non-Government Money

Where under any special sanction, a Government Servant deals with both Government and non-Government money in his official capacity, it should be seen that the provisions of Gujarat Treasury Rules are observed.

17. Audit of Property Account

Local audit parties should also bestow adequate attention on the audit of property accounts which include accounts of immovable properties like land, buildings and other assets with a view to safeguarding the financial interest of Government. Specific comments should be included in the inspection report regarding the maintenance of property accounts in respect of each Government institution audited by them.

(CAG's Confidential letter No. 83 Admn.I/152-61 dated 11-1-1962)

It should also be seen whether the permanent register prescribed by Government to show the assets of immovable properties and buildings in the custody of several departments is being maintained properly and is posted up-to-date.

They should also call for the connected records and examine them as indicated below;

- a) If a new property has been purchased, the purchase proceedings from inception to termination should be scrutinised to see that purchase has been made properly and in accordance with the rules etc., on the subject;
- b) It should be seen that lease agreements exist in all cases where properties have been leased under the rules;
- c) If any property is of a revenue-yielding nature, it should be seen whether the revenue has been properly assessed and prompt action has been taken to collect the assessed revenue. The records maintained for demand and collection of revenue should be carefully examined;
- d) In respect of various assets, it should be seen that capital value is brought up-to-date (e.g. by charging, where necessary, appropriate amounts of depreciation etc.) and the return, if any, is calculated properly.

Note: It will not ordinarily be necessary to comment on the cost of current repairs as compared to the original cost of construction or purchase unless the magnitude of the cost of repairs, the life of the property and other relevant data indicate any abnormal feature warranting comment.

(Confidential O.O. No. TM/20(10) dated: 16.6.1962 and OAD-I/28 (33) 3464 dated: 9.10.1962)

18. Register of undisbursed pay and allowances.

It should be seen that:-

- a) the closing balances of cash on hand have been analysed bill-wise/individual-wise in the register.
- b) the cash remaining undisbursed within three months of its drawal has been credited back to the treasury or has been adjusted by short drawals in the bills and;
- c) the entries have been attested by the head of the office.

19. Register of Advances

It should be seen that: -

- a) the registers are maintained in the prescribed form.
- b) the advances have been sanctioned properly and;
- c) the recoveries of advances are effected regularly with interest.

20. Audit of contracts and agreements

It should be examined:

- i) The contracts, agreements, purchase bills, purchase files etc. should be carefully scrutinised in local audit.
- ii) The general instructions for the audit and agreements are contained in paragraphs 3.7.1 to 3.7.22 of MSO (Audit) Second Edition-2002. These instructions should be adopted to suit the requirements of audit of particular cases or types of contracts, in the light of departmental rules and regulations.

iii) Local audit should be conducted in respect of all contracts and agreements of value above `5 lakh, all rate and running contracts and 20 per cent of other contracts. The audit of contracts should be conducted under the supervision of Sr. Audit Officer.

iv) Under Section 194C of the Income Tax Act, 1961, any person responsible for paying any sum to any resident contractor is required to deduct income tax at source at 2 per cent from any sum credited or paid in pursuance of any contract for carrying out any work, including supply of labour for carrying out any work entered into between the contractor and

- (a) The Central Government or any State Govt. or
- (b) Any local authority or
- (c) Any corporation established by or under a Central, State or Provincial Act, or
- (d) Any company or
- (e) Any co-operative society,

If the consideration for the contract is not less than `30,000/- (with effect from 1-7-2010) In order to enforce this provision, Section 37(7) of the Income Tax Rules, 1962 stipulates that the person making deduction of tax in accordance with Section 194C from payment made to any contractor shall send to the Income Tax Officer concerned an Annual statement by the end of June immediately following the previous year in Form 26.C in respect of deductions made by him during the immediately preceding quarter.

Local Audit Parties should ensure that the quarterly return is forwarded regularly to the Income Tax Officer on due dates. Omissions if any, noticed in local audit have to be incorporated in the inspection report and extract of such para should be forwarded to ITRA wing of office of the Principal Director of Audit (Central), Ahmedabad

v) The inspecting staff should see particularly that tenders have been invited in case of purchase of articles and stores for which tenders are to be called for as prescribed by specific orders of Government or under instructions contained in the manual of the offices inspected. They should examine the original of tenders and the agreements finally accepted. Cases of alteration of figures, over writings and other unauthorised corrections of tendered rates or other errors in the original tenders should be investigated in detail. The inspecting staff will also see that the rules laid down by Government or set out in the Manuals in regard to invitation and acceptance of tenders and for entering into agreements with contractors have been observed. The inspecting staff should also see that wherever necessary, the indenting officers have consulted the Stores Purchase Department at various stages before finalising the purchases.

vi) The files for contract agreements should be scrutinised to see that

- (a) Tenders are invited in the most open and public manner;
- (b) Contracts are executed either on standard forms or on special forms prepared in consultation with the law officers of Government and the terms are precise and definite and there is no room for ambiguity or misconstruction.
- (c) Contracts are sanctioned by the competent authority and the terms once entered into are not varied without special and proper sanction;
- (d) Agreements generally provide that payment will not be made until the stores have been received and examined; and

(e) Suitable security has been taken from the contractor for ensuring the fulfilment of contract.

vii) In cases where a formal contract is not entered into, it should be seen that the order for supplies or for execution of works is not given without at least a written understanding about the price or the rate at which payment is to be made.

viii) When a number of cases are noticed in which the lowest tender has not been accepted and audit considers that the accepting officer has exercised his discretion improperly (for which view definite reasons should be given), the percentage of such cases with a bearing on the total number of cases investigated by audit and the extra cost caused to Government resulting from this should be indicated. Where a test audit has been conducted, it must always be made clear in the report that this percentage is the result of test audit and the rough proportion of the cases selected for audit to the whole should also be stated.

ix) It will also be necessary to ascertain whether the ratio of cases of non-acceptance of lowest tender to the total number of cases examined points to the conclusion that they are merely individual lapses or are indication of a general tendency. The result of such investigation should also be included in the Inspection Report.

21. Security Deposits

It should be seen that:

(a) Security is taken as required under rules from persons entrusted with the custody of cash or stores;

(b) Security deposits are covered by a proper bond or agreement setting forth the conditions under which the security is held;

(c) Government bonds tendered as security are taken at their face value or market value whichever is less at the time of depositing the security and re-adjustment is made if there is a subsequent appreciation or depreciation in the value, as prescribed by rules;

(d) The register of receipts and disposal of securities is properly maintained and all entries since the previous audit are correct and acknowledgements of the depositors exist for the return of securities;

(e) The register as well as the securities are examined at least once a year by a responsible officer of the department.

(f) Either the securities or the acknowledgements of their authorised custodians (vide Government Securities Manual) are produced for inspection;

(g) In the case of Post Office/ Treasury Savings Bank Pass Books, they are hypothecated to the head of the office and kept in his custody.

22. Acquittance Rolls of establishments

These should be examined to see that there is a proper acquittance for each amount disbursed, the amounts have been disbursed to the persons entitled to receive them and that the arrangements for keeping a proper watch over un-disbursed amounts are satisfactory. It should also be verified whether the checks prescribed in Gujarat Treasury Rules are being exercised by the head of office.

23. Check of log books, etc. relating to Government vehicles including staff cars and station wagons

i) A list of staff cars, lorries, jeeps, etc. in use in the office inspected should be called for and it should be ascertained whether suitable rules and regulations regarding their use have been framed and got approved by Government. It should also be examined whether these rules and regulations are adequate and are being observed in actual practice. The log books and other connected records should be scrutinised to see that:

- (a) They are maintained in accordance with the rules prescribed.
- (b) Effective control is exercised over the use of the vehicles and the consumption of petrol/diesel.
- (c) The vehicles are used only under proper sanction and for authorised purposes;
- (d) Recoveries are correctly and promptly affected in cases where the vehicles are used for non-official purposes.
- (e) Entries regarding the distance between the places travelled are correct; and
- (f) The entries in the log book agree with tour diaries, if any, submitted by the officer.
- (g) The average mileage have been worked out and the average run is reasonable.

ii) The history sheet of vehicles is to be scrutinised to see that: -

- (a) it is maintained in the proper form;
- (b) all the repairs/additions have been noted therein and
- (c) the maintenance of the vehicles is economical.

24. Assessment and collection of rent of Government quarters

The following details in respect of gazetted as well as non-gazetted employees should be verified in local audit to see: -

- (a) Whether rent free quarters are being occupied by ineligible personnel;
- (b) Whether two months' deposit of standard rent is collected (in case of deposit of family quarters of Police personnel).
- (c) Whether penal rent is realized in the case of unauthorised occupants.
- (d) Whether register of allottees with details of allotment, date of occupation / vacation, rent collected, list of furniture, fittings etc. are properly maintained.

25. Advance of pay, TA on tour and transfer

Since the watching of adjustments of advance of pay and leave salary, TA on tour and transfer, advances in connection with leave travel concession etc. in Central Audit has been dispensed with, efficiency of the system and procedure for recovery of those advance in the departmental offices should be examined during local audit. The party should trace all debits and credits related to the selected month from the original vouchers or the office copies of the vouchers to the registers maintained in the office inspected. A few credits (recoveries of advances) appearing in the registers should be traced to the office copies of original vouchers.

26. Group Insurance Scheme

Local audit parties should check the transactions relating to Group Insurance Scheme, 1984 at the time of local audit of the institutions on the following lines.

1. Verify the office copies of the schedules attached to the pay bills in respect of the selected months with reference to the pay bills for that month.

2. Check the nomination pasted in the service books at the time of verifying the service books.
3. Check whether the details of the Group, and the date of commencement of subscription etc., are noted promptly in the last pay certificate of the subscriber when he/she is transferred.
4. Verify whether the payments from the funds are covered by proper sanctions of the Directorate and the accounts shown in the bills are correct and whether the amounts are properly disbursed to the parties concerned.

All Assistant Audit Officers and Sr. Audit Officers, if supervision is provided, should attach a separate report after checking the transactions relating to Group Insurance Scheme, 1984, along with the Draft Inspection Report. A nil report should be forwarded if there is no discrepancy/ irregularity in the accounting procedure of transactions relating to the schemes.

27. Audit of Personal Ledger Accounts

The object of local audit of the personal ledger accounts is to ensure that the initial accounts of the moneys are properly maintained, that the persons operating on the accounts do not delay remittances in to the accounts, of moneys received by them in connection therewith and that they do not make withdrawals or divert the funds temporarily for purposes not connected with the accounts. The object of audit is to safeguard the possibility of fraud or embezzlement of moneys lodged there in.

28. Audit of Detailed Contingent Bills

It has been decided that check of D.C. bills and payees receipts, which was hitherto done in central audit should be conducted in local audit.

While D.C. bills in the present form should continue to be sent to the Accountant General in proof of adjustment of amount drawn on abstract contingent bills, sub vouchers need not be sent to the office of the Accountant General (A&E); they may be retained by the Drawing and Disbursing Officers. The local audit party should conduct test check of the supporting vouchers at the time of local audit. For this purpose, D.C. bills received in any two months in a year may be selected for audit by the PAG/AG (Audit-II) and the voucher bundles may be obtained from the A.G. (A&E) and supplied to the local audit party for check during audit of the Drawing and Disbursing Officer concerned.

29. Audit of Payees Receipt

The audit is required to satisfy itself that the amount drawn out of the State exchequer has been paid to the correct payee and the payee's receipt as a proof of payment is available with the person who has made payment. This should be verified during local audit. At the time of checking the cash, local audit parties should also check that the relevant stamped receipts have been properly retained by the Department.

(CAG's No. 15/Audit-UU/1985 dated: 14.5.1985 OAD –I/Misc.)

Establishment Audit

1. Verification of Service Books, Leave Accounts and Increments

In the offices inspected, the local audit staff should examine the service books and leave accounts of non-gazetted Government servants to ensure that they are kept according to rules. With the discontinuance of the Annual Establishment statements, the service books are the only documents for the verification of service for pensions and therefore adequate attention should be paid during local audit to the verification of service books.

2. Quantum of check

The service books of the members of staff in an office should be checked to the extent prescribed below:

Periodicity of audit	Quantum of check to be done.
Annual	25 per cent
Biennial	50 per cent
Triennial, quadrennial and quinquennial	100 per cent

Service books should be checked in such a way that all the service books are subjected to audit scrutiny in a cycle of four years. However, the service books of persons due to retire within the next five years should invariably be checked even if the percentage exceeds the quantum of audit and while scrutinising the service books of these persons the following checks should be exercised:

The party should ensure that, the service book is complete in all respects and events affecting pension have been clearly spelt out along with the remarks of the competent authority and there are no missing links.

The party should also check that the nominations regarding Death-cum-Retirement Gratuity, General Provident Fund(GPF), Family Benefit Scheme(FBS), etc have been made by Government servants who are due to retire and suitable note has been kept in the service books. Cases where the nominations are not available are to be brought to the notice of the Head of the Office.

A separate note containing the following details of verification should be furnished by the Local Audit party along with the Inspection Report:

Total number of service books maintained in the office. Number of service books selected for scrutiny according to quantum fixed. List of persons due to retire within the next five years (the party should mark in the list the names of persons due to retire within the next 18 months).

A certificate by Local Audit party that the requirements of para 3 (ii) and (iii) of CAG's letter No.29 Audit-II/85 (No. 1010-Audit-II/218-85) dated 2-7-1985 have been observed and that nominations in respect of GPF/ DCRG etc. have been ensured and that nominations in respect of personnel and suitable notes have been kept in the Service Books.

Local audit parties auditing Government Upper Primary and Lower Primary schools should ensure that all the service books in the schools are checked during audit.

(CAG's Cir. No. 29-Aud-II/85 (No.1010-Aud.II/218-85) dated 2-7-1985)

In the case of offices where local audit is not conducted regularly, the service books and leave accounts of non-gazetted Government servants should be made available to the local audit party when they visit the headquarters station of the area wherein these offices

are located. The Hqrs. Section will issue intimation to the offices concerned to furnish the relevant documents to the local audit staff at the specified place. The heads of such offices may also be asked to send the service books (including leave accounts) of non-gazetted employees who are due to superannuate during the next five years, to the Central Office. Alternatively, Special Audit Party will be formed for undertaking the verification as and when found necessary.

(CAG's Letter No. 32 Admn. II/349-61 dated 4-1-1996).

3. Check of Service Books and Leave Accounts

(a) While checking the service books it should be seen that

(i) A service book is maintained for every non-gazetted Government Servant in accordance with the rules applicable to him with necessary leave accounts in the prescribed form and that it is kept up to date.

(ii) Entries of all events in the official career of a Government Servant are made in his Service Book and attested by competent authority.

(iii) the date of birth is verified with reference to documentary evidence and a certificate recorded to that effect by the head of the office stating the nature of document relied on;

(iv) The service books contain certificate of annual verification of service with reference to Acquittance Rolls etc.

(v) No alteration of the date of birth is made without sanction of the competent authority.

(vi) The entries in the first page are re-attested every five years

(vii) The entries in the pay column in the service book are verified with reference to the office copy of pay bills for the month or the months selected for detailed audit to see that they agree.

(viii) That excess leave granted/ surrendered or excess leave salary drawn if any, are regularised early, especially in the case of persons who are likely to retire from service before the next inspection.

(ix) the correctness of the pay and increments allowed to the individual from time to time for the period to which the check of service book relates should also be checked in the service book selected for scrutiny during local audit.

(b) Leave accounts, including accounts of persons likely to retire or likely to complete 30 years of qualifying service are checked in detail to see that: -

(i) It has been properly posted and closed after the incumbent returns to duty from leave and every entry has been duly attested.

(ii) The leave sanctioned has been correctly posted in the leave account and the entry of the leave sanctioned order has been attested.

(iii) Leave at credit has been correctly calculated in accordance with the rules and the leave account has been revised with reference to orders regarding completion of probation, confirmation etc.

(iv) The fact of issue of certificate under Fundamental Rules 26(bb) or corresponding State rules is recorded, where the period of leave is counted as service for increment under that rules.

(v).Subsidiary leave account have been maintained wherever necessary.

(vi) The collective record of the various kinds of special leave granted to the employee is maintained.

(vii) The nature and extent of leave-sanctioned is correctly due and admissible to the employee.

(viii) There are no cases of evasion of leave rules.

(c) It should be remembered that in addition to a complete check of the service books and leave accounts selected, the inspection staff should give suitable instructions to the staff of the office concerned to ensure proper maintenance of all service books and leave accounts.

4. Check of Leave salary, Increments, etc.

The check contemplated, vide serial number 5(b) and 6 of para 8 of memorandum of instructions issued by the Comptroller and Auditor General should be exercised in local audit in respect of leave salary drawn and increments accruing and drawn during selected months.

(O.O. No.OAD/Control/7 dated: 17.2.1964).

5. Check of increments granted to Government servants whose names do not appear in the pay bills

A test check of increment granted to Government servants whose names are not required to be shown in the pay bills (including class IV/Last Grade Government servants) in the various offices in the State has to be conducted during local inspection.

The test audit of increments granted to such government servants may be confined to the year of inspection generally and may be extended to the earlier periods also if the scrutiny of the increments granted during the warrants and examination of the previous increments. The check may be exercised with reference to the entries in the service books, office copies of the pay bills and acquittance rolls.

6. Register for recording particulars of special kinds of leave

A record of various kinds of special leave granted to Government servants from time to time, should be maintained in a register in the prescribed form by the sanctioning authority in order to facilitate the check by local audit parties to see whether the conditions for the grant of the same have been fulfilled in individual cases. This register may be specially looked into in local audit.

7. Audit enfacement

The service books checked during local audit should bear an audit enfacement in the following form duly signed by the supervising officer/ AAO in charge of the Audit Party. The signature should be dated.

"Checked during the local audit / inspection and found in order "

A certificate to the effect that the service books have been checked and audit enfacement may furnished in the service books.

(O.O.No.18/OAD-I/23(31)/3503 dated 15.10.1962).

8. Check of retention in service beyond the date of superannuation

The check of retention of non-gazetted Government servants beyond the date of superannuation was hitherto done in central office with reference to the Establishment

Returns. With the abolition of establishment returns local audit parties are required to check, whether any non-gazetted Government servant has been retained beyond the date of superannuation at the time of verification of service books locally.

(O.O. No. 18/OAD-I/33(31) 3505 dated: 15.10.1962)

9. Personal claims of State Government Officers

At the time of local audit at each Office the Supervising Officer/ AAO should collect the details of all the personal claims to State Government employees (both Gazetted and Non-Gazetted) such as pay slips, claims on account of pension, provident fund etc. pending settlement. The details collected should be sent to the personal address of the Group Officer concerned. In the case of institutions where there are no details to be collected, a "Nil" remark should be indicated in the separate sheet enclosed with Annexure of Inspection Report.

10. Issue of audit enquiry regarding recovery of excess payments, etc.

During the course of audit of expenditure, field parties issue audit enquiries to Heads of Office directing them to recover the excess payments made on account of irregular fixation of pay of serving Officers of various departments of Government of Gujarat. When the affected officers approach Courts with a plea to quash such directions, Headquarters Office find it difficult to defend the cases through Advocate General. Hence, all Audit Parties are directed not to issue any 'directions' to the departmental officers for recovery of excess payments/ re-fixation of pay etc. while detecting any irregularity. Instead, the departmental Officers may be asked to re-examine the case based on the orders/ directions issued by Government, quoted in the Audit Enquiry.

Annexure 4

Audit of Grants or Loans given to Authorities/ Bodies for Specific Purpose

1. The audit of grants or loans for specific purposes should begin with a scrutiny of sanctions issued by competent authorities. It should be seen that they are competent to sanction the loans or grants and while doing so, the financial rules governing them have been followed. The second step will be to see whether the grant or loan has been utilised by the recipient body or authority for the purpose for which it is sanctioned. The financial rules of the Central, State and Union territory Governments make the sanctioning authorities or disbursing authorities responsible for satisfying themselves about the fulfilment of conditions attaching to the grant or loan and for furnishing to the Sr. Audit officer certificates of utilisation within prescribed period. These utilisation certificates are to be watched through the register of grants or loan register. To make the audit of grant or loan for specific purpose effective, the first part of section 15(1) of CAG's (DP & CS) Act, 1971 provides for scrutiny by audit of the procedures followed by sanctioning authorities in regard to proper utilisation of grants or loans and fulfilment of conditions attached to them. In exercising this part of the check it will be necessary for audit to study the procedure prescribed for the sanctioning authorities to satisfy themselves regarding proper utilisation of loans or grants and to check up whether they are following the prescribed procedure and whether the procedures themselves are not deficient in any respect. Factors like the amount of grants/loans sanctioned, existence of prescribed procedural instructions, existence of efficient internal audit and administrative inspection systems in the departments for an effective control over the proper utilisation of grants and loans are to be looked into in this connection. The second part of section 15(1) gives CAG the right of access to the books and accounts of the recipient bodies or authorities and this scrutiny is not obligatory. Decision to undertake the actual scrutiny of the books and accounts of particular bodies or authorities receiving grants/loans for specific purposes, may be taken in the light of the examination referred to above. During the scrutiny of the procedures followed by the sanctioning authorities, the accounts and audit arrangements existing in the recipient body or authority should be ascertained. Unless proper arrangements in these respects exist and the accounts of the said body or authority stand audited by its usual auditors for the period in question, local scrutiny of its books and accounts may have to be deferred as a matter of prudence till such audit is got completed by the recipient body or authority. The absence of or deficiency in such arrangements and the consequent delay in Audit scrutiny by us of the books and accounts should be mentioned in a separate paragraph in the chapter on "Grants and loans" of the audit report.

The instruction contained in paragraph 10 of CAG's letter No149-TA-I/50/69-Vol.II dated: 2.3.1974 regarding the scope of audit of Section 14 of the CAG's (DP & CS) Act, 1971 and in the annexure thereto regarding the institution wise register, should apply to Section 15 also. In certain States, besides Government, subordinate authorities are also empowered to sanction grants or loans to different bodies or authorities, copies of sanction of which are not received in audit although the sanction of grants or loan implies an outgo from the Consolidated Fund. In many cases, there may not be any formal sanction as such, the mere countersignature on bills signifying such sanction. There may be cases where sanctions accorded by subordinate authorities are not sent in advance to Audit but copies of the sanctions are attached to the bills in which the amounts are drawn. In these cases, which will ordinarily be for comparatively small amounts, it may perhaps be impracticable to keep a complete record in the register referred to in the previous

paragraph. In regard to such cases, when local audit is undertaken of the offices of the sanctioning authorities the Inspecting Officer should scrutinise the records relating to sanctions issued by them and report the amount of grants or loans sanctioned together with relevant particulars regarding the recipient bodies or authorities to the Hqrs. section to determine whether the books and accounts of a particular recipient body or authority should be scrutinised locally.

2. Scope of audit of accounts of authorities or bodies

The right of access to the books and accounts of authorities or bodies under section 15(1) will be limited to checking whether the grant or loan received from Government has been duly shown as receipt in the accounts of the authority or body, whether the grant or loan has been fully utilised for the purposes or objects for which they were sanctioned and the financial procedure, if any, prescribed in this behalf has been observed, whether unspent balance, if any, has been refunded to the Government and whether the conditions attached to the grant or loan have been fulfilled.

(a) "Specific purpose" loan or grant will include loan or grant to cover deficit, but not general purpose loan or grant without any condition. In case of doubt, whether a loan or grant was for a specific purpose, the Government/Department files leading to the issue of the relevant sanction should be consulted.

(b) If the recipient of a "Specific purpose" loan or grant happens to be an "individual" or a "firm", full particulars of the case, with the views of the Accountant General about the desirability of audit of the accounts, should be reported to the Hqrs. office for orders.

(c) In case of "Corporations", if the law by or under which these have been established provides for the audit of its accounts by an agency other than the CAG, the right of access to their accounts is not available to him unless specifically authorised by the President/Governor under section 15(2) of the Act.

(d) The results of audit should be communicated in the form of inspection reports as per section 13 audits, addressed to the sanctioning authorities, with extracts of relevant portions to the authorities/bodies. Facts indicated in the draft reports should be got verified by the head of authorities/bodies where accounts are locally audited and the report as a whole discussed with the sanctioning authority. (CAG's letter No214-TA-I/35-74 dt:25.3.1974 is reproduced at the end of this chapter).

After scrutiny of sanctions in the office of the sanctioning authorities, if a detailed audit of accounts of authority/body situated outside the State is decided upon, the concerned Accountant General of the State in which the institution is located could be requested to do the audit. (CAG's letter No1078-TA-I/76-75 dated: 2.12.1975).

General instructions relating to grants-in-aid audit are contained in Chapter 5 of Section III of MSO (Audit). The following subsidiary instructions are issued for guidance.

3. Rules regulating grants-in-aid

Financial rules and conditions governing grants-in-aid are prescribed by competent authority and embodied in the grants-in-aid or other codes of the departments concerned.

4. System of payments of grants

There are two types of payments (1) Pre-payment system and (2) Post-payment system. A grant may be paid to meet the expenditure for a specified purpose in advance and before the actual expenditure for the period can be ascertained. It may be based on an estimate of the probable expenditure of the corresponding period, as modified by careful forecast of

circumstances likely to affect the actual expenditure of the period in question. Such grant is said to be on the pre-payment system. A grant is said to be on the post-payment system, when it is a contribution to meet the whole or a moiety of the expenditure already incurred by the grantee.

5. Condition of grants

Every payment of grants-in-aid on the pre-payment system involves three principal processes: -

- i) Sanction of the Grant.
- ii) Disbursement to the grantee.
- iii) Utilisation of the grant by the grantee.

In the case of grant paid on the post-payment system, there are only two stages viz. (i) and (ii) above since the expenditure has already been incurred by the grantee, i.e. stage (iii) precedes stage (i).

6. The local audit of the accounts of grant-in-aid is conducted in two stages:

- i) Local audit of the accounts in the office of the sanctioning authority.
- ii) Local audit of the expenditure incurred at the institutions of the grantees, where such a course of action is decided upon.

7. Conduct of audit of grants

The checks to be applied in local audit are detailed below:-

(A) At the office of the sanctioning authority

At the time of Test Audit, which is to be conducted at the office of the sanctioning authorities, it should be seen:

- (i) that the grant has been sanctioned by the competent authority in exercise of the powers conferred on it under the rules and regulations framed by Government.
- (ii) that the conditions, if any, attached for the eligibility of the grantee concerned prior to receipt of a grant were duly fulfilled.
- (iii) where the admissible amount of the grants has been calculated in the manner prescribed in the Departmental rules or orders after obtaining necessary statements like audited accounts, etc.
- (iv) whether the grant has been sanctioned after obtaining full particulars from the grantee and not in advance of receipt of such particulars.
- (v) whether the grant has been sanctioned only upto the extent of requirement and to the extent which can be utilised in the financial year and whether any time for the expenditure has been fixed.
- (vi) that there is proper method by which the sanctioning authority satisfied itself about the fulfilment of the conditions and whether the method is adequate.
- (vii) whether necessary periodical reports, statements, etc. have been prescribed by the sanctioning authority and whether their receipt on the due dates from the grantee is properly watched.
- (viii) that the accounts rendered by the grantee are complete and duly supported by relevant vouchers and payee's receipts;

(ix) whether the procedure for internal check of the grantee's account is adequate and whether the certificate furnished by the administrative authority is based on such checks.

(i) that the statements preferred for claiming the share reimbursable by the Government of India are correct in all respects.

(xi) whether the register of grants-in-aid maintained by the sanctioning and disbursing authorities is (i) in proper form, (ii) whether the entries have been made properly as and when, (a) sanctions are issued and (b) the bill is received from grantees for counter signature.

(xii) whether there is a tendency on the part of the sanctioning authority to sanction the payment of the grant-in-aid towards the end of the financial year with the stipulation about spending it during the year which practically becomes impossible to fulfil and consequently gives rise to several irregularities.

(B) At the offices of the grantees.

It should be seen:

(i) whether the expenditure incurred is closely related to the object for which the grant was made and whether there is any diversion of funds.

(ii) whether the expenditure has been incurred with planning and economy.

(i) whether the grants are spent according to the conditions and action has been taken to refund the unutilised portion within the time specified.

(iv) whether all the registers including stock register for purchases from Government grants have been maintained properly and checked periodically.

(v) whether the scale of expenditure is approved and the purchases are made economically by calling for tenders or quotations.

(vi) whether in the case of accounts of works, maintenance of muster rolls, measurement books, preparation of estimates and payment of bills have been done observing the general principles and whether there is any evidence of periodical check of the progress of work.

(vii) whether the records of the grantees bear evidence of check by the sanctioning authorities and whether periodical registers or statements prescribed by them have been sent to them on the prescribed dates and whether the statements represent true extract of the initial records.

(viii) whether in the case of recurring grants the grantee continues to function in accordance with the terms and conditions attached to the grant and whether the circumstances in recognition of which the grant was sanctioned still continue to exist.

(ix) that the unspent balance is not utilised in subsequent year without obtaining sanction of the competent authority.

(ii) that there is no undue delay in submission of accounts by the grantees.

(iii) that all payments are covered by proper vouchers and sanction for payments.

(iv) as regards payment of grant-in-aid to freedom fighters and their families it may be scrutinised with reference to initial records whether the concerned authorities have followed the rules in scrutinising application for assistance under the schemes and have satisfied themselves about the eligibility of the applicants for the grants of such assistance. During the course of local audit of accounts in the office of the disbursing

authorities, it may, inter alia, be seen whether the conditions attached to the grant of such assistance have been fulfilled, both in respect of recurring and non-recurring payments and prompt action has been taken in the case of breach of any of the conditions.

(Vide OAD D-II/O.O. No.12 dt: 10.3.1971).

8. Common irregularities

A list of common irregularities which occur in the payment of grant-in-aid is given as **Statement 1**.

9. Non-receipt of utilisation certificate

The CAG has decided that in respect of grants-in-aid, where utilisation certificates have not been submitted to audit, the reasons thereof should be investigated at the time of local audit of the offices of the sanctioning authorities and a brief mention of the reasons for the delay should be made in the conventional Audit Report. The Assistant Audit Officer of the local audit parties concerned should ascertain in writing the reasons for the delay in the submission of the utilisation certificates and incorporate suitable paragraphs in the Inspection Reports.

(O.O. No. OAD D/Control/20 dt:11.2.1965).

Some important checks to be applied in the audit of grants-in-aid are given in **Statement 2**.

10 Inspection Reports

The results of audit of the grant-in-aid transactions at the office of the sanctioning authorities will be incorporated in the regular Inspection Report of the institution as usual.

(a) The procedure to be followed for the issue and pursuance of inspection report relating to audit in grantee institution will be as follows:

The Sr. Audit Officer is not the final authority either to condone any irregularities noted in audit or to ensure adequate action by the private institutions receiving the grants-in-aid to settle the objections promptly and satisfactorily. It has, therefore, been decided in consultation with Government of India, Ministry of Finance, that the Inspection Reports in such cases should be forwarded to the Administrative Ministry concerned (with a spare copy) with the request that necessary action may be taken to have the irregularities set right and to keep the Sr. Audit Officer informed of the action taken from time to time. The Inspection Report in respect of the grants sanctioned by the State Government should similarly be forwarded to the departments concerned.

(CAG's letter No.1312/Admn-11/283-89 dated: 8.6.1959).

(b) The reports on the utilisation etc. of the grants received from the grantee institutions should mainly be concerned with admissibility and utilisation of grants-in-aid paid. The report should state the amount received as grant-in-aid, the amount found admissible and excess payment of grant, if any, if there is any item of expenditure, admissibility of which is doubtful, it should be mentioned separately, indicating the amount involved on each account.

The following instructions should also be borne in mind.

(i) A certified copy of the Income and Expenditure (or Receipts and Payments) account and balance sheet for the accounting year of the institution during which the grant was paid should be obtained from the institution, checked with reference to the original records and attached to the report in all cases after certifying them as checked.

(ii) Where overpayments of grants are noticed, the exact amount overpaid should invariably be calculated and mentioned in the Inspection Report. Where this is not possible, the reasons therefore should be mentioned in the margin of the relevant paragraphs.

(iii) Important irregularities should be prominently indicated in the title sheet. The following irregularities are generally considered for inclusion in the Conventional Audit Report.

- 1 Inadmissible or excessive payment of grants.
- 2 Unutilised grants not refunded within the prescribed period.
- 3 Wasteful, uneconomic or infructuous expenditure from grants.
- 4 Non fulfilment of conditions attached to grants.
- 5 Misappropriation and other irregularities.

(O.O. No. 8-OAD-I/165/392 dt: 26.6.1962).

11 Grants-in-aid sanctioned by the Government of India

According to the simplified procedure of payments of grant-in-aid, the Director of Audit Central Revenue, would exercise audit checks with reference to the records in the office of the Ministries of GoI located at New Delhi and that office would be responsible for watching the utilisation certificates. The inspection reports, draft paras, etc., in respect of grantee institutions located in the audit jurisdiction of the State Accountants General should be processed by the respective Accountants General. The draft paras finally approved for inclusion in the audit report should, however, be sent to the Director of Audit Central Revenues through Comptroller and Auditor General as hitherto fore.

(AGCR New Delhi's letter No.TM/7-1/68-71/1390 dt: 15.2.1971 and No.TM/ 7-1/68-79/323 dt: 24.6.1971).

12 Audit of Loans

The instructions pertaining to loans granted by Government can be broadly classified into two categories:

(i). Loans in respect of which Accountant General's Office is responsible for maintenance of detailed accounts and for watching the prompt recovery of principal and interest.

(ii). Loans in respect of which the above responsibility rests with the departmental officers and for that reason, only lump sum amounts are posted in the records maintained in the Accountant General's Office.

(a) Local audit is undertaken by PAG's/AG's Office in respect of the second category only. Loans are sanctioned by the State Government as well as by Departmental Officers under different schemes of giving loans. The responsibility of maintaining the ledger accounts of all loans (including loans sanctioned to individuals by Government) sanctioned by departmental officers is that of the sanctioning authority (vide Government of Gujarat, Finance Department's circular No. FD/ loans /A/12 dated: 18.4.1961).

(b) In respect of the loan, the local audit parties have only to verify whether the certificates on the strength of which the disbursement of loans are admitted in central audit are given with due care by the officers who disburse the loans amount and the authorities have satisfied themselves completely as regards fulfilment of conditions attached to the loans.

13 Scope of audit

The main object of local audit is to ensure that the loans disbursed are covered by sanction of competent authority and are in accordance with the prescribed rules. The payments are recorded in the relevant registers and their proper utilisation and recovery are closely watched by the department.

14 Accounts Records

The various accounts records to be maintained by the departmental officers in respect of the loans sanctioned by the departments are enumerated in the instructions issued by the Government or the Heads of the Departments from time to time. These instructions should be studied by the local audit staff before commencing audit.

The more important accounts records are given below:

- i) Application for loans and enquiry reports.
- ii) Valuation reports of properties offered as security.
- iii) Loan orders (Sanctions)
- iv) Payment vouchers with acknowledgment of loanees.
- v) Security bonds.
- vi) Periodical progress reports to higher authorities.
- vii) Loan ledgers and subsidiary registers, if any.
- viii) Control Register.

15 Process of audit

(1) The following checks should be exercised by local audit in respect of loans for which ledger accounts are maintained by the departmental officers.

(i) A list of schemes under which loans are sanctioned with the relevant orders sanctioning the loans schemes should be obtained and the orders studied carefully before commencing the audit of loans transactions.

(ii) The sanctions for loans issued during the period covered by the inspection should be obtained. These sanctions should be scrutinised with a view to seeing that the loans are sanctioned to eligible persons after receiving the report of enquiry officer about solvency of loanees and that the terms and conditions prescribed in the sanctions are in conformity with general orders governing the scheme of giving loans. It should particularly be seen that the terms and conditions prescribed for repaying the loans are clear and that there is no ambiguity or room for misconstruction in this regard. It should also be seen that a specific provision to charge penal interest is made to prevent default in paying the instalment of principal and interest on due dates.

(iii) It should be seen that adequate security is taken and mortgage deeds are executed wherever necessary. It should also be seen that terms and conditions are accepted by loanees before the loans are disbursed to them.

(iv) The checks to be exercised in scrutinising the loans ns ledgers are mentioned below:

(a) The sanctions should be traced in the ledger and it should be seen that the information necessary for maintaining the account of loans such as rate of interest, number of instalments in which the loan is repayable, whether the instalments payable are equal

instalments or equated instalments, the due date of repayment, the penal rate of interest for default in making the payment, etc. are noted in the ledger folio.

(b) The vouchers received from the main office should be traced in the ledgers and it should be seen that the disbursements are correctly noted.

(c) It should be seen that the amount of principal, interest and penal interest are worked out and posted correctly in the ledger and demand notices have been issued in time. The loan accounts should be checked in detail from the beginning or since last audit, as the case may be, to verify the correctness of repayments made from time to time. In exercising this check, it should particularly be verified that annual equated instalment of repayment is correctly worked out in respect of loan which are repayable by annual/half yearly equated instalments which includes elements of both principal and interest payable annually/half-yearly.

(d) The repayments of principal and interest amount noted in the ledger should be verified either with the copies of challans duly certified by Treasury Officers and available in office or with entries in the cash book.

(v) The departmental officers are expected to submit periodically statements of arrears demands to the controlling officers. The position of demand in arrears as on 1st April each year should be ascertained from the statement which should be subjected to test check and the amount mentioned in the Report. Progress made in the recovery of arrears since 1st April should be also mentioned separately in the Report. If the statement is not available, the departmental officer should be asked to furnish a statement of overdue recovery as at 1st April with yearwise breakup. It should be seen whether adequate steps have been taken for recovery of the outstanding dues, special attention being paid to the amounts outstanding for a very long time. Due note should be taken of overdue instalments of principal and interest.

(vi) It should be ascertained whether the departmental officer has obtained utilisation certificates from the loanee in respect of all the loans disbursed by him irrespective of the fact whether the Ledger accounts of the loans are maintained by him or not. The procedure followed by the departmental officer to verify the correctness of such utilisation certificate should also be verified.

(vii).The administrative or other reports of the departmental officers to higher authorities regarding working of the schemes of giving loans should be gone through to see how far the purpose for which a particular scheme is launched has been achieved.

Note: The checks mentioned in para 6.15 (i), (ii), (iii), (iv), (a), (b), (d), (v) and (vi) above have to be applied in respect of loan transactions which took place in the months selected for detailed audit and in general to transactions for other months covered by audit. The points mentioned in para 6.15 (i) (iv) (c) and (vii) have to be looked into in general for all loan transactions occurring during the period covered by inspection by selecting some loan accounts at random.

(O.O. No. Loan-I/3/1 dt: 29.8.1962).

(viii) It should be also seen that:

- a. the application are in proper form and contain all the required details essential for the sanction of loans.
- b. the security offered is free from encumbrances, is up to the percentage as stipulated in rules and necessary solvency certificates have been obtained wherever necessary.

- c. the loan order is within the amount admissible under the rules and within the power of the sanctioning authority.
- d. the amounts sanctioned are according to the immediate requirements.
- e. the amounts are drawn and disbursed only up to the required extent and not with a view to avoid lapsing of funds.
- f. the receipt and disbursement of money are promptly and properly recorded in the cash book.
- g. the security bond is kept in safe custody
- h. the fact of payment is clearly recorded and acknowledgement obtained from the loanees.
- i. when the loan amount is disbursed in instalments, the conditions stipulated for the release of each instalment are satisfied.
- j. the recovery of principal and interest is prompt and that in case of default, action is taken to recover the instalments with penal interest at the prescribed rate.
- k. in cases where the authority for recovery of the instalments of loan and the interest is vested in the Revenue Department, necessary advice or intimation in the prescribed form is sent to them promptly and certificates or acknowledgements are obtained wherever necessary;
- l. the loan ledgers and other subsidiary registers prescribed are maintained in the proper form observing the instructions issued from time to time, and kept up to date.
- m. the periodical returns prescribed have been prepared and sent on the due dates to the authorities concerned.
- n. the demand, collection and balance statement shows the position correctly on any fixed date;
- o. the loans are utilised for the purpose for which they are granted, and there are no cases of diversion of funds and that there are proper methods for ascertaining the same;
- p. the details of loans work up correctly to the lump sum total for the months and there is proper reconciliation of the figures of the treasury with those of the parties concerned; and
- q. the broad sheets in respect of functional loans and advances are maintained by the Chief Controlling Officer and sub-controlling officers and the directions issued therein are followed by them.

(ix) The correctness of the maintenance of records and recovery of the advances should be checked in local audit during the inspection of various offices. Check of debits during the months selected for detailed check should be conducted with reference to the payment details obtained from the concerned treasury.

The correctness of the Monthly Statement prepared by the Drawing Offices for communication to the Chief Controlling Officer and the Central Register maintained by the Chief Controlling Officer should be critically examined. The result of this examination should be incorporated in the Inspection Reports in two distinct paras captioned "Advances" and "Other short term loans and Advances".

16 Loans under the Low Income Group Housing Scheme and Middle Income Group Housing Scheme

During local audit of Collector's Office and Taluka Offices the accounts of these loans should be carefully scrutinised with reference to the relevant rules.

17 Inspection Report

The results of audit should be incorporated in the Inspection Report of the office, the expenditure of which is locally audited.

18. Material to be collected for the Audit Report

Major irregularities in the administration of loans and advances have to be commented in the Report. For this purpose, the local audit parties should collect material on the lines indicated in the **Statement 3**.

Statement 1

Important irregularities that occur in Grant-in-aid payments

- 1 Grants drawn from the treasury are neither accounted for nor disbursed and utilised nor refunded to the treasury but retained in hand for indefinite period.
- 2 Conditions of grants are not fulfilled and the amounts are spent without any planning and estimate and departmental control over expenditure and without following the usual financial rules of Government to safeguard economy.
- 3 Utilisation certificate is not furnished and the utilisation of grant is not checked.
- 4 Actual payees' receipts are not available for audit check in proof of the payment.
- 5 Scale of expenditure is not approved as a condition of grant and purchases are made without calling for tenders or obtaining quotations.
- 6 Stock register of books, maps and furniture purchased out of grant is not maintained.
- 7 Contingent register is not maintained properly. Payment is made without obtaining completion certificate of work and technical scrutiny.
- 8 Grant sanctioned for one year is utilised in another year without obtaining fresh sanction.
- 9 Large amounts are drawn from the treasuries during the month of March evidently to avoid lapse of grants. In some cases sanctions to individual works are accorded in the course of the next financial year or yet to be issued.
- 10 Statement of expenditure on schemes for which grants-in-aid was given is not submitted to audit punctually in many cases.
- 11 Amounts drawn in a year for execution of work are not utilised during that year. In some cases the amounts are re-deposited in the treasuries.
- 12 Certain works were left incomplete because the anticipated public contribution was not forthcoming. In a few others the amount of the grant was drawn and spent but the construction is reported as still to be undertaken.
- 13 Defective maintenance of register in respect of flood relief. No stock books of articles of clothing and rice purchased for relief maintained. No account is kept of a large amount of grant made to a local body for relief work.
- 14 Diversion of grant from one head to another without previous approval of authority sanctioning the grant.
- 15 There are a few cases in which the amount of the grant sanctioned was much in excess of the amount that could be utilised during the course of the year and where the unspent balance was subsequently allowed to be utilised in the following year.
- 16 Certain local bodies and institutions do not surrender the unspent balances of grants.
- 17 Overlapping of grants and duplicate sanctions.
- 18 Miscellaneous irregularities in the accounts of works e.g. improper maintenance of muster rolls, payments of final bill in advance of the execution of work or without detailed measurement, expenditure in advance of requirements, avoidable and

unauthorised expenditure and execution of work on the basis of revised estimates which have not been sanctioned, etc.

19 Scales of admissible staff, rent of buildings, misc. items of expenditure etc., not properly observed.

20 Free Ships lying undisbursed.

Statement 2

Checks to be applied

It should be seen that:

- i) a financial statement duly certified by an approved auditor has been submitted by the Management showing all receipts and expenditure of institutions for the previous year.
- ii) the financial statement shows a deficit to justify a grant from Government.
- iii) the various subsidiary statements to the financial statements have been scrutinised with reference to the relevant rules and instructions issued by the Government/ Department from time to time.
- iv) the admissible items alone are taken into account in the assessment of grant.
- v) the method and the memorandum of calculation of grant payable are correct and statement attached thereto.
- vi) the deficit is arrived at as the excess of "approved" expenditure.
- vii) the sanction issued as a result thereof is in order.

Statement 3

Loans and advances -- Materials to be collected for the Report of the Comptroller and Auditor General

The Comptroller and Auditor General of India has decided that major irregularities in the administration of loans and advances including chronic delays should be commented upon in the Audit Report. In order to enable this to be done, the local audit parties should collect materials on the following points as and when they visit various offices where the initial accounts of loans are kept, like office of Heads of Departments, Collectorates, Regional Offices, Block Offices, offices of Revenue Divisional Officers, Tahsildars etc.

1. The broad features of the loans, the detailed accounts of which are maintained by the office;
2. The total amount of loans paid under each category and the amount outstanding as at the end of 31st March of the previous financial year;
3. The number of loans and the number of cases where the payment of principal was due on the 31st March and whether the repayments are being made promptly;
4. The number of defaulted loans under each category of loans whose repayment of instalments was due on 31st March, the amount involved in defaulted cases and the number and amount of cases where default is more than 6 months, more than one year, more than 2 years, more than 3 years etc.
5. The extent of default in the payment of interest should be brought out with category-wise and year-wise break up;

6. Whether levy of penal interest has been provided for in the rules in case of default if so, whether such penal interest is being recovered. Cases of non-recovery should be specially mentioned.
7. Whether the office is taking prompt action for the collection of instalments and whether action taken is adequate;
8. Whether the proper utilisation of the loans as per rules governing the loans are being watched and if not in how many cases this is not being done and the details of such cases, whether utilised loans are being got refunded in all cases should be specially looked into and the position commented. The irregularities noticed in the utilisation of loans should be specifically mentioned;
9. Whether the rules provide for obtaining certified accounts or other documents from the loanees and if so, whether the receipt of the same is being watched;
10. What is the state of initial accounts maintained by the office. Whether sufficient attention is being paid by the department to keep the loan registers up to date, to issue notices for repayments, to watch the repayments and to take action against defaulters.
11. Whether the rules provide for executing bonds or mortgage deeds and taking adequate securities etc., whether all such conditions are being observed, instances of violation should be given in detail;
12. Whether any loans are being written off and if so, details thereof with copies of relevant correspondence.
13. Details of loans affected by moratorium if any sanctioned by government.
14. Details of loans for which the terms and conditions have been fixed by Government.
15. Whether a system for communication of outstanding balances at the end of each year to the loanees for acceptance is obtaining.

The above instructions are not exhaustive. The audit parties should also collect material on other important points, if any, which strike them as fit for inclusion in the Report of the Comptroller and Auditor General. The material thus collected should be included in a special report and got verified and certified by the departmental officers and sent to Hqrs. Section.

