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CHAPTER – 1

FOREST LAWS, RULES AND POLICIES

1.1 Introduction

Need for a separate department and an Indian Forest Act was felt long back by the then British Government, which resulted in establishment of forest department under Govt. of India in the year 1864 and enactment of Indian Forest Act in 1865, subsequently revised in 1878. The States under the control of British India followed the suit and enacted their own forest Acts. Thus we have Madras Forest Act, 1882 and Hyderabad Forest Act, 1310F (1900 AD) (revised in 1326F and 1355F (1945 AD)) enacted by the respective states. The role and activities of Forest Department have undergone several changes since then, culminating into enactment of several Acts, both by the Government of India and the Government of Telangana (Forest being a subject under the concurrent list of the constitution of India, both the Governments are empowered to make enactments on the subjects). The Acts enacted by the Govt. of India and states, in vogue as on date, are given below.

Government of India Acts

- (i) The Indian Forest Act, 1927
- (ii) The Wildlife (Protection) Act, 1972
- (iii) The Forest (Conservation) Act, 1980
- (iv) The Biodiversity Act, 2002
- (v) The Environment (Protection) Act, 1986
- (vi) The Scheduled Tribes and other Traditional Forest Dwellers (Recognition of Forest, Rights) Act, 2006
- (vii) The Green Tribunal Act, 2010

State Acts

- (i) The TELANGANA Forest Act, 1967
- (ii) The TELANGANA Minor Forest Produce (Regulation of Trade) Act, 1971
- (iii) The TELANGANA Forest Produce (Fixation of Selling Prices) Act, 1989

The sum and substance of these Acts and forest policies evolved by these Governments are briefly explained in the ensuing paragraphs.

1.2 THE INDIAN FOREST ACT, 1927

It was an Act, enacted by the then Government of India before independence and continues to hold good to date by virtue of the Adoption of Laws (No.3) order, 1959. The Government of any State, where it is not force, may bring it into force by notification in the official Gazette. The subject “Forests”, which was initially included under List II – State List in Schedule VII of Constitution of India, was subsequently brought under “List – III- Concurrent List’ vide Constitution (42nd Amendment) Act,1976 w.e.f 3.1.1977. Thus we have States (like Telangana), which have enacted their own Forest Acts after independence, while other States adopted the Indian Forest Acts by notification in their official Gazettes (ex: Madhya Pradesh, Gujarat, Maharashtra etc.) The provisions contained in the Indian Forest Act, 1927 were followed by Government of TELANGANA in enacting its own Act i.e. TELANGANA Forest Act, 1967. Hence the contents of the Indian Forest Act, 1927 are not separately discussed in this chapter.

1.3 THE TELANGANA FOREST ACT, 1967

It is an Act enacted by the Govt. of TELANGANA, combining the erstwhile Madras Forest Act, 1882 and Hyderabad Forest Act, 1355F(1945 AD), duly following the provisions contained in Indian Forest Act, 1927. It consists of 72 Sections under 10 chapters and came into force w.e.f 13.3.1967, the date on which the Act was notified in TELANGANA Gazette. The Act seeks to consolidate the law relating to the protection and management of forests in the State. The Act was amended once by TELANGANA Forest Amendment Act (Act No. 17 of 1976) notified on 3.2.1976.

The Act is designed to enable the Forest department to carry out effectively the conservancy of forests of the State and to systemise the regulatory action of the Forest department. In line with this objective the Act provides for constitution of certain more important forests as “Reserve Forests”, while protecting other forests as “Protected Forests” to guard against alienation of waste lands. The Act empowers the Government to make rules for the regulation of transport of forest produce and empowers the Forest department to impose penalties for forest offences. Some of the important provisions contained in the Act are given below:

1.3.1 Reserved Forests

Section 3 of the Act empowers the State Government to constitute any land as reserved forest. The procedure to be followed for this purpose is detailed in Sections 4 to 15 of the Act.

The procedure prescribed in brief is : Notification of proposal of reservation in the Gazette; appointment of Forest Settlement Officer; Proclamation by Forest Settlement Officer specifying location and limits of land to be included in the reserved forest and calling for objections to be received within the period fixed for the purpose (not less than 6 months but not more than a year); Inquiry by Forest Settlement Officer into the objections received; settlement of rights claimed in the objections (these rights as per Section 11 are : Right of Way , Right to Water Source/ Water use, Right of Pasture, Right to forest produce; and any other rights dealt with under section 10); Notification declaring Forest as reserved in the Gazette(Section 15). The rights not claimed within the period fixed, stand extinguished on publication of notification under Section 15. Rights allowed in Reserve forests may be suspended by Government (under Section 21) in the event of fire caused wilfully or negligently by any person.

1.3.2 Protected Forests

Section 24 of the Act empowers the State Government to declare by notification any forest or waste land, which is not included in the reserve forest, to be a protected forest. Such a declaration shall be made only after a due process of inquiry into nature and extent of rights of Government and of private persons.

Section 25 of the Act empowers the Government to close protected forest against pasture in the event of fire caused wilfully or negligently by any person.

Section 26 of the Act empowers the Government to reserve any tree or class of trees in a protected forest from a date fixed by notification issued for the purpose. It also empowers the Government to prohibit quarrying of stone or burning of charcoal or lime or collection or removal of forest produce and breaking up or clearing of any forest for cultivation or building purposes.

1.3.3 Penalties for trespass or damage in reserved forests

Section 20 of the Act prohibits certain Acts in a Reserve forest. These are : Kindling and carrying of any fire; trespass and allowing cattle to trespass; damaging forest by cutting or dragging any timber; quarrying stones; burning lime or charcoal; clearing/breaking /ploughing of any land for cultivation or any other purpose; damaging , altering or removing any wall, fence or railing;;removing forest produce etc.

Any person indulging in the above prohibited Acts is punishable (under the provisions of Section 20) with imprisonment for a term ranging from 3 months to one year and with fine not

exceeding ten thousand rupees in each case relating to sandalwood or red-sanders wood; in other cases, the imprisonment is for a term not exceeding one year or fine upto two thousand rupees or both. The penalties leviable are in addition to such compensation for damages to forests as the courts may direct.

1.3.4 Penalties for Acts prohibited in Protected Forests

Rule 2 of TELANGANA Protected Forest Rules, 1970, framed under Section 27 of the Act, prohibit certain acts in protected forests. These are: clearing, ploughing or breaking of land for cultivation or any purpose; kindling of fire; cutting, sawing, conversion and removal of trees and timber and collection and removal of natural produce; quarrying of stone or burning of lime or charcoal; cutting of grass or pasturing of cattle; and hunting, shooting, fishing, poisoning of water and setting of traps or snares.

A person indulging in the prohibited acts listed above is punishable, under the provisions contained in Section 27(2) of the Act, with imprisonment for a term ranging from 3 months to one year and with fine not exceeding ten thousand rupees in each case relating to sandalwood or Red sanders; in any other case, the imprisonment is for term not exceeding six months or with fine upto two hundred rupees or with both.

Note: Persons belonging to Scheduled Tribes are eligible for concessions: (i) removal of forest produce for protected forests on payment of seignior age fees fixed (ii) to graze their own cattle free of cost. Hence these acts are not punishable – Rule 3 read with Section 27(2) of the Act.

1.3.5 Collection of drift and stranded Timber

Certain kinds of timber are deemed to be the property of Government until title thereto is proved. These are:

- (a) All timber found adrift , beached, stranded or sunk
- (b) Unmarked timber found in specified places
- (c) All timber bearing marks which have not been registered in accordance with rules made under section 29 or on which marks have been obliterated /altered / defaced by fire or otherwise.

Such timber as found above is collected by forest officer and brought to Government Timber Depot. (Section 37 of the Act)

Collection of timber by Forest Officers under section 37, will be reported to the DFO, who in turn, will publish a notice in District Gazette, requiring claimants to present the claim within a period not exceeding 2 months (Section 38).

On presentation of the claim by the claimant, the DFO after making such inquiry as deemed fit, may reject the claim or deliver the timber to the claimant after recording the reasons therefor. In cases, where timber is delivered to the claimant, the claimant should make payment towards cost for salvaging, collecting, moving, storing and disposing such timber.

The unclaimed timber and the timber the claim on which is rejected, shall be the property of the Government (Sections 39, 40 & 42 of the Act).

1.3.6 Seizure of property and it's confiscation

Section 44 of the Act empowers a Forest Officer or Police Officer to seize such timber or forest produce in respect of which a forest offence is believed to have been committed, together with all tools, ropes, chains, boats, vehicles and cattle used in committing any such offence.

The Officer shall place a mark on the timber indicating that the same has been so seized. In cases where the offender does not agree for compounding of the offence under Section 59 of the Act in writing, the Forest Officer or Police Officer should either produce the property seized before the authorised officer or make a report of such seizure to the magistrate. Where the property seized is the property of the Central / State Government and the offender is not known, it is sufficient that the officer makes report of the circumstances to the authorised officer. (Note: The Authorised Officer for this purpose is the DFO or Sub-DFO concerned-GOMS NO. 32 dated 21.1.1976).

The Authorised Officer (DFO or Sub-DFO), to whom the property is produced or who himself seizes the property, if satisfied that the forest offence has been committed, may order confiscation of the timber/ forest produce together with all tools, , ropes , chains , boats , vehicles used in committing such offence. The confiscation should follow due process prescribed i.e. giving reasonable opportunity of representation/hearing the person concerned etc.

The order of confiscation by the DFO is subject to review by the CF (suo-motto /or on application by the offender), within 30 days from the date of order. A person aggrieved by the orders of DFO and CF, may appeal, within 30 days from the date of order, to the District Court, whose orders shall be final.

The property seized shall be kept under the custody of a forest officer not below the rank of a forest guard or a village head-man until compensation for compounding is paid or until an order of District Magistrate directing its disposal is received .[Section 44(1) to Section 44(5)].

1.3.7 Penalty for Counter-feiting Marks, altering boundaries etc

A person, who knowingly counterfeits a mark used by forest officer upon any timber or standing tree or alters, defaces or obliterates any such mark on any timber or standing tree or alters, moves or defaces any boundary mark of any forest, is punishable with imprisonment for a term not exceeding two years or with fine not exceeding one thousand rupees or with both (Section 52 of the Act).

1.3.8 Power to arrest without warrant

Section 53 of the Act empowers a Forest Officer not below the rank of Forest Guard or Police Officer, to arrest and detain in custody without a warrant, if such a person refuses to give his name and address or gives a name or address which are likely to be false or there is a reason to believe that he will abscond.

1.3.9 Punishment for wrongful seizure or arrest

Section 55 of the Act empowers the Government to punish a Forest Officer or Police Officer who vexatiously or frivolously seizes any property or arrests any person, with imprisonment for term not exceeding six months or with fine not exceeding five hundred rupees or with both.

1.3.10 Composition of Forest Offences

Section 59 of the Act empowers the Forest department to compound offences by accepting compensation from any person who has committed any forest offence. The compensation to be paid is:

- (a) A sum of money not exceeding fifty rupees, if the offence committed is trivial in nature.
- (b) A sum of money not less than the value of the forest produce but not more than four times of such value estimated by the Forest Officer, in addition to the value of the forest produce which is released to the accused person.
- (c) A sum of money not less than the value of forest produce but not more than four times of such value, if the forest produce is retained by the forest department.

On receipt of the sum of the money as compounded above, the accused person, if arrested, shall be discharged; the property seized shall, if not to be retained, shall be released; and no further proceedings shall be taken against such person or property.

1.3.11 Rules made under TELANGANA Forest Act, 1967

Several Rules are made by the Government under the powers conferred by Sections 27, 29, 32 to 35, 43 and 68 of the TELANGANA Forest Act, 1967 to secure effective management of forests and regulation of trade in forest produce. The rules made under the Act, are listed below:

- (i) TELANGANA Sandalwood Possession Rules, 1969- The Rules made under Sections 32 to 35 of the Act seek to regulate the possession of sandalwood in the State.
- (ii) The TELANGANA Sandalwood and Red sanders wood Transit Rules, 1969- The Rules made under Section 29 of the Act are meant to regulate the transit of sandalwood and Red sanders wood in the State prescribing conditions for import, export and movement; form of permits; Issue and checking of permits etc.
- (iii) The TELANGANA Forest Offences (compounding and Prosecution)Rules, 1969- The Rules made under Section 68 of the Act prescribe the procedure for compounding offences and the procedure for prosecuting the persons, who do not opt for compounding or in whose case the competent authority does not choose to compound the offences.
- (iv) The TELANGANA Forest Settlement Rules, 1969- The Rules made under Section 68 of the Act prescribe the procedure to be followed by Forest Settlement Officer in holding enquiry, settling the rights and declaring a forest land as reserved under Sections 4 to 15 of the Act.
- (v) TELANGANA Saw Mills (Regulation) Rules, 1969 – The Rules made under Section 29 read with Section 68 of the Act seek to regulate the location of saw mills and conversion of timber at the saw mills in the State.
- (vi) TELANGANA Protected Forest Rules, 1970- The Rules made under section 27 read with Section 68(1) of the Act seek to regulate the use of natural and forest produce in the protected forests of the State.
- (vii) TELANGANA Forest Produce Transit Rules, 1970- The Rules made under section 29 read with Section 68(1) of the Act seek to regulate the movement of forest produce in the State.

- (viii) The TELANGANA Drift Wood Rules, 1975- The Rules made under Section 43 of the Act seek to regulate the collection of drift and stranded timber in the State.
- (ix) The TELANGANA Forest Contract (Disposal of Forest Produce) Rules, 1977- The Rules made under section 29 read with Section 68(1) of the Act govern the disposal of forest produce by sale through forest contractor.
- (x) TELANGANA Red Sanders Wood Possession Rules,1989- The Rules made under Section 29 read with Section 68(1) of the Act prescribe the procedure for getting licence for stocking the wood and the procedure for stocking and issue of the wood.
- (xi) The TELANGANA Forest Produce (Storage and Depot) Rules, 1989 – Rules seek to regulate the setting up of Forest Produce depots by any person in connection with his trade in the produce.
- (xii)The TELANGANA(Protection of Trees and Timber in Public Premises) Rules, 1989- The Rules made under Section 68(2)(e) of the Act provide for the preservation, reproduction and disposal of trees and timber in public premises i.e. areas under the control of Government including road sides, Public buildings , gardens etc.
- (xiii) The TELANGANA Charcoal (Production and Transport) Rules, 1992- The Rules made under Section 68 of the Act, seek to regulate the production and transport of charcoal in the State.
- (xiv) TELANGANA Forest Department Reward Rules,1970 – The Rules made under Section 68(2)(c) of the Act, seek to regulate the grant of rewards to informers in respect of offences taken cognizance of by the Forest Officers.

1.4 THE TELANGANA MINOR FOREST PRODUCE (REGULATION OF TRADE) ACT, 1971

It is an Act enacted by the Government of Telangana solely to create a State monopoly in the trade of certain minor forest produce for prevention of loss of revenue to Government. Minor forest produce for the purpose is defined in Section 2(5) of the Act as forest produce other than timber, trees (excluding bamboo) and charcoal, specified in the schedule. Notwithstanding the wide definition given to the minor forest produce, the provisions of the Act actually apply only to Abnus (or Tumki or Beedi) leaves as the schedule to the Act specifies only this minor forest produce. The Act places restrictions on purchase and sale of the minor forest produce by providing that no person other than Government or authorised officer of the Government or the

agent appointed by the Government shall sell or purchase or cure or otherwise process or collect or store the minor forest produce (Section 5 of the Act). The Government fixes the price for the minor forest produce, in consultation with Advisory Committee constituted for the purpose (Section 6 & 7 of the Act). Depots are opened for purchase of the produce by the Government / Government Officer / Government Agent at the price fixed by the Government (Section 8 and 9 of the Act). The produce so purchased shall be sold or disposed by the Government /Officer/ Agent in the manner decided by the Government (Section 12 of the Act).

The Act provides for a penalty for contravention of Act/Rules, with imprisonment for a period not exceeding one year or with fine extending to two thousand rupees or with both (Section 15 of the Act).

Note: The Government has made ‘The TELANGANA Minor Forest Produce (Regulation of Trade in Abnus leaves) Rules, 1970’ under Section 19 of the Act.

1.5 THE TELANGANA FOREST PRODUCE (FIXATION OF SELLING PRICES) ACT, 1989

The Act enacted by the State Government provides for the supply of forest produce to wood based industries and fixation of selling price in respect thereof. It also provides for constitution of an Industrial Plantation Fund for regeneration and replenishment of forest wealth to meet long range needs of the wood- based industries (Section 9 of the Act).

The TELANGANA Forest Produce (Fixation of Selling Price) Rules, 1991, made under Section 10 (1) of the Act, define the terms “forest produce” and “selling price”. Forest produce for the purpose of the Act, means timber, bamboo and other wood suitable as industrial raw material. Selling price means the price payable by the wood based industries for the forest produce allotted by the Government and includes royalty payable for the rights given for extraction and use of such forest produce [Rules 2(b) & 2(c)] .

The selling price for bamboo raw material and miscellaneous mixed wood for supply to paper pulp industries shall be fixed basing on production costs, but not below the market value of the produce, at the point of supply. The selling price for timber to plywood industries shall, however, be fixed basing on the market value at the point of the supply (Rules 4 & 5).

The selling price shall be fixed for each year basing on market situation. The price so fixed will be based on the recommendation of an independent consultant appointed by the

Government. [Rule 8 as substituted by GOMS No.176 EFS &T (For III) deptt. Dated 20.10.2010].

The selling price shall be revised at the end of every block period of 3 years. The prices shall become operative from the beginning of supply year (1st October to 30th September of next Calendar Year), irrespective of the date of its communication. (Rule 9).

The Government shall make available from the TELANGANA Industrial Plantation Fund, constituted under Section 9 of the Act, a sum not less than 20% of total selling price payable by the allottees of forest produce to the Forest department or APFDC for purposes connected with rising of Industrial Plantation or afforestation or improvement of natural forests. (Rule 10)

1.6 THE WILDLIFE (PROTECTION) ACT, 1972

The Act enacted by Parliament of India, in pursuance of resolutions passed by the legislatures of the States of Telangana, Bihar, Gujarat, Haryana, Himachal Pradesh, Madhya Pradesh, Manipur, Punjab, Rajasthan and West Bengal provides for the protection of wild animals, birds and plants and the matters connected thereto with a view to ensuring the ecological and environment security of the country.

Note: The subject ‘Protection of Wild Animals and Birds’, like ‘Forests’, was under State list in the Seventh Schedule to the Constitution upto 3.1.1977. Hence Parliament had no power to make legislation on it. It could do so only under Article 252 of the Constitution, on request made by legislatures of two or more State. The subjects “Forests” and “Protection of wild animals and birds” were subsequently brought under concurrent list vide Constitution (42nd Amendment) Act, 1976 w.e.f 3.1.1977.

The Act was strengthened from time to time thereafter by amendment Acts i.e. Act No. 23 of 1982, Act No. 28 of 1986, Act No. 44 of 1991, Act No. 26 of 1993, Act No. 16 of 2003 and Act No. 39 of 2006. The Act consists of 66 Sections and 6 schedules. Salient features of the Act are briefly discussed in the following paragraphs:

1.6.1 Wildlife and Wild animals:

“Wild animal” means any animal specified in Schedules I to IV and found wild in nature. The term “Wild life” is broad in import and is defined in the Act to include any animal and vegetation (aquatic or land) forming part of an habitat. (Section 2(36) and 2(37) of the Act).

1.6.2 Protection of wild animals – hunting prohibited

Hunting of wild animals specified in Schedules I to IV of the Act, is prohibited. (Section 9 of the Act). Exceptions to the above general prohibition of hunting are:

(a) If any wild animal specified in Schedule –I (Elephant, lion, cheetah, tiger, leopard, Blackbuck, Rhinoceros etc.) becomes dangerous to human life or is disabled or diseased beyond recovery, the Chief Wild life Warden may permit hunting of such animal by order in writing stating the reasons therefor. No wild animal shall be ordered to be killed unless such animal cannot be captured, tranquilized or translocated. In respect of wild animals specified in Schedules II to IV (Langur , wild dog , spotted deer, Nilgai, Sambar, wild Pig, fox etc.), the chief wild life warden or the authorised officer may permit hunting of such animal or group of animals which have become dangerous to human life or property including standing crops.

The killing or wounding in good faith of any wild animal in defence of one self or any other person shall not be an offence. Such animals killed or wounded shall be Government Property. (Section 11 of the Act).

(b) The Chief Wildlife Warden is empowered to grant permits by an order in writing stating reasons therefor, to hunt any wild animal for the purpose of education, scientific research and scientific management. Scientific management for this purpose includes translocation of any wild animal to an alternative suitable habitat, population management of wildlife, collection of specimens for recognised Zoos etc. (Section 12 of the Act).

1.6.3 Protection of Specified Plants

Wilful picking, uprooting, damaging, collecting of any specified plant from any forest land and area specified, by notification by Central Government, is prohibited under the Act. (Section 17 of the Act)

1.6.4 Protected Areas- Sanctuaries and National Parks

The State Government is empowered to declare by notification any area other than the area comprised with any reserve forest or territorial waters as a sanctuary if it considers such area is of adequate ecological, faunal, floral, geomorphologic, natural or zoological significance. Declaration of area as sanctuary under Section 26-A of the Act, is preceded by an inquiry held by the collector, appointed by the Government for the purpose, into the rights claimed by any person. The provisions relating to appointment of collectors, holding of inquiry, determination of rights etc. are contained in Sections 18 to 26 of the Act. (The Government of Telangana has

authorised Conservators of Forests (Territorial/Wildlife) to act as collectors under section 26 of the Act, vide GOMS No 39 dt: 17.4.1997).

Similarly , the State Government is empowered under section 35 of the Act to declare , by notification, an area, whether within a sanctuary or not, as a National Park, by reason of it's ecological , faunal, floral, geomorphologic or zoological association of importance. The procedure to be followed for declaration of Sanctuary should also be followed for declaration of National Parks.

Note: 20 Sanctuaries and 6 National Parks were notified under these Sections in the States of Andhra Pradesh and Telangana.

The following acts are prohibited in a Sanctuary or a National Park:

- a) No person shall, without a valid permit from Chief Wildlife Warden, enter or reside in Sanctuary or National Park.
- b) No person shall move or deface any boundary mark of a sanctuary/ National Park.
- c) No person shall tease or molest any wild animal or litter the grounds of the sanctuary/National Park.
- d) No person shall set fire or leave fire burning in a sanctuary/ National Park in such a manner as to endanger it.
- e) No person shall enter a sanctuary /National Park with weapons, except with previous permission of Chief Wildlife Warden.
- f) No person shall use chemicals, explosives or any other substance which may cause injury to or endanger wildlife.
- g) No person shall destroy, exploit or remove any wildlife including forest produce from a sanctuary/ National Park, except under or in accordance with a permit granted by Chief Wildlife Warden.
- h) No grazing of livestock shall be permitted in a National Parks.(In sanctuaries, grazing and movement of livestock is regulated, controlled or prohibited in keeping with the interest of wildlife).

(Sections 27, 29, 30, 31, 32 and 35 of the Act)

1.6.5 Conservation Reserves and Community Reserves

The State Government is empowered under Section 36 A of the Act to declare, after consultations with local communities, any area owned by the Government , particularly those adjacent to sanctuaries/ National Parks and those areas which link one protected area with another, as a Conservation Reserve for protecting landscapes, flora and fauna and their habitat.

Similarly, the State Government is empowered under Section 36 C of the Act to declare any private or community land not comprised within a sanctuary/ National Park/ Conservation Reserve, as a Community Reserve for protecting flora, fauna and traditional or cultural conservation values and practices . The individuals or communities concerned, should, however, volunteer to conserve wildlife and it's habitat before such a declaration is made.

The Act provides for constitution of Management Committees for Conservation Reserves and Community Reserves (Sections 36B and 36D of the Act.)

Note :(Sections 36A to 36D were inserted by Amendment Act No.16 of 2003)

1.6.6 Central Zoo Authority and Recognition of Zoos

Section 38 A of the Act provides for establishment of Central Zoo Authority for overseeing the functioning and development of Zoos in India. Only such Zoos would be allowed to operate as are recognized and maintain animals in accordance with norms and standards prescribed by Zoo Authority. Activities causing disturbance to animals in Zoo are made a punishable offence (Section 38 J of the Act).

As provided in Section 38 A of the Act (inserted by Amendment Act No. 44 of 1991), the Central Zoo Authority (CZA), was constituted by the Government of India by notification dated 3rd February, 1992. No zoo shall be operated without being recognised by the Authority. No zoo shall acquire, sell or transfer any wild animal or captive animal, without previous permission of the Authority and such a transfer or acquisition shall be only to or from a recognized zoo. (Section 38 I of the Act).

1.6.7 National Tiger Conservation Authority (NTCA)

The National Tiger Conservation Authority (NTCA) was constituted by Central Government under Section 38 L of the Act. The Section was inserted by Amendment Act No. 39 of 2006 with the twin objectives of tiger conservation and harmonizing the rights of tribal people living in and around tiger reserves. The Authority is responsible for implementation of Project

Tiger Plan for protecting endangered tigers and to harmonize and facilitate the implementation of the Tiger Conservation Plans prepared by the State Government.

A Steering Committee is constituted by the State Government for ensuring coordination, monitoring, protection and conservation of tiger, co-predators and prey animals within the tiger range states (Section 38 U of the Act).

Tiger Conservation Foundation is established by the State Government for tiger reserves within the State in order to facilitate and support their management for conservation of tiger and bio- diversity and to take initiatives in eco-development by involvement of people. (Section 38– X of the Act).

1.6.8 Prohibition of Trade or Commerce in Wild Animals, Animals articles and Trophies

Wild animals, animal articles, trophy, meat derived from any wild animal, vehicles, vessels or tools used in committing an offence shall be the property of the Government. No person shall acquire or keep in his possession or transfer to any person or destroy or damage such Government property. (Section 39 of the Act).

Dealings in trophies, animal articles, captive animals, meat and snake venom without a valid licence from the Chief Wild life Warden, are prohibited under the Act. (Section 44 of the Act).

Dealings in trophies, animal articles etc. derived from Scheduled animals i.e. animals specified in Schedule I and Part II of Schedule II, are prohibited. (Section 49 – B of the Act – inserted by Amendment Act 28 of 1986).

1.6.9 Penalties

Any person who contravenes the provisions of Section 49-B i.e. dealings in trophies, animal articles etc. derived from Scheduled animals, shall be punishable with imprisonment for a term ranging from three years to seven years and also with fine which shall not be less than ten thousand rupees).

Any person who contravenes the provisions of Section 38-J i.e. teasing/ molesting/injuring disturbing the animals in a Zoo or littering the grounds of the Zoo, shall be punishable with imprisonment for a term which may extend to six month or with fine up to two thousand rupees or with both. In the case of a second or subsequent offence, the term of

imprisonment may extend upto **one year or the fine which may extend to five thousand rupees.**

Any person who contravenes any other provision of the Act, shall be punishable with imprisonment for a term which may extend to three years or with fine which may extend to twenty thousand rupees or with both. (Section 51 of the Act).

1.6.10 Composition of Offences

Chief Wild Life Warden or any officer of a rank not below the rank of Dy. Conservator of Forests are empowered to accept from any person who has committed an offence against the Act, payment of a sum by way of composition of the offence. The sum of money accepted as composition shall in no case be less than twenty five thousand rupees. No offence, for which a minimum period of imprisonment has been prescribed in Section 51, shall be compounded. (Section 54 of the Act).

1.6.11 Rules made by Government of Telangana

In exercise of powers conferred by Section 64 of the Act, the Government of Telangana has made “The Wildlife (Protection)(TELANGANA) Rules, 1974” for carrying out the provisions of the Act relating to State Government i.e. member of Wild Life Advisory Board, grant of licences and prescription of licence fees, prescription of entry fees into Parks/sanctuaries, prescription of Licence application and return forms etc.

1.7 THE FOREST CONSERVATION ACT, 1980

The Act enacted by Government of India seeks to check deforestation which results in ecological imbalance and environmental deterioration, by providing for conservation of forests and for matters connected therewith.

The Act consists of 5 Sections. Section 2 of the Act places restriction on dereservation of forests and use of forest land for non – forest purposes. It specifically states that no State Government shall dereserve any reserve forest; or permit use of any forest land for any non-forest purpose; or permit clearance of trees naturally grown on a forest land for the purpose of using the land for reforestation, except with the prior approval of the Central Government.

Section 2A of the Act (inserted w.e.f 18.10.2010) provides for an appeal to National Green Tribunal by any person aggrieved by the approvals / decisions under Section 2 of the Act.

Section 3 of the Act provides for penalty leviable for contravention of provisions of the Act. Under the Section a person who contravenes the provisions of Section 2 is punishable with simple imprisonment, which may extend to fifteen days.

Section 3B of the Act provides for punishment for offences committed by Authorities and Government departments, by initiating proceedings under the department rules.

Section 4 of the Act empowers the Central Government to make rules for carrying out the provisions of the Act.

Section 5 of the Act deals with Repeal and Saving (Repeal of Forest (Conservation) Ordinance, 1980 etc.).

By virtue of powers conferred under Section 4 of the Act, the Central Government has made “Forest (Conservation) Rules , 1981”, which were subsequently superceded and replaced by revised set of Rules- “Forest (Conservation) Rules, 2003. The rules were further amended by Amendment Rules, 2004.

The Central Government has also issued elaborate guidelines on Forest (Conservation) Act, 1980 and several clarifications for carrying out the provisions of the Act.

The salient features of the Act, Rules, guidelines and the instructions issued from time to time are briefly discussed in following paragraphs:

1.7.1 Diversion of Forest land for Non- forest purposes

Approval by Central Government for diversion of forest land for non- forest purpose is given in two stages:

In first stage, the proposal for diversion shall be agreed in principle subject to fulfilment of certain conditions. These conditions are:

- (a) Non- forest land equivalent to forest land to be diverted to the user agency should be identified, transferred , mutated and declared as Reserved Forest/Protected Forest under Indian Forest Act, 1927 (In case of Telangana, TELANGANA Forest Act, 1967)
- (b) Funds for the compensatory afforestation and penal compensatory afforestation if any imposed over the area worked/ used in violation of the Act; funds for catchment area treatment (CAT) in case of Irrigation Projects; Cost of afforestation over one and half times of Safety Zone area in degraded forests elsewhere, in addition to cost of afforestation of safety zone, in case of mining operations, should be paid by the user agency concerned.

(c) Net present Value (NPV) of the forest land diverted, as mandated by the Supreme Court of India in its orders dated 30.10.2002 in I.A. No. 566 in W.P (C) No. 202 /1995, should be paid by the User Agency.

Formal approval, also called Stage –II approval, for diversion is granted by Central Government after receipt of communication from State Government regarding fulfilment of all conditions stipulated in Stage – I approval. The forest land is diverted to user agency after receipt of Stage – II approval. **(Para 4.2, 4.3, 4.7 and 4.8 of the guidelines)**

Note: (1) In case compliance to conditions stipulated in Stage _ I approval is awaited for more than 5 (five) years from the State Governments, the in-principle (Stage –I) approvals would be summarily revoked. After revocation of the Stage- I approval, the State Government/ user agency, if still interested in the Project, would be required to furnish a fresh proposal , which shall be considered. (GOI, MOEF Instruction in No. 11-30/96-FC (Pt) dated 14.9.2001).

Note: (2) The condition relating to declaration of non- forest land accepted for compensatory afforestation as R.F/PF under Indian Forest Act, 1927/ TELANGANA Forest Act, 1967, prior to Stage-II approval, has been modified. The revised guidelines (substituted in Para 4.2(i) of the guidelines) require that the non-forest land should be transferred and mutated in favour of Forest department before Stage – II approval. Stage – II clearance will be given after compliance to the condition. But the declaration of the non- forest land as RF/PF under the Forest Act should be reported to the Central Government along with a copy of notification , within a period of 6 months after Stage –II approval **(GOI, MOEF Instruction in No. 8-84/2002-FC dated 3.2.2004).**

1.7.2 Compensatory Afforestation

Compensatory afforestation is one of the most important conditions stipulated by the Central Government while approving proposals for de-reservation or diversion of forest land. Compensatory afforestation shall be done over equivalent area of non- forest land. Where non-forest lands are not available or non forest land is available is less extent to the forest area diverted, Compensatory afforestation may be carried out over degraded forest twice in extent to the area being diverted or to the difference between forest land being diverted and available non-forest land, as the case may be. The non- availability of forest land should, however, be certified by the Chief Secretary to the State Government.

As far as possible, the non- forest land for compensatory afforestation should be identified contiguous to or in the proximity of Reserve Forest or Protected Forest to enable the Forest department to effectively manage the newly planted area. In the event of non- availability of non- forest land in the same district, non- forest land for compensatory afforestation should be identified anywhere else in the State as near as possible to the site of diversion, so as to minimise adverse impact on the micro-ecology of the area. **(Para 3.2 of the Guidelines)**

Note (1): No compensatory afforestation shall be insisted upon in respect of the following proposals:

- (a) Proposals involving diversion of forests upto one hectare.
- (b) Proposals for underground mining in forest land below 3 metres.
- (c) Proposals for clearing of naturally grown trees in forest land for the purpose of using it for reforestation. **(Para 3.2(vii) of the guidelines)**

Note (2): The condition of compensatory afforestation over equivalent area of non-forest land is given an exception in the following cases. In these cases, compensatory afforestation may be raised over degraded forest land twice in extent of forest area being diverted:

- Extraction of minor minerals from the river beds.
- Laying of transmission lines up to 220 KV.
- Mulberry Plantation for silkworm rearing without any felling of existing trees.
- Diversion of linear or strip plantation declared as protected forest along the road/rail/canal sides for widening of road/rail/canal.
- Construction of link road, small water works, minor irrigation works, school buildings, dispensaries, hospitals, directly benefitting the people of the area, in hill districts and other districts having forest area exceeding 50% of total geographical area, provided diversion of forest land does not exceed 20 hectares. **(Para 3.2 (vi) of the guidelines)**

Note (3): The compensatory afforestation should clearly be an additional plantation activity and not a diversion of part of the existing annual plantation. **(Para 3.4(ii) of the guidelines)**

Note (4): Extraction of minor minerals from river beds shall not be permitted if the river bed is in a National Park or a Wildlife Sanctuary. **(Para 4.6 of the guidelines)**

Note (5): The Central Government shall not entertain any proposal for diversion of forest land for construction of residential or dwelling houses. **(Para 4.5 of the guidelines)**

1.7.3 Constitution of CAMPA

In exercise of powers conferred by Section 3(3) of Environment (Protection) Act, 1986 and in pursuance of the Hon'ble Supreme Court's order dated 30th October, 2002 in IA No. 566 in WP (Civil) No. 202 of 1995, the Central Government has constituted (May 2006) an authority known as "Compensatory Afforestation Fund Management and Planning Authority" (CAMPA) for the purpose of management of money towards Compensatory Afforestation, Net Present Value(NPV) and any other money recoverable in pursuance of Supreme Court's orders in this regard and in compliance of conditions stipulated by Central Government while according approval under Forest (Conservation) Act,1980.

Telangana State CAMPA was established (2014) due to formation of new State of Telangana vide notification¹ for the purpose of management of money towards Compensatory Afforestation, Net Present Value and other moneys recoverable. Accordingly, a Governing Body, a Steering Committee and an Executive Committee were established.

Funds received by Central CAMPA (called Adhoc CAMPA) are released to State CAMPA, subject to a maximum of 10 percent of accumulated principal amount pertaining to the State, for utilisation by State CAMPA as per Annual Plan of operations (APO) approved by the State level steering committee.

1.7.4 Environmental Clearance

Para 2.3 of the guidelines on F(C) Act, 1980 makes it mandatory for the projectors covered under notifications issued under Environment (Protection) Act, 1986 to obtain clearance separately from Environmental angle.

The proposal for environmental clearance will not be linked with clearance from forestry and a wild life angle as these clearances are independent of each other and need to be obtained before starting any activity at site. However , while granting environmental clearance to projects involving forest land, wildlife habitat and or located within 10 Km of the National Park/

¹ of G.O.Ms.No.1 of EFST Department dated 17.06.2014

Wildlife Sanctuary, a specific condition should be stipulated that the environmental clearance is subject to their obtaining prior clearance from forestry and wildlife angle including clearance from the Standing Committee of the National Board for Wildlife as applicable. Further it should be clearly stated that environmental clearance does not necessarily imply that the forestry and wildlife clearance shall be granted to the project. **(GOI, MOEF, OM NO. J-11013/41/2006-IA-II(I) dated 2.12.2009)**

Note : If any project requires clearance from both Forest and Environment angles , it may be ensured that work is not commenced before Environmental clearance is obtained , even if the project is cleared under F (C) Act, 1980. **(GOI/ MOEF Instruction in No. F/11-6/240/Misc./ Gen/893 dated 19.4.2011).**

1.7.5 Projects involving Forest as well as Non- forest lands

If the Project involved forest as well non-forest land, work should not be started on non-forest land till approval of Central Government for diversion of forest land has been given under Section 2 of the Act. Otherwise, the expenditure incurred on non- forest land may prove to be infructuous, if diversion of forest land is not approved by Central Government. **(Para 4.4 of the guidelines as modified by GOI, MOEF, OM No 105-F/2-1/203-FC dated 21.3.2011)**

1.7.6 Re-diversion of Forest land

Re-diversion is defined as diversion of a part of already diverted forest land for using for another non- forest purpose by some other user agency, subject to prior written consent of the primary user. The primary user shall not levy any money for grant of such consent. Full amount of NPV for re- diverted land, at the rate applicable on the date of re- diversion, shall be realised from the second user agency.

Cost of compensatory afforestation shall, however, be recovered from the second user agency only if the same has not been recovered from the primary user agency.

Boundary of the re-diverted forest land should be clearly demarcated on the ground by the secondary user agency.

Conditions to be fulfilled by the secondary user agency shall be shall be stipulated by the Central Government while according approval for re-diversion. (Guidelines issued by GOI, Ministry of Environment & Forests (FC) division in F.No.8-66/2009-FC-Pt dated 30.9.2011. The guidelines are based on recommendations made by Forest Advisory Committee).

1.8 THE ENVIRONMENT (PROTECTION) ACT, 1986

The Act is a general legislation made by Government of India in line with decisions taken at United Nations Conference on the Human Environment held at Stockholm in June, 1972 in which India participated. The Act seeks to coordinate activities of various regulatory agencies, create an authority or authorities for protection of environment, regulation of discharge of environmental pollution and handling of hazardous substances, speedy response in the event of accidents threatening environment and deterrent punishment to those who endanger human environment, safety and health.

The Act consisting of 26 Sections and the 'The Environment (Protection) Rules, 1986 made under Sections 6 and 25 of the Act, provide for a mechanism aimed at protecting and improving the quality of environment and preventing, controlling and abating environmental pollution.

Environment includes water, air and land and the inter relationship which exists among and between water, air and land and human beings, other living creatures plants, micro-organisms and property. **(Section 2(a) of the Act).**

Environmental pollution means the presence in environment of any environmental pollutant. **(Section 2(c) of the Act)**

Environmental pollutant means any solid, liquid or gaseous substance present in such concentration as may be or tend to be injurious to environment. **(Section 2(b) of the Act)**

Some of the important provisions of the Act and Rules made there under, are explained in the following paragraphs:

1.8.1 Powers to take measures to protect and improve environment

The Central Government is entrusted with powers to take all such measures which are necessary or expedient for the purpose of protecting and improving the quality of environment and preventing, controlling and abating environmental pollution. These measures include coordination of actions by the State Governments, officers and other authorities, laying down standards for the quality of environment in its various aspects, laying down of standards for emission and discharge of environmental pollutants from various sources, laying down procedures and safeguards for the handling of hazardous substances, etc.

The Central Government may constitute an authority/ authorities for purpose of exercising and performing such of the powers and functions, including the power to issue directions, of the Central Government under the Act. **(Section 3 of the Act)**

Note: Central Pollution Board and State Pollution Boards are such authorities entrusted with exercise and performance of powers and functions of Central Government under the Act.

1.8.2 Power to give directions

The Central Government is empowered to issue directions in writing to any person, officer or any authority and such persons/officers/ authorities shall be bound to comply with such directions. Power to issue directions includes the power to direct (a) the closures, prohibition or regulation of any industry, operation or process (b) stoppage or regulation of supply of electricity or water to defaulting industries/operators. **(Section 5 of the Act).**

1.8.3 Prevention, Control and Abatement of Environmental Pollution

No person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environmental pollutant in excess of such standards as may be prescribed. **(Section 7 of the Act)**

No person shall handle or cause to be handled any hazardous substance except in accordance with such procedure and after complying with such safeguards as may be prescribed. **(Section 8 of the Act)**

Person responsible for discharge of environmental pollutant in excess of the prescribed standards shall be bound to prevent or mitigate the environmental pollution caused as a result of such discharge and also shall forthwith intimate the authorities concerned the facts of such occurrence of discharges.

The authorities (Pollution Control Board) on receipt of such information, through intimation or otherwise, shall as early as practicable take remedial measures to prevent or mitigate the environmental pollution. The expenses, if any incurred by such authorities, for taking remedial measures, together with interest, shall be recovered from the person responsible for causing environmental pollution. **(Section 9 of the Act).**

The Central Government or any officer empowered by it, shall have power to enter, inspect and take sample from any factory, premises or other place for the purpose of examining, testing and analysis. **(Section 10 & 11 of the Act).**

The Central Government is empowered to establish, by notification in the official Gazette, one or more environmental laboratories; to recognise one or more laboratories or institutes as environmental laboratories to carry out the functions entrusted to an environmental laboratory under the Act.

The Central Government may, by notification in official Gazette, appoint or recognise such persons as it thinks fit and having prescribed qualifications to be Government Analysts for the purpose of analysis of samples of air, water, soil or other substances sent for analysis to any environmental laboratory. **(Section 12 and 13 of the Act).**

Note: (1) The standards for emission or discharge or environmental pollutants from the industries, operations or processes are specified in Schedules I to IV of Environment (Protection) Rules, 1986 (Rule 3).

(2) Procedures for taking of samples, submission of samples for analysis and form of laboratory report, are prescribed in Rules 6,7 and 8 of the Environment (Protection) Rules, 1986.

(3) Functions of Environmental Laboratories and qualifications of Government Analysts are prescribed in Rules 9 & 10 of Environment (Protection) Rules, 1986.

(4) The factors to be considered and the procedures to be followed in prohibition and restriction on handling of hazardous substances in different areas are prescribed in Rule 13 of Environment (Protection) Rules, 1986.

(5) Apart from Environment (Protection) Rules, 1986, the Central Government has also made the following Rules under Section 6 and 25 of the Act:

- (i)** Hazardous wastes (Management & Handling) Rules, 1989
- (ii)** Bio- Medical waste (Management & Handling) Rules, 1998
- (iii)** Municipal Solid waste (Management & Handling) Rules, 2000
- (iv)** Noise (Regulation & Control) Rules, 2000
- (v)** Batteries (Management & Handling) Rules, 2001
- (vi)** e-waste (Management & Handling) Rules, 2011
- (vii)** Wetlands (Conservation & Management) Rules, 2010

1.8.4 Penalty for Contravention of the Provisions of the Act, Rules, Orders and Directions

Failure to comply with or contravention of any of the provisions of the Act, or the Rules made or orders or directions issued there under, shall in respect of each such failure or contravention entail imprisonment for a term which may extend to five years or with fine which may extend to one lakh rupees or both. In case the failure or contravention continues, additional fine which may extend to five thousand rupees for every day during which such failure/

contravention continues after the conviction for the first such failure / contravention, shall also be levied.

If the failure/ contravention continues beyond a period of one year after the date conviction, the offender shall be punishable with imprisonment for a term which may extend to seven years. **(Section 15 of the Act)**

1.9 THE BIOLOGICAL DIVERSITY ACT, 2002

Bio-diversity is multi – disciplinary subject involving diverse sectoral activities. The Stake holders include the Central Government, State Government, and institutions of local self-Government, Scientific and technical institutions, NGOs, Industries etc. The Act is enacted by Government of India in line with objectives of United Nations Convention on Biological Diversity signed on 5th June, 1992 to which India was a party. It seeks to provide for conservation of biological diversity, sustainable use of components and fair and equitable sharing of the benefits arising out of biological resources, knowledge and for matters connected thereto.

The salient features of the Act, consisting of 65 Sections are:

(i) Constitution of a National Bio-diversity Authority to deal with matters relating to transfer of results of research to any foreigner , imposition of terms and conditions to secure equitable sharing of benefits and approval for seeking any form of Intellectual Property Rights (IRPS) in or outside India. **(Section 8)**

(ii) Constitution of State Bio-diversity Authority to advise the State Government on matters relating to conservation of Bio-diversity and to regulate requests for commercial utilization of any biological resource by Indians **(Sections 23)**

(iii) Empower Central Government to develop National Strategic Plans etc. for conservation of Biological diversity. **(Section 36).**

(iv) Constitution of Bio-diversity Management Committees by Local bodies for the purpose of promoting conservation, sustainable use and documentation of Bio-diversity including preservation of habitats etc. **(Section 41 of the Act)**

(v) Constitution of National, State and Local Bio-diversity Funds. **(Section 27, 32 and 43 of the Act)**

(vi) Empower State Governments to notify areas of bio-diversity importance as biodiversity heritage sites **(Section 37 of the Act).**

(vii) Empower Central Governments to notify threatened species which are on the verge of extinction or likely to become extinct. **(Section 38 of the Act)**

(viii) Empower Central Governments to designate institutions as repositories under the Act for different categories of biological resources. **(Section 39 of the Act)**

Note: Zoological Survey of India, Kolkata; Botanical Survey of India,, Kolkata, National Botanical Research Institute, Lucknow; National Bureau of Plant Genetic Resources, New Delhi, Wildlife Institute of India , Dehradun; Indian Agricultural Research Institute, New Delhi are some of the Institutions designated by Government of India (August, 2008) as repositories for various categories of Biological resources i.e. Flora, Fauna, Genetic resources of domestic animals and Fish , microorganisms etc.

(ix) Penalties for contravention of provisions of the Act; contravention of directions or orders of Central Government /State Government/ National Biodiversity Authority/ State Biodiversity Boards. **(Sections 55 & 56 of the Act)**

The Biological Diversity Rules, 2004, made under Section 62 of the Act, provide for manner of appointment of chairperson of National Biodiversity Authority and it's members; functions of the authority; procedure for access to biological resources; procedure for seeking approval for transfer of results of research; criteria for benefit sharing ; appeal procedure for settlement of disputes etc.

1.10 THE SCHEDULED TRIBES AND OTHER TRADITIONAL FOREST DWELLERS (RECOGNITION OF FOREST RIGHTS) ACT, 2006

It is an Act made by Government of India to recognise and vest the forest rights and occupation in forest land in forest dwelling Scheduled Tribes and other forest dwellers who have been residing in such forest for generations but whose rights could not be recorded. The Act also provides for a framework for recording the forest rights so vested and the nature of evidence required for such recognition and vesting in respect of forest land.

‘Forest dwelling Scheduled Tribes’ are defined as the members or community of the Scheduled Tribes who primarily reside in and who depend on the forests or forest lands for a bonafide livelihood needs and includes the Scheduled Tribe Pastoralistic Communities. (Section 2(c) of the Act).

‘Other traditional forest dweller’ means any member or community who has for at least three generations prior to 13th day December, 2005 primarily resided in and who depend on the forest or forest land for bonafide livelihood needs. A generation for this purpose means a period comprising of twenty – five years (Section 2(0) of the Act).

The salient features of the Act comprising 14 Sections and ‘The ST & Other Traditional Forest Dwellers (ROFR) Rules, 2008’ made under Section 14 of the Act are given below:

1.10.1 Forest rights of Forest dwellings STs and other traditional Forest dwellers

The rights are detailed in Section 3 of the Act. The rights include-

- (a) Right to hold and live in the forest land under the individual or common occupation for habitation or for self-cultivation for livelihood.
- (b) Community rights such as nistar, by whatever name called.
- (c) Right of ownership, access to collect, use and dispose of minor forest produce which has been traditionally collected within or outside village boundaries.
- (d) Other community rights of uses or entitlements such as fish and other products of water bodies
- (e) Rights of settlement and conversion of all forest villages/ habitations, whether recorded, notified or not, into revenue villages
- (f) Right to protect, regenerate or conserve or manage any forest resource which they have been traditionally protecting and conserving for sustainable use.
- (g) Right of access to bio-diversity and community right to intellectual property and traditional knowledge related to biodiversity and cultural diversity.

1.10.2 Recognition and vesting of Forest Rights

The Central Government recognises and vest all rights mentioned in Section in forest dwelling STs and other traditional forest dwellers. **(Section 4 (1) of the Act)**

Forest rights are heritable but not alienable or transferrable and are registered jointly in the name of both the spouses in the case of married persons and in the name of the single head in the case of unmarried head of household. **(Section 4(4) of the Act)**

In respect of right to hold a forest land for habitation or self- cultivation, such land should be under the actual occupation of the person/family and shall in no case exceed an area of four hectares. **(Section 4(6) of the Act)**

The holders of forest rights are enjoined with duties to protect the wildlife, forest and biodiversity; to ensure that adjoining catchment area, water sources and ecologically sensitive areas are adequately protected; and to ensure their habitats are preserved from destructive practices affecting their cultural and natural heritage (**Section 5 of the Act**)

1.10.3 Procedure for vesting of Forest rights

The procedure for vesting of rights is detailed in Section 6 of the Act read with Rules 3 to 13 of ROFR Rules, 2008. The recognition and vesting of rights is done at three levels i.e.(1)Gram Sabha, where the process initiated and a list of claimants of forest rights is prepared and forwarded to Sub-Divisional level committee(2)Sub-Divisional Level Committee, where the list of forest rights submitted by Gram Sabhas are collated and block-wise draft record of proposed rights are finalised and forwarded to District level Committee(3) District level Committee, where lists received from Sub-Divisional Level Committee are examined and forest rights are finalised.

Note: (1) Sub-Divisional Level Committee consists of Sub-Divisional Officer (RDO). (Chairperson), Forest Officer in charge of Sub- division (member) , Three members of the Block/ Panchayat , an officer from Tribal Welfare department (member)

(2)District level Committee is chaired by District Collector and consists of members from Forest Department (DFO); Tribal Welfare Department (member) and three members of District Panchayat.

1.11 THE NATIONAL GREEN TRIBUNAL ACT, 2010

The Act, made by Government of India, provides for establishment of a National Green Tribunal for the effective and expeditious disposal of cases relating to environmental protection and conservation of forest including enforcement of legal right relating to environment and giving relief and compensation for damages to persons and property and for matters connected thereto. The Act is comprised of 38 Sections.

The National Green Tribunal , established under Section 3 of the Act, shall have jurisdiction over all Civil cases where a substantial question relating to environment is involved and such question arises out of the implementation of the enactments specified in Schedule I of the Act i.e. The Environment (Protection) Act,1986, The Forest (Conservation) Act, 1980, The Biological Diversity Act,2002 , The Public Liability Insurance Act, 1991, The Water (Prevention & Control of Pollution) Act, 1974, The Air (Prevention & Control of Pollution) Act,1981, The Water (Prevention & Control of Pollution)Cess Act,1977.

The application for adjudication of dispute should be made within six months from the date on which the cause of action for the dispute first arose. **(Section 14 of the Act).**

The Tribunal is empowered under the Act to provide relief and compensation to the victims of pollution and other environmental damage; for restitution of property damaged; and for restitution of the environment for such area or areas.

Application for grant of relief/ compensation /restitution should be made within a period of five years from the date on which the cause of action first arose. **(Section 15 of the Act)**

The Tribunal has also appellate jurisdiction in respect of orders/ decisions passed by State Government / appellate authorities mentioned in the enactments specified in Schedule I of the Act. **(Section 16 of the Act)**

The Tribunal shall, while passing orders/ decisions / awards, apply the principles of sustainable development, the precautionary principle and the polluter pays the principle **(Section 20 of the Act)**

The Act provides for an appeal to the Supreme Court by any person aggrieved by the award/ decision/ order of the Tribunal, within 90 days from the date of communication of such award/ decision / order. **(Section 22 of the Act)**

The Tribunal has five ordinary places of sitting for exercise of its jurisdiction over five zones – Delhi (Principal Place), North Zone; Pune, Western Zone; Bhopal, Central Zone; Chennai, Southern Zone; Kolkata, Eastern Zone. (GOI Notification dated 17.8.2011)

The following Rules are made by the Central Government in exercise of powers conferred by Section 35 of the Act:

(i) National Green Tribunal (Manner of Appointment of Judicial & Members, Salaries, Allowances and other terms and conditions of Service of Chairperson and other members and procedure for Inquiry) Rules, 2010

(ii) National Green Tribunal (Financial and Administrative Powers) Rules, 2011

(iii) National Green Tribunal (Practices and Procedure) Rules, 2011

1. 12 NATIONAL FOREST POLICY, 1988

The National Forest Policy, 1952 was reviewed and revised as National Forest Policy, 1988. The review was necessitated due to non- achievement of the objective aimed at forest coverage of one third of the total land area of the country. Instead, the forests in the country have

suffered serious depletion. The newly evolved National Forest Policy, 1988, presented in Parliament in December, 1988, envisages:

- Preservation and conservation of existing forests and extension of forest cover by aiming at the National Goal of minimum of one – third of total land area of the country under forest or tree cover.
- Improvement of forest productivity to meet essential national needs
- Meeting the requirements of fuel wood, fodder, minor forest produce and small timber of rural and tribal population by means of afforestation, social forestry and Farm forestry.
- Checking soil erosion and denudation of catchment areas of rivers, lakes and reservoirs.
- Encouraging efficient utilisation of forest produce and maximising substitution of wood.
- Creating a massive people's movement with the involvement of women for achieving the objectives of the policy, by providing due place to them in forest management.

The principal aim of forest policy is to ensure environmental stability and maintenance of ecological balance. The derivation of direct economic benefits must be subordinated to this principal aim.

1.13 STATE FOREST POLICY, 2002

In consonance with National Forest Policy, the Government of Telangana, has formulated TELANGANA State Forest Policy, 2002. The Policy, approved vide GOMS No. 34 EFS & T (For –III) dated 16.4.2002, envisages:

- (i) Conserving and improving the quality of existing forests
- (ii) Strengthening Social Forestry activities
- (iii) Streamlining forest management strategies
- (iv) Encourage people's participation in Forest management
- (v) Conserving biodiversity and genetic resources.

CHAPTER 2

FOREST ACCOUNTS

Transactions of Forest Department comprise both Revenue and Expenditure. Hence the Forest accounts and the systems thereof are designed to accommodate both the transactions. The scope of receipts as well as expenditure and the systems of their accounting are detailed in the succeeding paragraphs:-

2.1 Revenue

The Revenue receipts of the Forest Department comprise the following:

- Sale proceeds of sandal wood; teak wood red sanders, non-teak timber, bamboo and Non-timber forest produce (NTFP) including Beedi leaves.
- Receipts from plantations such as cashew, coffee, casuarinas, eucalyptus etc.
- Receipts from levy of fines, penalties and forfeitures.
- Compounding fee in forest offences.
- Kist amount on leases.
- Miscellaneous revenue from sale of permits, licence fee of saw mills, recoveries of over payment, sale of Unserviceable articles condemned etc.
- Rent of rest-houses/guest houses and lands.
- Gate Collections in Zoological Parks*

The Divisional Forest Officer and his subordinate officers are primarily responsible for prompt collection of departmental revenue receipts and other Government dues and remittance of these collections into the treasury.

2.2 Expenditure

The main items of expenditure incurred in the Forest department are as follows:

- Expenditure on Forest development works such as singling, coppicing and thinning aimed at natural rejuvenation of forests and Plantation Works comprising of advance works, creation and maintenance.

* Gate collections Zoological Parks form part of internal resources of Zoo Parks and hence outside the scope of Government Account. Zoo Parks at present are registered under Societies Registration Act and hence are bodies/authorities.

- Expenditure on Forest Protection works such as Survey and demarcation, Fencing, Construction of boundary walls, Fire tracing and Strike Force Operations.
- Soil and moisture conservation (SMC) works such as digging of trenches (contour trenches, staggered tranches etc.) Construction of percolation tanks (PTs), check dams and rock fill dams.
- Departmental Extraction of timber (DET) works.
- Forest Research Works.
- Wild Life Preservation Works.
- Establishment and other office expenditure.

2.3 System of Forest Accounts

a) The system of Forest Accounts is briefly as follows:

(i) All revenues realized by the Forest Officers shall be remitted into the nearest Treasury under “Forest Remittances - Remittances into Treasury”. Funds for expenditure shall be obtained by Divisional Forest Officers and Conservator of Forests, by means of cheques drawn on treasuries and credited to Forest Remittances - II cheques. All such transactions shall be adjusted both in Civil and Forest Accounts as Forest Remittances vide Articles 58 and 102 of the Andhra Pradesh Account Code Vol. II and the instructions and subsidiary rules under T.R.10 of the Andhra Pradesh Treasury Code Vol. I.

(ii) Forest expenditure accounts are broadly of two types i.e.

- (i) Civil Accounts comprising of Establishment, office expenses and other incidental expenses not coming under purview of Works Accounts
- (ii) Works Accounts comprising expenses for works broadly specified at above and incidental expenses connected to them.

Until 1988 both the accounts were operated, controlled and accounted by the Divisional Forest Officers and the accounts rendered to the Accountant General directly .With effect from 1.4.1989, the Civil Accounts are operated, controlled and accounted for by the Treasuries and Accounts department, while the work accounts are operated by the Forest Divisions and accounted for them directly to Accountant General through Pay & Accounts Officer (Works & Projects). The PAO system of work accounts introduced in Forest department in April, 2001 and amended in July 2005, is explained in detail in Para 2.3.1 below.

- iii) Divisional Forest Officers are responsible for the effective check and control of the accounts of the entire Division both in respect of revenue and expenditure.

- b) All subordinate officers (i.e., Range Officers) shall close their accounts on the last day of the month on which date the sub-treasury accounts are closed and render accounts to the Divisional Officer on 5th of the next month or such earlier date as prescribed in order to ensure that the Divisional Officer's Accounts reach the Accountant General by 15th of the next month (Art. 266 of Account Code Vol. - III)

2.3.1 Adoption of PAO System of Work Accounts in Forest Department

In G.O.Ms.No.60 Finance & Planning (FW.BG) dept. dt.30.3.2001, Letter of credit (LOC) system for release of funds and payment of work bills by PAO was extended to Forest department w.e.f 1.4.2001, to secure uniformity in accounting procedure in all Government Departments. By virtue of this PAO system introduced in Forest Department, all payments were to be made by PAO after pre-check.

The system however, did not long last and was modified on the representation received from Principal Chief Conservator of Forests. Consequently the Government of Andhra Pradesh² decided to implement the system of limited cheque drawing powers contemplated in para 306 to 314 of PAO Works Accounts Manual to DFOs, with slight modification suitable to Forest Department. Under this system of limited cheque drawing powers, the Divisional Forest Officers (DFOs) who were hither-to operating cash books and issuing cheques for payment and rendering monthly accounts directly to the Accountant General are permitted to operate cash books and issue cheques. Working instructions of Government on the functioning of the LOC system are as follows:

- (i) Upon receipt of sanction from the Government, the Principal Chief Conservator of Forests will allot the Budget under various schemes to various Conservator of Forests. The Conservator of Forests will in turn distribute the Budget so allotted to the concerned Divisional Forest Officers with copy to the concerned Pay and Accounts Officers/Joint Director of Works Accounts. The Conservator of Forests will issue the LOC to the extent of Budget allotted as above. The concerned Pay and Accounts Officers will in turn authorise the concerned Divisional

²in their Memo No.2525/F3(2)/2001-2002, FP(PW-F3) Dept. dt.25-4-2001

Forest Officers etc., to utilise the Budget allotted and issue cheques for drawl of money from the Banks (branches of State Bank of Hyderabad/ India) and Treasury concerned. Upon receipt of such authorisation, the Divisional Forest Officers will issue cheques and draw funds from the concerned Banks (branches of State Bank of Hyderabad/India). The amount so drawn will be disbursed through the Forest Range Officers following the procedure that existed prior to 1.4.2001. The Divisional Forest Officers etc., will obtain accounts from the Forest Range Officers and upon checking the same will render them to the Pay and Accounts Officer concerned. In order to enable the Pay and Accounts Officer to finalise his accounts in time, the Divisional Forest Officers etc. will ensure that the cash book extracts along with the vouchers in original incorporating all the vouchers up to 25th of a given month will be rendered to the Pay and Accounts Officer by the 29th of the same month. However, the cheques issued from 26th of the month to the end of the month will be included into the next month accounts. This will be followed for all the months except the month of March. For the month of March, the D.F.O will incorporate the transactions up to 31st March and render the cash books extracted along with all the vouchers to the PAO/APAO concerned positively on 3rd March itself to incorporate in his (PAO) accounts and render to Accountant General”.

(ii) The DFOs have to furnish their specimen signatures in triplicate separately for each Treasury/Bank on which they are to be authorised to the PAO concerned under intimation to JDWA, who in turn authorise the Treasury and Bank to admit the payments by cheques issued by such officers

(iii) Cheque Books required will be obtained by the Officers delegated with the Limited cheque drawing powers from the PAOs/ APAOs concerned for this purpose. Funds so placed at the disposal of these officers and authorized by the PAO/ APAO shall be utilised for the specified purpose only and shall not be diverted/ utilized under any circumstances for other purposes.

(iv) The DFOs should close the Cash Books promptly on the due date and render to the PAO/ APAO concerned with all the paid cheques and supported documents. The PAOs/ APAOs should watch the Cash Book extracts with paid vouchers received and incorporated in his accounts promptly.

(v) The Divisional Forest Officers shall ensure that estimates for all the works to be executed are sanctioned before hand and under no circumstances the expenditure should exceed the LOC authorized by the PAOs/ APAOs.

(vi) The above system will be followed for all the works implemented by the Forest Department except major civil works like buildings, roads, etc., exceeding Rs.10 lakhs. For all such civil works not exceeding Rs.10 lakhs the procedure prescribed above will be followed.

(vii) The PAOs/ APAOs should strictly follow the provisions stipulated in para 314 of PAO (WA) manual.

2.3.1.2 Exemption of PAO System for works executed by VSSs

The PAO system of Work Accounts introduced in Forest department was further modified in July, 2005 (vide GM No. 435/F3(2)/05-05 Finance (W&P) department dated 30.7.2005) restricting the applicability of instructions on LOC system detailed in Para 2.3.1 above only to the works carried out by Vana samrakshana Samithis (VSSs). For all other works executed by agencies other than VSSs, PAO system of works would apply and payments for works carried out would be paid by PAO (Works & Projects) after pre-check of Bills.

2.3.2 Classification of Forest Accounts

The instructions relating to classification of revenue and expenditure are contained in Articles 30 to 32 and 35 to 37 of A.P. Account Code Vol. I. Basic principle governing classification, according to these Articles, is that classification of a transaction shall have a closer reference to “the function, the programme and activity of Government and the object to the revenue or expenditure”, rather than the department in which revenue or expenditure occurs. Thus receipts representing ‘Interest’, though received in Forest department, are credited under Major Head “0049- Interest receipt” under sub- sector “Interest Receipts, Dividends and Profit” below the sector “Non – Tax Revenue”. Likewise, transactions relating to construction , maintenance and repairs of residential / non – residential building taking place in Forest Department are accounted for under ‘4059- Capital Outlay on Public Works’ (for construction activities) and ‘2059 – Public Works’ (for repairs and maintenance activities) below the sector ‘General Services’. The following table gives an account of sector-wise accounting of transactions in Forest department:

Table 1: Accounting of Transaction

Sl. No.	Part	Account	Nature of Heads of Account	Major Heads of Account	Sub-Major Heads of
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					Account	
1.			II. Expenditure Head C. Economic Services (a) Agriculture & Allied Activities	2406-Forestry & Wildlife	01-Forestry & 02-Wildlife	
			Capital Account	I Receipt Heads	4000- Miscellaneous Capital Receipts	-
				II. Expenditure Head C. Capital Account of Economic Services (a) Capital Account of Agriculture & Allied Services	4406-Capital Outlay on Forestry & Wildlife	01-Forestry 01-Forestry & 02-Wildlife
			Loans & Advances Account	F. Loans & Advances	6406-Loans for Forestry & Wildlife	01-Forestry & 02-Wildlife
2.	Contingency Fund	Contingency Account	Contingent Expenditure	8000-Contingency Fund	Source as Consolidated Fund Details	
3.	Public Account	Public Account	K-Deposits & Advances	'8443- Civil Deposits	MH109-Forest Deposits	
			(b) Deposits not bearing interest			
			(c) Advances	'8550'- Civil Advances	MH-'101-Forest advances'	
			L. Suspense & Miscellaneous (b) Suspense	'8658- Suspense Accounts'	1) TDS-IT 2) 111-CMRF 3) NAC	
			M. Remittances (a) Money orders and other Remittances	'8782-Cash Remittances and adjustments between officers rendering accounts to the same Accounts Officers	MH-'103-Forest Remittances'	

2.3.3 Classified Abstract of Cash Accounts

The Divisional Forest Officers should render (for each month) a classified abstract of cash accounts (Form F.A.VII) to the Accountant General through Pay & Accounts Officer (Works & Projects), so as to reach this office on or before 15th of the next month.

Classified Abstract of the Cash Account shall depict in the Account for the month the following details

- a) the total revenue and expenditure under each of the prescribed Head of Account.
- b) the total amount of all cheques drawn.
- c) all remittances into Treasuries.
- d) all advances paid and recovered.
- e) all other cash recoveries.
- f) forest refunds.
- g) all receipts and payments on account of other Governments and Railways.

The account should be accompanied by the following documents and appendices.

- i) Return of cheques drawn duly certified by the Treasury Officer.
- ii) Consolidated Treasury Receipt from the Treasury Officer for remittances into the Treasury
- iii) Return of rents (Form F.A VIII).
- iv) Schedule of Forest remittances into Treasury (Form-F.A VI A).
- v) Schedule of receipts and payments on behalf of other Governments and Railways.
- vi) **Appendix-I** Account of particulars of amounts debited/ credited to “Advances Recoverable” and “10 – Forest - Conservancy and Works- Suspense - Works Advances”.
- vii) **Appendix-II** Account of particulars of cash recoveries on account of overpayments, retrenchments, etc.
- viii) **Appendix-III** Account of particulars of items credited to detailed head “other sources” under the Head X- Forest-Miscellaneous”.

In addition, two schedule dockets of works vouchers (Form F.A.IX), one for works sanctioned by Conservator/Chief Conservator and the other for Works sanctioned by DFO, should be submitted by DFO along with monthly accounts.

(Local Rulings under Articles 282-297 of A.P. Account Code- Vol-III)

NOTE: For certain funds received directly from district authorities for the works sponsored under DRDA, DPAP, EAS, JRY, SGRY, MGNREGS etc., separate cash books are maintained by depositing the funds received into Bank accounts and detailed accounts rendered directly to the district authorities concerned. Similarly funds received from State CAMPA are separately accounted for. Hence these transactions do not find place in Forest Cash Accounts.

2.4 Salient features of Forest accounting under various Heads of Account

2.4.1 Forest Revenue

Forest Revenue, classified as ‘Other Non-Tax Revenue’ under Economic Services in ‘Sectoral and Major Head Classification’ (Appendix-X-A.P. Budget Manual) comprises mainly of receipts from sale of Forest produce and levy of ‘C’ fee. The Revenue is accounted for under major head ‘0406- Forestry & Wildlife, as briefly detailed below:

(a) Compounding Fees:

Compounding Fees is the fees levied by the Forest Officers under Section 59 of A.P. Forest Act, 1967 and collected from the persons who have committed forest offences and agreed for compounding the offences. The amount of “C” fees collected either in cash or through demand draft by issue of receipts in Form CF-140 is credited to the Major head “0406-Forestry & Wildlife-01-Forestry-800-other receipts-04 Compounding Fees”.

(b) Revenue from sale of Forest Produce

Revenue realized from ‘sale of various types of Forest Produce’ and it’s accounting in the records is shown in the following table:

Table 2: Accounting of Sale Proceeds

Sl. No.	Name of the Forest Produce Sold	Major Head	Sub-Major Head	Minor Head	Detailed Head
1.	Timber	0406-Forestry & Wildlife	01-Forestry	101-Sale of Timber & other Forest produce	01-Sale of Timber
2.	Bamboos	-do-	-do-	-do-	02-Sale of Bamboos
3.	Firewood & Charcoal	-do-	-do-	-do-	03-Sale of Firewood & Charcoal
4.	Other Forest Produce	-do-	-do-	-do-	04-Sale of other Forest Produce
5.	Beedi Leaves	-do-	-do-	-do-	05-Receipts from Beedi Leaves
6.	Teak Plantations	-do-	-do-	-do-	06-Receipts from Teak Plantations
7.	Cashew Plantations	-do-	-do-	-do-	07- Receipts from Cashew Plantations
8.	Coffee Plantations	-do-	-do-	-do-	08- Receipts from Coffee Plantations
9.	Other Plantations	-do-	-do-	-do-	09- Receipts from Other Plantations

(c) Revenue from other sources

Revenue realized from various miscellaneous sources other than specified at (a) & (b) above and it's accounting in the records is shown below:

Table 3- Accounting of other Receipts

Sl. No	Source of Revenue	Major Head	Sub-Major Head	Minor Head	Detailed Head
1.	Leave Salary Contribution	0406- Forestry & Wild life	01- Forestry	800- Other Receipts	01-Leave Salary Contribution
2.	Fines & Forfeitures	-do-	-do-	-do-	02- Fines & Forfeitures
3.	Building Rents	-do-	-do-	-do-	03- Rents from Buildings
4.	Recovery of overpayments	-do-	-do-	-do-	05- Recovery of overpayments
5.	Sale Proceeds of dead stock, waste paper etc.	-do-	-do-	-do-	06- Sale Proceeds of dead stock, waste paper etc
6.	User charges	-do-	-do-	-do-	07- User charges
7.	Other receipts from sources other than specified above	-do-	-do-	-do-	81- Other receipts

2.4.2 Forest Remittance (Form-VI A).

The minor head 103 forest remittances below the major head “8782 cash remittances and adjustments between officers are rendering accounts to the same accounts officer” is subdivided into the following sub-heads:

- Remittances into treasuries;
- Forest Cheques;
- Other remittances;
- Miscellaneous Remittances.

(a) Remittances into Treasury:

All remittances made into the treasury by the Divisional Forest Officer and his subordinates during a month are shown in the schedule of Remittances (Form VI-A). The remittances shown therein should be supported by a consolidated treasury receipt (C.T.R.) issued by the District Treasury Officer. The remittances into the treasury are accounted for under the Head ‘8782- Cash remittances -103 Forest Remittances – 01 Remittances in Treasuries’.

(b) Forest Cheques

All cheques drawn by the departmental officers during a month are credited to the head “8782- Cash Remittances- 103 Forest Remittances-02 Cheques “ and a list of cheques drawn during a month totalled separately for each treasury is enclosed to the cash account, duly certified by the Treasury Officer.

(c) Other remittances

Remittances made by the third parties direct into treasuries are accounted for under this head “8782-Cash remittances-103 Forest Remittance - 03 other remittances” and a separate schedule in form VI-A is sent along with the cash account.

(d) Misc. remittances

Earnest Money Deposits paid under the rules of Government by Contractors or purchasers of Forest produce including those relating to intending bidders at auction sales, though returned immediately after the auction are entered in the cash book and are also shown in the classified Abstract (FA-VII) on both sides as “Miscellaneous Remittances”. (See local ruling 3 below Article 257 of Account Code Vol.I).

2.4.3 Forest Deposits

The Funds provided for by Andhra Pradesh Forest Development Corporation (APFDC) for implementation of Schemes such as Beedi leaf and DET, the deposits furnished by the Saw mill owners, the collection made towards sales tax and cash security furnished by Contractors and purchasers etc. are accounted for under “109-Forest Deposits” below the Major Head “8443 civil deposits”.

2.4.4 Forest Advances

Advances to subordinate officers such as Forest Range Officers / Section Officers, who are not authorized to draw cheques against the drawing account of the Divisional Officer, are debited in the accounts to the minor head “ 101 - Forest Advances” below the major head “8550 civil advances” and when an account of the advance is rendered by the disbursing officer the amount of expenditure is credited to “Forest Advances”, by contra debit to the appropriate heads of account classification.(Art.250 of Account Code – vol - III) .

Advances to contractors, suppliers and labourers made, in connection with execution of works under the orders of the competent authority, are debited in the Accounts to the head ‘Works Advances’ subordinate to minor- head ‘Conservancy and Works’. (Art.251 of Account Code – Vol – III) below the major head “8550- Civil Advances”.

Revenue collected by the subordinates but not remitted into the Treasury within the month is treated as an 'Advance' against the officer and debited to this head, in the divisional accounts. When the revenue is subsequently remitted in to treasury, this head is credited, thus cancelling the original debit.

2.4.5 (a) Inter Departmental Supplies

The procedure outlined in Chapter-IV of Account Code Vol-I and para 13.5 of the A.P. Budget Manual is followed and thus the transactions do not figure under Remittance Heads for settlement by adjustment in the books of Accountant General.

(b) Transactions with other Governments.

In the case of transactions relating to Central Government Departments including those of Railways, P&T, Defence, and other State Governments, the procedure outlined in rule 40 of Chapter-IV of Government Accounting Rules 1990 is followed and settled on cash basis.

2.4.6 Transactions for settlement under "8658 Suspense Account"

Cash collections towards Income Tax on sale of Forest produce are accounted for under '8658 Suspense Account' on the receipt side and '8782 Cash remittances, 103 F.R.-I Remittances into Treasury on the disbursement side in the Classified Abstract (FA-VII).

2.4.7 Expenditure met out of Contingency fund

- i)** The total amount of expenditure met out of the 'Contingency Fund' is shown distinctly under the minor heads '2406 Forestry & Wildlife or 4406 Capital outlay on Forestry & wild life' as the case may be below the Major head '8000 Contingency Fund' in the cash account.
- ii)** The items of expenditure met out of the "Contingency Fund" are shown in a separate schedule with same details as in the case of expenditure met from 'Consolidated Fund'.
- iii)** The classification of such expenditure is recorded in the vouchers as usual; the vouchers being superscribed 'Contingency Fund'.

2.5 Compilation of accounts

The Forest Accounting section of AG (A&E) is responsible for watching the receipt of the accounts from the Forest Divisional Officers and for their checking before they are passed on to the Forest Accounts compilation section. This section is responsible for the preparation of the

Classified/ Consolidated Abstracts and ensuring the completion of compilation of accounts in all respects.

The Broad sheets relating to the Forest Remittances Head, Forest Advances and Forest Deposits are maintained in the Forest Accounts Section, the details of which are mentioned in Chapter-4 of manual of Forest Accounts Department. Forest Accounts Sections are also responsible for supplying the monthly cash accounts and Schedule Dockets and vouchers to Forest Audit Sections for the conduct of audit (Central & Local) and for their return to the Forest Accounts Sections. (T.M.A/cs/I/14-1/86-87/0028 dated 4.6.86)

2.6 Budget monitoring & Control

The Budget is released by the Government [Finance (Expenditure) Department] to the Head of the department concerned in phases depending on progressive expenditure reported by the department. Budget Release Orders (BROs) as per standard procedure prescribed by Government in GOMs No. 59 Finance & Planning (FW –BG) deptt. Dt:30.3.2001, are issued on 1st April (50% of budget), 1st October (for 25% budget) and 1st January (final installment).

The Principal Chief Conservator of Forests (Head of the Forest Force) is the Chief Controlling Officer (CCO) of the Forest department. He is responsible for watching the progress of expenditure under his control and keeping it within the sanctioned Grant or Appropriation. To facilitate control departmental accounts are maintained by him and the progressive actual month by month are reconciled with those entered in the books of District Treasury/Pay and Accounts Officers and on quarterly basis with Accountant General. (Para 2.1.8(e) of A.P. Budget Manual)

CHAPTER – 3

FOREST AUDIT PRINCIPLES AND PROCEDURES OF CENTRAL AUDIT

3.1 Scope and Functions of Audit

The audit of Forest transactions should be conducted in accordance with the general principles and rules as laid down in Sections II, III and V of the M.S.O. (Audit) and with due regard to the special procedure applicable to each class of transactions and the provisions contained in departmental codes and other accounting and financial instructions.

The term “Audit” includes in its scope both “Financial Audit” and “Performance Audit”, besides “Compliance Audit”. While observance of financial rules and orders should be watched, a rigid and literal enforcement of such rules and orders resulting in an un-intelligent audit should be avoided and more time devoted to investigation of really important and substantial financial irregularities, system lapses, un-economic performance or wasteful expenditure. It should also be borne in mind that another important function of audit is to secure substantial correction of accounts with due regard to relevant rules in the Account Code and financial rules of the Government - see also paras 7.1.1. and 7.1.2 of the M.S.O (Audit).

3.2 Watch over cases of defalcation, embezzlement and losses

- i) When cases of defalcation or embezzlement come to notice in the Forest Audit Sections, the facts of the case should be reported to Coordination Section. Further progress of such cases will thereafter be watched by the Coordination Section through the register of defalcations in Form SY 17 as indicated in the Appendix-II to this Chapter till the case is finally closed.
- ii) All other cases of losses should be dealt with in the Forest Audit Sections and noted in the register of losses in the Form SY 17. The register should be submitted to the B.O. on the 15th of each month and to the Group Officer quarterly on 15th of May, August, November and February through Coordination Section.

3.3 Delegation of Financial Powers

- i) The powers delegated to the officers of the Forest department are detailed in Appendix III.
- ii) The equation of posts for the exercise of the financial powers is indicated below:

Sl. No.	Powers delegated to	Designation of the Officer
1.	Chief Conservator of Forests	Addl. Chief Conservator of Forests
2.	Conservator of Forests	Ex-Officio Director, Nehru Zoo Park
3.	Divisional Forest Officer	Curator, Nehru Zoo Park
4.	Divisional Forest Officer	Curator, Indira Gandhi Zoo Park
5.	Divisional Forest Officer	Working Plan Officer
6.	Divisional Forest Officer	State Silviculturist
7.	Divisional Forest Officer	Forest Utilization Officer
8.	Divisional Forest Officer	Flying Squad Officer
9.	Divisional Forest Officer	Red Sanders Anti Smuggling Squad Officer
10.	Divisional Forest Officer	Asst. Conservator of Forests (Independent Charge)

{ Government of A.P., F & A (For.I) Dept. G.O.Ms.No.1306, dated 30th June, 1967 - Govt. (P)No.703/GA(AR&T) Dept. dated 4th December, 1978 (Art.102 of APFC)}

3.4 Audit of Forest Receipts

The scope of audit of receipts of the Government and the main principles and process of audit are given in Chapter 3 of Section II of MSO (Audit) read with Section 16 of the CAG's DPC Act, 1971. The revenue receipts of the Forest Department are given in paragraph 2.1 of Chapter - II. While auditing the supporting documents in support of the amounts credited to the different minor and sub-heads under the major head 0406" Forestry and wild life", it should be

seen that

- the items which fall more appropriately under any of the descriptive heads are not classified as 'miscellaneous'.
- no amounts are credited to the revenue until they are actually realised.
- all refunds made are covered by the sanction of the competent authority.
- orders of the competent authority exist for every amount remitted or written off.

Recoveries from other States in respect of the expenditure incurred on account of maintenance and demarcation of frontier boundaries between the States which is shared equally should be checked with the recorded expenditure which is categorised as works expenditure and sanctioned by the authorities not lower than the Divisional Forest Officer.

3.5 Audit of Forest Works expenditure

The main items of works expenditure incurred in the Forest Department are given in para 2.2 of Chapter II of the Manual. The various rules and instructions relating to execution of works, FSRs, sanction of estimates, check-measurement of works and completion reports etc, are given in Sections 95, 98, 99, 102 and 106 of A.P. Forest Department Code are to be kept in view while auditing the works expenditure of Forest Department. Expenditure is either ordinary or special, the distinction between the terms being used only for the purpose of defining the powers of sanction to expenditure by various authorities.

The terms have no significance in accounts classification. 'Ordinary' expenditure comprises the cost of all operations which are necessary to produce revenue or which are concerned with the maintenance and the ordinary operations undertaken annually to the improvement of the forest. 'Special' expenditure on the other hand represents which do not recur annually or which do not yield an immediate return. Special charges frequently yield either no return at all for a series of years; or repay themselves only gradually in cash returns or in local benefit of another kind such as increase of water supply, protection against storms, erosion or leased ships. The items that fall under special expenditure which are given in Note 1 Appendix 14 of A.P. Forest Code, are indicated below :

- Construction of permanent roads, tramways, bridges, houses, canals, wells, timber slides, sawmills factories etc. including equipment of houses, saw mills, factories.
- Purchase of hire stock, stores, tents and tools and plant.
- Purchase of land for plantations for forest purposes and cash compensation for extinction

of forest rights.

- Expenditure on forest settlement and demarcation of reserves.
- Cost of forest Surveys
- Cost of compiling working plan including valuation surveys and enumerations.
- Plantations including extensive cultural operations, renewals, additions and improvements under the above items of expenditure will come under 'special expenditure' while ordinary repairs to capital works come under 'ordinary' expenditure.

The estimates for works should be prepared based on approved Forest schedule of rates (FSR) and no expenditure should ordinarily be incurred without a sanctioned estimate. To facilitate the preparation of estimates a schedule of rates for each kind of work commonly executed is prepared and approved by the zonal committee. Copies of approved Forest schedule of rates are sent to audit every year, which are very useful in the audit of expenditure.

In the Forest Department the commonly used method of execution of works is the schedule contract method, according to which the contractor agrees to execute one or more items included in a work at fixed rates i.e., the rates indicated in the sanctioned estimate and the amount to be paid to the contractor depends on the quantity and kind of work done or material supplied vide Section 95 of A.P. Forest Department Code. The Other methods adopted for execution of works are (i) the departmental execution (ii) the piece work contract (iii) Lumpsum contract (iv) Tender system (v) Nomination.

3.6 Audit of Forest Advances

Advances to Forest Disbursers are debited to the minor head 101- Forest Advances under the major head 8550 Civil Advances. The responsibility for the detailed check over them and the watch of recoveries rests with the Divisional Forest Officers. As audit should confine itself to the watching of the aggregate balances, a broad sheet is maintained for the whole state in the Forest account section of A.G (A&E). It is not necessary to include these advances in the objection books or statements. The limits prescribed for grant of advances by the various authorities to the disbursers are indicated in para 84 of A.P. Forest Department Code. In audit it should be seen that the advances sanctioned are within the following revised limits approved in G.O.Rt.No.6 Environment, Forests, Science and Technology (FOR.IV) Department dated 11.1.96.

- a) Forest Range Officer - Rs. 50,000/-
- b) Dy.Range Officer/Forest Section Officer - Rs. 10,000/-

Note: Revenue collected by the subordinates but not remitted into the Treasury within the month is treated as an advance against the officers in the divisional accounts.

3.7 Audit of Refund of Deposits

The general principles and rules of audit which govern audit of expenditure apply mutatis mutandis to disbursements under the deposit minor head 109 - Forest Deposits below major head "8443-Civil deposits". Besides it should be seen that:

- i) the repayments are made according to the rules and regulations which govern the transactions.
- ii) they have been made under sufficient authority.
- iii) the repayments are supported by duly receipted vouchers in the proper form
- iv) the vouchers contain certificate that the refund has been noted against original credit in the departmental accounts in the cashbook and the register of deposits.

3.8 Audit of Refunds of Revenue

In the audit of refunds, the points to be examined are that

- They have been made under sufficient authority.
- They are supported by duly receipted vouchers in proper form.
- The order sanctioning the refund is enclosed to the voucher if not previously received.
- The item in which the amount refunded was originally credited is quoted in the refund vouchers.
- A certificate that the refund has been noted against the original credit in the departmental accounts is furnished on the vouchers.
- The certificate in column 6 of the refund voucher of the A.P.Treasury Code is signed by the Divisional Officer.
- In cases in which the details of amounts credited to Forest Revenue are with the Revenue Officers, the certificate should be signed by the Treasury Officer.
- The refunds authorised are in accordance with the delegation of powers

3.9 Visits to Secretariat/ offices of Heads of Department

Forest Audit sections are not only to process, issue and pursue Audit Notes/ Inspection Reports, but also to propose draft paragraphs, whenever material worth including in Audit

Report is noticed during the course of central audit of sanctions (including contracts), vouchers etc., or pursuance of Inspection Reports. The wanting details for processing of material in such cases or further probing into sanctions under scrutiny may require visits to Secretariat/Offices of the Heads of Department concerned. Sr. A.O. / A.O. in-charge of Forest Audit sections shall arrange in these cases for a visit to those offices by the Auditor.

3.10 Register of points for inspection

During the course of central audit, certain aspects of sanctions/payments may require detailed examination in field offices. A register of points to be looked into during the local audit of divisions/offices should therefore be maintained in each section in the proforma given below:

Sl.No	Name of the division to which the point relates	Month of account and voucher number	Brief summary of the point for investigation	Reference to No. and date of the letter addressed to the division	Reference to No. and date in which the point was communicated to the I.O.	Gist of remarks of the IO after investigation	Final orders issued/passed	Remarks
1	2	3	4	5	6	7	8	9

Separate folios may be opened for each division and the points, requiring investigation during local audit, noted in the respective folios over the initials of Asst. Audit Officer/ Supervisor. A memo of such points to be looked into during inspection should be forwarded to the Inspecting Officer at the time of inspection of the division concerned, over the signature of Sr. Deputy Accountant General (ES I/ II.) as required in para 30 of the Secret Memorandum of Instructions.

The Inspecting Officer should examine the items marked and report the result thereof against each item and return the memo along with the Inspection Report. On receipt of the memorandum with the report of Inspecting Officer, the final disposal should be noted against the item concerned in the Register of points to be looked into during inspection and attested by the Asst. Audit Officer/ Supervisor.

3.11 Annual Review of the Working of Forest Divisions

The Accountant General (A&E) will submit a review on the working of Forest Divisions to the Government in such form and detail as may be settled mutually. Necessary material will be supplied by Audit Office to A&E Office for incorporation in the review.

CHAPTER - 4

LOCAL AUDIT OF FOREST OFFICES

4.1 Audit Planning

Local audit of the accounts of the Forest divisions/ offices is conducted by local audit teams formed for the purpose. For this, an audit plan has to be prepared for the year ahead, of the activities that the office is required to undertake by utilizing the manpower optimally with special thrust on more important audit and at the same time not ignoring relatively unimportant units or taking them up for audit with less frequency. A report in this regard should be sent by Coordination Section or Section authorized by local *AG/PAG/HOD* to headquarters office so as to reach by 15th April every year in the proforma prescribed. An appreciation note indicating the priority adopted relaxation in percentage of audit if any applied vis-a-vis those prescribed should invariably accompany the audit plan.

As per Guidance Note issued by PPG of Headquarters Office (8/2017), the evidence based approach and the opportunities presented by data analytics need to be harnessed to integrate data from various sources and formats to gain deeper insights, identify and analyze risk exposures of entities as envisaged in the Compliance Auditing guidelines.

(Source: PPG's Lr.No. 226-09-PPG/2017, dated 23.08.2017 Guidance Note 23.08.2017 from Headquarters Office)

4.2. Nature and Scope of Audit

The primary objectives of inspection are

- (i) to see that the initial accounts from which the accounts rendered by departmental offices are compiled, or on which they are based, are properly maintained in the prescribed forms and that financial rules and orders are being carried out and **(Para 6.1of MSO (Audit))**
- (ii) to test the degree of care exercised by the departmental authorities responsible for keeping the accounts over the accuracy of original records. At the same time a test audit may be applied to such accounts, vouchers etc., as are not audited in central audit or as cannot be checked adequately except in local audit **{Para 6.1.2 of MSO (Audit)}**.
- (iii) The scope of local audit is not confined merely to seeing whether the initial accounts are maintained in the proper form or whether the financial rules are properly observed but includes a test audit in sufficient details to verify the accuracy and completeness of accounts according to the prescribed rules for the audit of expenditure and receipts.

(iv) The accounts and registers for the realization of revenue should be examined specially with a view to bringing to light any defect in procedure, which might entail loss of revenue to Government.

The inspection staff should also examine whether the initial records of revenue and expenditure from which the accounts are compiled by the Divisional Forest Officers are maintained properly in the prescribed forms.

4.3 Forecast and Programme of Inspection

The ES Coordination Section should maintain a register of inspection of Forest offices (**Forecast register**) duly indicating the name of the Division with Headquarters; the dates on which the local inspection was conducted last; whether the division is permanent or temporary, whether it is a heavy or light division; total expenditure during the previous year incurred by the division etc. To enable ES I Coordination to maintain this register *the Audit Sections /Inspection Report Cell (IR cell)* should furnish relevant particulars viz., merger of divisions, abolition or bifurcation of divisions etc., and also creation of new divisions or change of Headquarters.

For each quarter a programme of inspection should be drawn up by the ES I Coordination taking into account the divisions/ offices to be inspected during the ensuing year, on 10th June, 10th September, 10th December, and 10th March and obtain approval of the Group Officer. Copies of the approved programme should be furnished to Audit Sections /IR cell, Bills and other controlling Sections for necessary action. After approval of the programme of local audit, advance intimation should be sent to the respective divisions/ offices regarding the programme of audit of that unit. The dates of audit should be noted in the register after receipt of the details of the programme of local audit.

4.4 Preparation of material for local audit and sending of vouchers and files to field parties

One month before the date of inspection, the sections should submit to the Sr.DAG/DAG through the Branch Officer, details of month wise expenditure from the months of last inspection as per the audited accounts and the names of ranges to enable Sr. Deputy Accountant General/Deputy Accountant General to select one month for AA check and another month for detailed check and one range for test check where the periodicity of audit is annual. In the case of biennial and first audit detailed check should be for two months accounts (one month to be

selected from each financial year). For triennial and quadrennial audits, detailed checks should be conducted for two months account (one month to be selected from the financial year immediately preceding the local audit and another month from the other 2/3 years) (Para 35 of OAD Manual). In the list, information should be furnished about the years in which the ranges have been previously test checked. In the absence of non availability of full expenditure particulars month wise due to PAO system, the months are now allowed to be marked locally by Inspecting Officer.

With a view to ensuring that the ranges already selected are not selected again and to enable the sections to watch the dispatch and receipt back of documents from the field parties, each Auditor should maintain a marking register indicating the above items selected by the Sr. Deputy Accountant General/Deputy Accountant General.

After the Sr. Deputy Accountant General/Deputy Accountant General selects and returns the material file, the Audit sections should send it to the field parties. Along with the material file and the last inspection report, the lists of outstanding Audit Notes, money value objections, previous inspection reports, paragraphs awaiting settlement and points marked for verification during local audit should also be sent.

In order to ensure that the documents sent out to the inspecting parties are received back intact a list of all the vouchers etc. should be prepared by the Sr.Auditor/Auditor concerned which should be checked by the AAO/SO. The Auditor in the inspection party should verify that the documents listed are received correctly and should report to main office any missing documents. After the inspection is completed, all the documents should be returned to the Audit Sections and the Inspection Report along with previous years' inspection reports should be forwarded to Coordination Section. The timely despatch of vouchers and other documents and their receipt back from the party should be watched through a Register to be maintained.

4.5. Conducting Desk Review:

The Audit party identified for audit of an individual entity should carry out a desk review at Headquarters before embarking on an audit. The review should comprise a study of the guard file, data analysis to determine the direction/focus of audit and transactions that are prone for verification in the field.

(Source: PPG's Lr.No. 226-09-PPG/2017, dated 23.08.2017 Guidance Note 23.08.2017 from Headquarters Office)

4.5.1 Commencement of Local Audit

Local audit should commence with an entry conference in **Annexure I** meeting with Divisional Forest Officer/Head of the Office concerned, where in the scope of audit should be explained to him and production of records requisitioned should be sought for timely completion of Audit. Thereafter, preliminary Audit enquiry slips seeking cash balance reports and production of all initial account records required for conduct of audit should be issued. Before commencing audit, work should be allocated among the members of the Audit team. A model of allocation of work among the team members is indicated in **Annexure - II** The Accounts records/Registers/ files to be requisitioned in a Territorial Forest Divisions are indicated in Para 4.5.2. The records maintained in other Forest divisions (Social Forestry, Flying squad, Logging and State Silviculturist) are slightly different and the records to be requisitioned should be accordingly modified.

4.5.2 Accounts, Records, Returns etc. to be requisitioned

In local audit of forest divisions, the following records/documents should be requisitioned and test checked:

(i) Division Records

- ➔ Cash Book of the Divisional Forest Officer.
- ➔ Registers/records relating to Timber Extraction, Timber Sales and Timber Returns.
- ➔ Stock Register of permits.
- ➔ Register of Free grants.
- ➔ Register of Tools and Plant.
- ➔ Beedi (Abnus) leaves Trade Register/ records
- ➔ Register of sanctioned estimates.
- ➔ Register of Works
- ➔ Measurement Books.
- ➔ Security Deposit Registers.
- ➔ Contractor's and Disburser's Ledger.
- ➔ Register of arrears recoverable from the lessees.
- ➔ Stock register of cheque/ Receipt Books.
- ➔ Log books of motor vehicles.

- ➔ Register of Forest Offences.
- ➔ Register of Leases.
- ➔ Register of saw mills.
- ➔ Service Books and the acquaintance rolls.
- ➔ Plantation Journal.
- ➔ Muster Rolls.
- ➔ Uniform Register
- ➔ Agreements.
- ➔ Contingent Register.
- ➔ Register of Mining leases.
- ➔ Register of rents.
- ➔ Beat Inspection Registers/ files.
- ➔ Stock register of Polythene granules and bags.
- ➔ Reconciliation registers of CTIs, CTRs and Pay and Allowances.
- ➔ Register of buildings.
- ➔ Register of Service Books and increments.
- ➔ AR Ledgers
- ➔ Scheme files(CAMPA,RIDF-NABARD,FDA etc)
- ➔ Project File (relating to Diversion of Forest Lands)

(ii) Range Records in respect of the Range(s) selected)

- ➔ Range Cash Book
- ➔ Range Sanction Orders (RSO) Register
- ➔ Work Register
- ➔ Measurement Books
- ➔ VSS Records (Cash books , Pass books , Resolutions Register, Micro-Plans etc.)
- ➔ Beat Felling and Enumeration Register (BFER) and Beat Inspection Files
- ➔ Records relating to offence cases and “C” fees collected

Note: A separate AE should be issued for requisitioning Range records, duly intimating the DFO the name of the Range selected for test check.

4.6 Scrutiny of Records /Files in Local Audit

Some of the important records to be seen in Local audit of divisions/ offices and the checks to be exercised are discussed / detailed in the succeeding paragraphs:

4.6.1 Cash Book of the Divisional Forest Officer

The cashbook should be examined generally for the whole period under audit and in the transactions in the marked months of audit with reference to receipts and payments etc. The counterfoils of the receipts should be checked to see that all the amounts received have been brought to account in the cashbook. It should also be seen whether the receipts in the standard form are given for all items of revenue realized in the Office of the Divisional Forest Officer.

Further, it should be seen that:

- i) Whether the Cash book is closed regularly;
- ii) Whether the opening and closing balances are the same as those reported in the classified abstract in Form No. FA VII (A.P. Account Code Vol.III) submitted to the A.G.
- iii) Whether the cash balance always tallied with that stated in the cash balance report to the A.G. in the appendices to classified abstract.
- iv) Whether the cash book is written up in sufficient detail and the entries are made correctly with reference to the instructions in the A.P. Account Code Vol.III.
- v) Whether there was any case in which large cash balance remained in the hands of the Divisional Forest Officer at the close of the month and whether there were sufficient reasons for any large cash balance kept in the hands of the DFO at the close of the month.
- vi) Whether advances made and the recoveries affected have been correctly noted in the ledger in Form.No.A.4 (A.P. Account Code Vol.III) with their respective credits and debits numbered as per the Cash Book.

Note: - For the purpose of this check, the detailed entries in the ledger should be examined

- vii) Whether the counterfoils of the receipt in Form.No.140 are issued for all items and revenue realised brought to account in the cashbook.

4.6.2 Register of Works

As per Section 101 of A.P.Forest Department Code, for all works sanctioned, a register of works in Form No.28 shall be maintained in Range Office and Divisional Office. The monthly expenditure under different items of sanctioned estimate should be posted in it with voucher wise details.

It should be seen in audit:

- that the work is sanctioned
- that the columns are properly filled in;
- that the expenditure is recorded in detail, voucher- wise & month-wise;
- that the totals are made and the dates of submission of completion reports filled in;
- that the entries relating to each completed work are signed by the DFO at the foot of the page;
- that the rates for various classes of works sanctioned by the DFO are reasonable and are based on FSRs;
- that the more important works are paid for after check measurement by the DFO;
- that the progress of expenditure on the works is steady and systematic;

Note: 1) The delay in submission of completion reports if any should be specially scrutinized and commented upon in the local audit reports.

2) Works executed without sanction and executed in excess of sanction, should be suitably commented upon in the Local Audit Report.

4.6.3 Measurement Books

All works done otherwise than by daily labour and all supplies relating to a work should be paid for on the basis of measurements recorded in a measurement book. As per Section 102 of APFD Code the measurement book shall be maintained in Form 29. No bill be passed for payment without entries in the Measurement Book having been check measured by the Forest Range Officer/Forest Section Officer as the case may be, in accordance with instructions issued in GOMS No.2 EFS &T (FA III) Department Dt: 7.1.2004.

In Audit it should be seen that the measurement books are maintained in the proforma prescribed and the payment for works is done on the basis of measurements recorded, check measured (check measurement should be 100%) as prescribed.

4.6.4 Plantation Journals

As per Section 32 of A.P.Forest Department Code, Plantation Journals are to be maintained by all the Forest Range Officers for each of the plantations (including plantation raised by the VSS) in the pattern prescribed in Appendix-10 of APFD Code . The Plantation Journals are permanent records and hence should be maintained in Hard bound books to withstand wear and tear and passage of time.

The Divisional level Forest Officers (DFOs/Dy. Conservators /Curators/State Silviculturists etc) should submit to the PCCF (HOFF) an annual periodical on maintenance of plantation journals in the month of April of the succeeding year, so as to be received through Conservator of Forests, by 30th April. (PCCF Circular No.2/2006-56 date 15.4.2006).

In local audit, it should be seen whether plantation journals are maintained for each and every plantation raised in the proforma prescribed and whether the PCCF is appraised of the status of Plantation Journals by Divisional Officers as required. It should be specifically seen whether any plantation raised, failed to survive and reasons therefore to be probed and suitably commented in the local audit report.

4.6.5 Security Deposit Register

While scrutinizing the Security Deposit Register maintained in Form.No.17 of APFC Vol.I, it should be seen that:

- i) all the passbooks or other securities (except cash) shown in the Register are forthcoming,
- ii) securities have been obtained from all permit clerks and others in accordance with the rules in force from time to time,
- iii) acknowledgements are obtained and filed in support of all securities returned,
- iv) in the case of withdrawals effected with a view to crediting to forest revenue of the amount deposited, no appreciable delay occurred in remitting the amount to the treasury (this applies only to cases of withdrawals in cash from Post offices in places where there are no treasuries or sub-treasuries).

(Article 292 of the APFC Vol.I)

- v) The register is maintained neatly and correctly and has been checked by the DFO regularly.
- vi) The passbooks etc. are either retained in the personal custody of the DFO or are kept in the treasury in a separate box, its key being retained by the Divisional Forest Officer.

Note: The check prescribed above should be applied to all deposit transactions during the entire period covered by audit and not confined to a percentage check or to a check of the transactions of the month selected for test audit.

4.6.6 Contractor's and Disburser's Ledger Account

The Account is maintained in Form No.FA 4 prescribed in Account Code Vol.III

In scrutinizing the register, it should be seen:

- i) whether the accounts of the several disbursers and contractors have been balanced and signed by the DFO at the close of each month in which the transaction occurred
- ii) whether the balances shown in the ledger agree exactly with those showing in Appendix I to FA VII of Division Cash Accounts.
- iii) Whether the balances appearing against the several disbursers agree with those shown in their cash sheets and
- iv) whether the register is neatly and correctly written up

4.6.7 Beat Inspections and Beat Felling and Enumeration Register (BFER)

Forest Protection is an important function of the Forest department. Beat inspection is one of the two parameters adopted by the Forest department to assess the performance of the Divisions in respect of this function - the other parameter being collection of compounding fee. For monitoring the Beat inspections comprehensively, the following procedure is evolved by the Forest department (vide PCCF Circular No. 13/95 dt: 2.11.1995 read with Circular No. 8/2002 dt: 26.10.2002):

➤ All the vulnerable Beats shall be inspected four times a year (twice in each six-month period) and non-vulnerable Beats twice a year (once in each six-month period). The Annual Beat inspection programmes are drawn up in each circle and communicated in advance to all FROs by the Divisions concerned.

➤ All fellings detected during Beat inspection shall be enumerated and recorded in the 'Beat Fellings and Enumeration Register (BFER)' by the Forest Beat Officer (FBO).

➤ The FBO shall submit a monthly extract of BFER to the Forest Range Officer (FRO). The FRO shall consolidate the extracts of BFER of the Beats under his control and submit the consolidated extract of BFER to the Divisional Forest Officer (DFO) and the DFO to the Conservator of Forests (CF).

➤ Where the value of destruction exceeds Rs 50,000/- (in each case), the enumeration must be test checked by the DFO/Sub-DFO concerned and where it exceeds Rs. 75,000/- by the CF concerned. Besides, as per APFD Code, the DFO is required to inspect each of the vulnerable Beats in their jurisdiction at least once in a year.

➤ The DFOs are required to conduct protection meetings in each of the Ranges every month with all the Range Staff up to the level of Asst. Beat Officers (ABO). In the meetings, besides review of Forest Protection, the quality of beat inspections and the Posting of BFER have to be verified by the DFOs.

In local audit, it should be seen:

- (i) whether Beat Inspections are carried out as per approved Annual Programmes
- (ii) whether the test checking of the Beat inspections is carried out by FRO/Sub-DFO/DFO/CF as prescribed
- (iii) whether the Beat Felling and Enumeration Registers (BFER) are properly maintained and whether entries are recorded regularly
- (iv) whether the BFER is checked by the FRO/Sub-DFO/DFO/CF regularly and whether they are recording their comments in the Register on the quality of Beat inspection
- (v) whether the DFOs are conducting Range level Forest Protection meetings every month in each of the Ranges.

4.6.8 Register of Forest Offences

A register of forest offences in Form No.37 (Andhra Pradesh Forest Dept. Code) will be maintained in each Divisional Forest Office and corresponding registers in Form No.38 will be kept in Range Offices.

Inspecting Officer should:

- i) Verify the correctness of a percentage of the entries with reference to the original reports (PORs) to assess whether offence cases are booked regularly by the FBO/FSO/FRO.
- ii) trace into the range cash sheets the credits of not less than 25% of the compounding fees shown as paid during the period under inspection
- iii) see whether there are any undue delays in disposing offence cases or in recovering compounding fees
- iv) see whether any information is available as to the disposal of property seized and whether in the case of confiscated timber, the articles are brought into the timber return in Form-5 and sold in public auction
- v) verify that all properties shown as confiscated have been included in the register, for the month selected for test check

- vi) see that the disposals are supported by proper authority and that there are receipts in common Form (100) of the parties concerned for the property shown as released and
- vii) see that in the case of property confiscated and disposed of by sale, the credits are traceable into the range cash sheets

4.6.9 Register of leases in reserved forest and reserved land and in unreserved lands

The register is maintained in Form No.11 prescribed in APFD Code. It should be seen:

- i) whether all the leases have been duly let out after invitation of tenders and as per notification in the District Gazette

Note: All kinds of forest produce including sandal wood should be disposed of by periodical local auction sales in all divisions and that no contract should be entered into for selling them at any fixed price for even a short period in advance.

- ii) whether the requisite deposits and agreements in the prescribed form have been taken for the due fulfillment of the lease
- iii) whether the lease amounts have been duly recovered and credited without delay
- iv) whether penal interest is levied, where necessary
- v) whether there is sanction of the appropriate authority for the leases and
- vi) Whether in the case of completed contracts, security deposits have been released after the stipulated period mentioned in the contract or agreement.

4.6.10 Stock Register of Permits

This register should be examined to see:

Whether the receipts and issues of permits are properly recorded and are supported respectively by the invoices received from the Director, Government Press or by the acknowledgement of the officers to whom permits were supplied.

- i) Whether there is any evidence of the stock having been periodically verified by the D.F.O.
- ii) Whether the stock of permits is kept in proper custody.
- iii) Whether the sale proceeds of permits have been brought duly in the cash book and credited to Government.

4.6.10.1 Returns showing abstract from the stock register of permits issued and amounts collected: P/1 and P/2 Returns

P/1 and P/2 returns have been dispensed with in divisions where fact value permits are issued and where the system of pre-payment of the value of permits supplied to permit issuing officers is in force. Instead, an abstract from the stock register of permits will be submitted by the Range Officers with the monthly accounts to the Divisional Forest Officer. In divisions where the pre-payment system is not in force, the P/2 return should continue to be sent, the abstract referred to above taking the place of P/1.

Note: The permits used in connection with the collection, removal and disposal of forest produce under timber transit rules should not be supplied free of cost, but the prescribed cost should be recovered.

The following points should be carefully borne in mind in checking P/2 return.

- i) Whether the transactions of the range and permit-issuing officers have been separately recorded.
- ii) Whether the permit numbers are consecutive.
- iii) Whether the total number of head load permits of each class multiplied by the rate fixed agrees with the amount shown as realised.
- iv) Whether in the case of free permits, and those issued in renewal of original ones, the duplicates are invariably attached to the return and whether renewal fees have been collected for time expired permits.
- v) whether the total number of each class of permits shown as issued is correctly brought into the P/1 return or into the abstract from the stock register of permits and
- vi) whether the total amount of revenue shown against each class of produce agrees with the corresponding total, in the return Form No.4

As regards P/1 or the abstract from the stock register of permits, it should be seen that:

- i) The transactions of the range and permit-issuing officers have been separately recorded.
- ii) the permits shown as received in the Range Office from the Divisional Forest Office are supported by the corresponding entries shown as issued in Divisional stock register and
- iii) the issue are supported either by corresponding entries in the P/2 statement or by receipts against the several permit-issuing stations and vice versa.

It should be seen whether the adjustments on account of timber etc., supplied to other department are promptly made by the Divisional Forest Officer.

4.6.11 Register of Free Grants Form.No.12

Free grants should generally be sanctioned only in cases of emergency such as fire, flood and other calamities causing sudden damage and distress. A percentage of the entries in this register should be test checked with the sanctions and it should be generally examined to see that the free grants are not in excess of those authorised by the rules.

(Section 52 of A.P. Forest Dept. Code Vol. I)

4.6.12 Register of receipt and disposal of stores, tools and plant and register of stores, tools and plant issued to or returned. The register should be maintained in Form No.13 and 14

(Section 53 of A.P. Forest Dept. Code Vol. I)

The register in Form.13 should be verified to see

- i) Whether the register is written up as and when articles are received and disposed off and is closed by correctly carrying forward the balances at the end of financial year.
- ii) Whether the stock has been verified at least once a year and a certificate of check submitted to Controlling Officer.

The register in the Form.No.14 should be checked to see

- i) Whether separate register has been maintained for each range as required under Section 53 of A.P. Forest Code.
- ii) Whether check of stores has been undertaken at least once a year to ensure that stores are properly maintained and accounted for.

4.6.12.1 Register of receipts and disposals of livestock Form No.15

In the National Park, Zoological parks, sanctuaries etc., it should be seen that an account of the live stock i.e. the receipt and disposal of live stock is kept in this form and the daily scale of ration is brought to account and issues regulated according to fixed scales.

4.6.14 Record/Registers of trade in Beedi (Abnus) leaves

(1) Sale of Beedi (Abnus) Leaves

The beedi leaf is collected departmentally since 1987 by eliminating the contractors system. The objectives of the departmental collection are to provide employment to rural landless poor, to remove middlemen to ensure prompt payment of wages and to curtail flow of money to anti-social elements etc.

The Andhra Pradesh Forest Department Corporation (APFDC) has been appointed as an agent by the Government for purchase and sale of Abnus leaves. Government sanction margin

money to the A.P. Forest Development Corporation, which enables the corporation to raise loans on Government guarantee from consortium of Banks. The Andhra Pradesh Forest Development Corporation after obtaining the loans from the Banks advances money to the Divisional Forest Officers for carrying out the trade. The cost of establishment is borne by the State Government. The act also provides for purchases of Abnus leaves from private growers.

From 1997 season onwards the Abnus leaves units are sold by advance sale by open tender system and the purchaser will offer rate per standard bag (1000 bundles each bundle with thousand leaves) excluding collection charges. The collection charges will be paid by the department at the time of taking delivery of green leaves at the Khalla site periodically which will be recovered from the purchasers in full along with the sale amount. All other operations like pruning, curing, handling, transport to godown etc, will be the responsibility of the purchaser. The Conservator of Forests concerned in consultation with the A.P. Forest Development Corporation, accepts or rejects any tender without assigning any reasons. The Government constitutes a District level Co-ordination Committee with the District Collector as chairman to watch the law and order situation and to solve day-to-day problems in implementation of the scheme.

(2) Realization of sale amount from the Purchaser

a) The sale amount along with collection charges is paid by the purchaser in three installments, as per agreement, and the proportionate quantity of Beedi leaf is lifted from storage godown. The sale amounts paid by the purchasers are received by the Divisional Forest Officers concerned and they remit the sale amount in the banks in favour of the Andhra Pradesh Forest Development Corporation and by an arrangement get the amounts transferred from the local banks to their main bank at Hyderabad. After clearing the loans taken from the banks, and interest thereon, margin money received from the Government and interest on margin money, the Andhra Pradesh Forest Development Corporation remits the balance surplus amount (Net Revenue) to the Government Treasury.

(G.O.RT.NO.95, Energy and Forests (For.II) Dept.dt.1.3.94)

b) The following instructions were given to the bankers.

- i)** To arrange transfer of the balance over and above Rs.500 on 1st and 15th of every month.

ii) However, if on any occasion balance exceeds Rs.1,00,000 to arrange transfer of the balance over and above Rs.500 immediately without waiting up to 1st or 15th of every month.

iii) To furnish bank statements every month before 5th of succeeding month.

(Circular No.Ref.No.18-16/94/Genl/loans dt.8.9.94)

(3) Distribution of Net Revenue to Beedi leaf collectors in Telangana Region.

The Government, vide GOMS No. 43 EFS&T (For III)Deptt. Dated 10.4.2006, have taken a decision to distribute net revenue realised from Beedi Leaf trade to the collectors of beedi leaf in Telangana Region. Accordingly, the net revenue realised in Telangana region from 2006-BL season onwards is remitted by APFDC, on the advice of PCCF each year, to the DFOs concerned in the form of DDA. The amount so received is distributed by the DFOs among the Beedi leaf collectors in the division by remitting the amount in the Bank/Post office accounts the collectors.

(4) Records/Registers and their check

Forest divisions maintain the following record/registers for accounting the transactions in Beedi (Abnus) leaf trade:

Cash book wherein details of funds received from APFDC towards collection charges, advances made there from to Range Officers, adjustment of advances etc., are recorded. Beedi leaf unit files, containing agreements with purchasers, details of realisation of sale/ collection charges and lifting of Beedi leaf from godowns etc. Beedi leaf Register containing unit wise statistical details of sale, collection levied etc.

It should be seen in local audit that:

i) Each application for appointment as purchaser of a unit, is accompanied by fee as well as EMD in cash or by challan.

ii) After the purchaser is appointed, security deposit either in cash under Revenue Head or in the form of Bank Draft or National Saving Certificate duly transferred in the DFOs name is obtained and an agreement entered into by the purchaser within 15 days of the appointment.

- iii) It should be seen that the transportation of Abnus leaves from any depot to a storage godown to another or from storage godown either to distribution Centre are accompanied by permits in Form TP.I and TP.II and TP.III.
- iv) Certificate of Registration to the manufacturers of Beedies and exporters and Abnus leaves have been issued.
- v) The returns required to be furnished by the purchasers (daily, weekly etc.) are properly received by the Officers and accounted for in the books.
- vi) A close study of the various clauses in the agreement entered into with the agents/purchasers should be made to see that the amount fixed as selling price for the sale of Abnus leaves has been collected correctly including the penalty wherever necessary.
- vii) It should be seen that funds intended for every operation of beedi leaves collection may be restricted to the rate provided for standard bag/kg. Additional requirement should not be entertained unless any revised rate is got approved by the CCF.
(APPC Circular No.Ref.1816/1/93/Genl. dt.22.3.93.)

Cash Book is maintained for all transactions beginning from receipt of funds from APFDC for carrying on the trade till the trade is closed for the season. Net revenue received from APFDC for distribution among BL Collectors (Telangana Region), is duly authenticated by the PCCF and actually distributed by crediting the amount to the accounts of beneficiaries.

4.6.15 Records/Registers relating to Departmental Extraction of Timber and Sale of Timber from Govt. Timber Depots

Different departmental schemes implemented in the Division during the year under inspection should be called for and physical and financial targets should be compared with achievements and the results of the scheme should be examined.

(i) Marking and extraction:

It should be seen during local audit.

- (a) Whether the Divisional Forest Officer has checked the enumeration and marking of trees for extraction.
- (b) Are there any coupes extracted departmentally without check measurement by the DFOs and

- Ⓒ) Whether the CF himself has check measured any such marking during field inspection, if so with what results.

(ii) Extraction and Disposal

While scrutinising the records relating to extraction and disposal, it should be seen whether;

- a) There is any approved schedule of rates for all departmental works covering various species and nature of works. If not, are those rates approved by the competent authority for each of the different items of works based on data , and
- b) Whether the rates in the estimate sanctioned by the CF/DFO confirm to the approved schedule of rates.

(iii) Transport

It is estimated that each Government lorry should transport 2,400 cmt. per annum where it is not possible to engage Government Lorries, then locally available carts may be utilised for short distances from coupes to sale depot. For longer distance, private Lorries could be used by calling for tenders.

In the transport of timber and firewood the following further points are to be seen:

- a) What is the existing fleet of Government Lorries? Whether all have been utilised for the purpose of transporting the timber.
- b) Whether any quantity of timber has been transported by private Lorries.
- c) The details of the quantities of timber/bamboo/ firewood transported by private Lorries.
- d) The rates paid are according to the rates approved and are reasonable.
- e) Whether the rates have been finalized after calling for tenders.

Note: - All the department vehicles including Lorries etc. engaged for transportation in departmental extraction of fuel/ timber etc. in all the divisions and the saw mills are exempted from payment of motor vehicle taxes.

(Govt.of A.P.Memo No.2833/For.II/76-3 dt.27.11.76)

(iv) Mechanization

- a) to what extent various operations in a particular division are mechanised and

- b) The modern logging tools in stock and their utilisation should be scrutinised during local audit.

(v) Sale of Timber from Govt. Timber Depots

The number of permanent timber sale depots should be limited so that there is sufficient inflow of timber to each depot throughout the year. All the material subjected to an offence when the offender could not be detected shall be brought to those depots and put up for sale. In exceptional cases, temporary depots could be formed with prior approval of the Conservator of Forests and in the depots the classification of timber/bamboo should invariably be followed.

The upset price shall be fixed on the average rates obtained in the previous three sales and taking into consideration the trend of sales and market. Upset price once fixed should be revised only by Divisional Forest Officer concerned after personal inspection of each lot remained unsold, consequently for three sales and after taking into consideration the present condition of each lot class and quality of bamboo or fuel wood remaining unsold for three consecutive sales. (Lr.No.72451/87-VI dt.9.10.87, Prl.CCF Cir.No.14/87)

During audit, it must be seen that:

- a) The sales have been conducted on the dates approved by the CF of the circle.
- b) All the provisions of G.O.Ms.No.149/F&RD(For.III) dt.16.2.78 regarding the conduct of sale and confirmation of sales have been followed;
- c) the upset price for each sale has been fixed correctly;
- d) the sale amounts collected on the date of sale have been brought to account;
- e) the EMDs of unsuccessful bidders have been refunded to them without delay;
- f) the penal provisions of sale notice have been adhered to;
- g) whether the register of bids is maintained;
- h) whether the Sales Tax and surcharge on Sales Tax have been collected at the rate in force on each sale amount;
- i) Whether there are any shortages in the stock and the action taken thereon to make good the shortage.

4.6.16 Timber returns

The points to be noted in checking the timber returns are detailed in succeeding paras. The entries in all these returns should, after check, be traced into the corresponding divisional returns.

(1) Form 1: Marking and Felling Register

It should be seen that

- i)** whether proper system exists for marking all trees
- ii)** in respect of unmarked trees the quantity was properly assessed and brought to account.

(2) Form: 2 Register of receipts and disposal of timber and other produce in Forest Depots

It should be seen

- i)** Whether the quantity transported from the coupe is supported by invoice and permit and the quantity acknowledged by the Depot as per the invoice returned by the depot agrees and whether the quantity acknowledged has been correctly entered in Form 2. Whether sufficient action has been taken to reconcile the difference, if any, and to fix responsibility for the shortages.
- ii)** Whether the volume of the log has been arrived at correctly.

(3) Form: 3 Timber receipts in the sales depot

It should be seen

- i)** whether all the receipts of the timber have been entered correctly indicating the respective invoice number
- ii)** Whether the lost number given agrees with the log register.
- iii)** whether the total of receipts for different kinds of species for the month has been correctly incorporated in Form.5

(4) Receipts and issue of timber and other produce in depots. Form.No.5

It should be seen that

- i)** The arithmetical calculations are correct.
- ii)** The closing balances of the previous month are correctly brought forward as the opening balance of the month.
- iii)** Total receipts during the month agree with totals in Form.3.
- iv)** The quantity of produce on account of which charges for collection, conversion and transport are incurred corresponding with the quantity shown as added to stock collected converted or transported in this return.
- v)** The transport of timber and other produce from one forest depot to another is correctly shown as a receipt against the particular depot concerned.

- vi) Sales of timber and other produce are shown in Form.No.5.
- vii) The closing balance is correctly struck.
- viii) Proper sanctions are forth coming for timber and other produce shown as written off.
- ix) The prescribed certificate has been furnished in each case.
- x) Timber, if any, used departmentally was covered by proper sanction.

Note : In the case of quantities shown as issued to works, the audit can exercise no check and the DFOs signature on the return may be taken as evidence that he has accepted the quantities and that they are not more than what were actually required.

- xi) All the produce confiscated has been brought to account separately.
- xii) Whether the balances for the various kinds of timber shown in Form 5 of March agree with the annual return of stores and stock furnished for the corresponding year.
- xiii) The consolidated return in Form-5 prepared in the division represents the correct position.

(5) Monthly return of sales: Form No.6

It should be seen that

- i) The arithmetical calculations are correct.
- ii) the sales recorded in Form.5 are brought into Form No.6
- iii) The values realized are properly classified and credit given in the monthly cash account.
- iv) revenue not realized is taken into Form.No.9
- v) in the case of credit sales, the required authority is forth coming
- vi) The rates at which sales have been affected have been fixed by the competent authority.

Note 1: For the purpose of this check, the orders fixing the rates should be examined as well as the contract agreements and sale lists.

Note 2: In the case of timber transactions the entries in Form.No6 should be checked as regards girth with reference to Hoop's measure or some similar calculator, which should be obtained from the Divisional Forest Officer. The total in Form.No.6 and the calculations therein with reference to rates should be test checked.

(6) Revenue from timber and other forest produce cut, collected and removed in forests by consumers or purchasers: Form. No 8:-

It should be seen that:

- i) The arithmetical calculations are correct.
- ii) The seignorage rates sanctioned for the district have not been exceeded.
- iii) The revenue not realized is taken to Form No.9
- iv) Revenue realized is correctly classified and credited in the monthly cash account
- v) Credit sales are not allowed except in the case of leases.

(7) Outstanding on account of Revenue: Form No.9

It should be seen that

- i) The closing balances of the last month are correctly brought forward as the opening balances of the month under audit.
- ii) All items of revenue not collected as per Forms 6,8,10 and 17 and as per records showing fines and forfeitures and rents of forest residential buildings etc. are duly recorded in these returns.
- iii) The realization of outstanding revenue are credited in the monthly cash account.
- iv) The closing balances are correctly struck.
- v) Interest is realized on all over due installments.
- vi) A note of realization of interest is kept in the registers.

Note 1: Attention should be drawn to items, which are long overdue. It should be seen by reference to the register of leases or other similar records maintained that all the leases are brought into this return and that a note of the several instalments by which the amounts shown as realised in the month are traceable in the range cash sheet, or in the Divisional Forest Officer's Cash Book.

Note 2: In case a lease granted to a party for a certain number of years is cancelled in the course of the term the outstanding shown in the Form.No.,9 against the particular individual should be treated as irrecoverable as soon as it is found that they cannot be recovered from him or by any proceedings taken at his risk and proper sanction should be obtained for its write off under Art.71 of A.P.Forest Dept.Code. If the produce, however, is resold (except when sold at the risk of the original).

4.6.17 Register of Saw Mills and Saw Mill Unit files

The A.P. Saw Mills (Regulation) Rules, 1969 made under Section 29 read with Section 68 of A.P. Forest Act,1967 prescribe modalities for location of Saw Mills in the State and the

powers of Forest Officers to regulate the operations of the Saw Mills. The rules relevant for audit are:

Saw Mill is defined as a mechanical contrivance for sawing, cutting or conversion of timber with the aid of electrical or mechanical power and includes the premises. It does not include contrivance operated solely by manual power. No person shall install, erect or operate a saw mill for cutting, converting or sawing of timber without obtaining a licence for such installation from the Licensing Authority i.e. DFO having jurisdiction over the place of establishment of saw mill.

[Rule 3(1)]

No licence shall be granted for setting up fresh saw mills within a distance of 5 kms from the boundary of any Forest under the control of Forest department.[Rule 3(2) inserted vide GOMS No. 99 EFS &T(For III) deptt dt:17.7.1998 notified in AP Gazette on 3.8.1998]Every application for grant or renewal of licence should be accompanied by a fee of Rs 1000 (licence period of one year) / Rs.2000 (licence period of two years)/ Rs 3,000 (licence period of three years). [Rule 4(1)(c)]

(I) In addition to license fee, security deposit of Rs 5000 (if mill is located within 5 kms from forest boundary/or 2000 (for mills located beyond 5kms from forest boundaries), should be deposited by the license in National Saving Certificate in favour of the DFO concerned.). [Rule 4(3) inserted by GOMS No. 155 EFS&T (For III) dated 30.9.98]

(ii) License granted shall be valid for the period for which licence fee is paid and the year for this purpose is calendar year (January to December).

(iii) The licensee should submit renewal application within one month prior to expiry of existing license. If no renewal application is received up to 1st December, late fee of Rs 250 shall be levied up to February succeeding year. If renewal application is not received before the end of February, it will be deemed that the licence has lapsed and the saw mill owner should apply for fresh license. The security deposit available with the DFO shall stand forfeited.

The renewal application by the licensee should be accompanied by the timber accounts for the entire license period granted earlier. If the accounts are not furnished, the renewal application shall not be considered by the licensing authority i.e. the DFO. [Rule 6(3)]

In local audit, it should be seen that:

- a) A proper record of all saw mill owners operating in the division is maintained (for this, Register of Saw Mills and the concerned files maintained in the division should be called for and verified).
- b) No fresh licences are granted (after 3.8.1998) for establishment of saw mills within a 5 kms from the boundaries of forest areas under the control of Forest department.
- c) Licence fee as prescribed is being paid by all licences and security deposit as prescribed is made by all licensees.
- d) Applications for renewals are made within the period prescribed i.e. 1st December without late fee and 28/29th February with late fee.
- e) Timber accounts are furnished by the licensee along with renewal applications.
- f) In cases non- renewal or in cases of receipt of renewal applications beyond February, the licences are cancelled and the security deposits made by licensees are forfeited.

4.6.18 Miscellaneous Other Receipts

The scrutiny of the registers, like contingent Register, Uniform Register, Rent Register, Log Books of motor vehicles and the service Books and leave accounts of non-gazetted officers should be conducted observing the general instructions contained in the Manual of Outside Audit Department (Civil).

The following general points should also be borne in mind.

- i) whether the contingent and works vouchers up to Rs.1000 other than those sent to the Central Office are invariably obtained and properly cancelled
(Section 79(2) of A.P.Forest Dept.Code.Vol.I)
- ii) whether the signature of each recipient is taken on pay bills submitted by Range Officers with the range accounts
- iii) whether payments on accounts of establishment and travelling allowance for which the original receipts are obtained in the DFO office are promptly made by the DFO
- iv) Whether the pay and travelling allowances of the DFO and his office are drawn according to Section 80 and 81 of A.P. Forest Dept. Code Vol. I
- v) whether the procedure laid down in Section 94 of the A.P. Forest Dept. Code Vol.I is duly followed by the DFO in communicating objections to the Range Officer for

rectification of mistakes pointed out in the accounts and for submitting replies within 10 days from the date of receipt of objection statement

- vi) Whether a systematic watch is kept over the recoveries of all advances of pay and travelling allowances granted to subordinates as required by Note (2) below Art.238 of A.P.Forest Dept.Code Vol.I.

4.7 Verification of withdrawals from and remittances into treasury for the selected months:

(i) Withdrawals from Treasury

The accounts of the disbursing officers should be checked in respect of selected month with reference to the withdrawals noted from the records of the Treasury, so as to ensure that all moneys drawn are properly accounted for. It should also be seen whether proper treasury verification certificates are obtained from the Treasury officers and those should be generally compared with the cash book, bill and other registers.

(O.A.D.Circular No.28-8/56-57/47 dt.25.3.60)

ii) Remittances into Treasury

The verification of remittances into the treasury as recorded in the cash book of the office inspected should be done with reference to the books of the treasury for the months selected for audit. Where one month's accounts alone are selected for detailed check, the Inspecting officer/ Asst. Audit Officer may select the other month for the verification of remittances. The Inspecting officers/AAOs should prepare necessary statement of remittances from the entries in the cash book for the two selected months and have them verified from the books of the treasury or sub-treasury where remittances were made.

Note 1: The verification of remittances should be conducted independently with reference to treasury records by deputing members of the party to the treasury for the purpose. In cases where the treasury is located at the same place as the office inspected is situated, the procedure outlined above should be scrupulously followed by AAOs/ Inspecting Officer.

(Circular No.O.A.D./ Civil XII/ 38-2/ 67/ 68/ 27 dt.14.11.67 file 38-2/67-68 of Unit XII O.A.D.(Civil Hqrs.)

Note 2: If the place of inspection is not in the same station where the treasury is located, a list of bills drawn and remittances made for the two months should be prepared in duplicate from

the records of the office inspected. One copy should be sent to the Treasury officer or sub-treasury officer, as the case may be for verification and pointing out omissions, if any and for return of the same with the certificate of correctness to the Headquarters. A copy of the letter addressed to Treasury Officer along with the duplicate copy of the list should be enclosed to the report, so that verification may be made in the headquarters on receipt of the reply from Treasury Officer.

(Circular No.O.A.D.CIVIL/14-16/5/58-59/29 dt.18.1.1960)

Note 3: In cases where the verification of these credits is not possible from the treasury schedules received in our office for any reason, a list of such credits with the relevant details should be called for from the particular Treasury Officer. Further, if suspicion of the local audit party is aroused in any particular case due to non production of original challan, etc. by departmental officers concerned, opportunity should be taken to have the suspected transaction verified by Forest Headquarters section, with the Treasury Account. In such cases the verification need not be kept pending till the statements are received in this office.

Note 4: **Remittances by private parties into Treasury:** As cases of spurious challans are reported very frequently remittances made by private parties directly into treasuries through challans (including loan installments etc., repaid) should also be verified for the selected months (two months in the case of annual audit). A list of remittances made by private parties for selected months should be prepared by the Assistant Audit Officer/ Inspecting Officer and the same got verified from Books of Treasury or Sub-Treasury and a certificate to that effect recorded in the forwarded document sent along with the Draft Audit Report. The Audit parties should themselves check up whether the amounts stated to have been remitted into treasury as per challans agree with demands raised against parties.

Discrepancies, if any between departmental figures and treasury figures should be specially brought out in the report.

(Circular No.9 Dt. 29.11.1972 - File O.A.D.I/xiii/MISC./72-73)

4.8 Audit of Transactions in Forest Offices established for special purposes:

(i) Forest Utilisation Office (FUO)

The office of the Forest Utilisation Officer is located at Head Quarters office. The Forest Utilisation Officer shall endeavour for encouragement of effective and intensive utilisation of

forest produce in trade, industries etc. and for this he shall maintain an inventory of all available forest resources in the State. He will observe the trend in markets to secure the best price for timber and other forest produce. Exhibitions are organised and publicity given by this office to inform the public about a developments in forestry and effective utilisation of forest resources.

In local audit of the office, it should be seen that (i) the expenditure incurred under the programmes is for the objectives (mentioned above) and that the expenditure is duly sanctioned that and properly accounted for (ii) the revenue realised through sale of publications is brought to account promptly and correctly.

(ii) Offices of State Silviculturist and Forest Geneticist

The Forest department has a Research and development wing to implement activities associated with Applied Research and Extension. The Research Wing comprises of the Offices of State Silviculturist at Hyderabad and the Forest Geneticist at Warangal functioning under the control of CCF, R&D Circle, Hyderabad. The research themes followed in these offices /centres are: Planting Stock Improvement for Clonal Forestry Research; Seed Collection; Storage and Treatment for expansion of improved seed sources for quality seed production (Teak, Red Sanders, NTFP etc.); Bio-diversity Conservation and Utilisation which includes the programmes like laying permanent preservation plots in representative sample sites in Eastern Ghats, Godavari Catchment Forests, Nallamala and Seshachalam Hills; Natural Forest Management which includes studies on Silvicultural systems adopted in the State; Silviculture & Management of Non-timber Forest Produce (NTFP) including Medicinal Plants which includes studies on Clonal propagation of NTFP species and Medicinal Plants; Tissue Culture of important species; and Agro-Forestry/ Social Forestry Research.

To evaluate the functioning of these offices in local audit, the following registers/ records maintained in the offices should be requisitioned and examined to see whether the intended objectives are being achieved:

Files relating to Annual Plan of action and its implementation;

Register of Research Plots (Col.1 to 23 to be filled up);

Register of permanent preservation plots;

Register of collection & distribution of seed;

Register of Candidate Plus Trees;

Register of Plus Trees;
Register of Seed Production areas;
Register of clonal seed orchards (CSO);
Register of Seedling Seed Orchards (SSO);
Register of Flowering and Fruiting of important species;
Register of Large Scale destruction

The above check of registers/ records, which seeks to analyse the functioning the office, is supplemental to the normal audit of accounts comprising receipts and expenditure.

(iii) A.P. Forest Academy, Dulapally, Hyderabad

It is a state level academy established to cater to the needs of capacity building and Human Resource Development. The academy functions under the control of Conservator of Forests (Training & Extension) and provides support in the form of training facility and state of the art facility of Geomatics. The Geomatics Wing of the Academy has the technology of analysing data from Remote Sensing and has expertise in GIS technology. Themes on which trainings are conducted in Academy are :Information Technology , Remote Sensing, Geomatics, Use of GPS; Forest Inventory and assessment forest resources; SMC Works; Forest Engineering; Modern Nursery and Silviculture techniques; Forest Protection Strategies and investigation techniques; Management of change and Management of Stress and Office Procedures and Accounts.

In local audit, it should be seen

Whether the academy is adequately staffed and provided with requisite infrastructure to cater to the needs of State Level Training.

Whether training programmes conducted are relevant to the themes identified.

Whether the training programmes/workshops/seminars conducted area attended to by all the intended participants (For this programme files to be verified with attendance records).

Whether the level of participation on par with training theme.

Whether the frequency of training (monthly/quarterly/seasonal) is scrupulously followed.

Whether the impact of training is evaluated.

The above checks are supplemental to the audit of financial transactions of the Academy involving Civil and Work accounts.

(IV) Zoo Parks

Zoo is defined as an establishment, whether stationary or mobile, where wild animals are held under captivity and exhibited to Public (Section 2(36) of Wild Life Protection Act, 1972). Zoos include rescue centres established for rehabilitation of confiscated animals from the circuses and closed/ decogned Zoos.

Govt. of Andhra Pradesh has constituted 'Zoo Authority of Andhra Pradesh' for all the Zoos in the State (Nehru Zoological Park, Hyderabad vide GOMS No. 105 EFS &T (For-II) depts. dated 10.10.2005. The Zoo Authority was constituted under A.P. Societies Registration Act, 2001 and registered in November, 2005, with a specific objective of better management of all the Zoos and Parks in the State and expeditious utilization of the funds released by Central Zoo Authority as well as State Govt. The other objectives, as stated in Article 3 of Memorandum of Association are:

To breed and rear endangered species of fauna with the object of saving them from extinction.

To spread the message of wildlife conservation to the visitors, students and common public through education programmes in the Zoos and outside the Zoos (Zoo outreach Programme)

To artificial insemination etc.) the behaviour of animals in natural surroundings as well as in captivity.

To procure such animals as are required for the Zoos, by purchase or exchange, from other States or from abroad.

To disseminate the knowledge and information about wildlife by publication of bulletins and journals etc.

undertake research on conservation breeding of endangered species (including

(a) Accounts of the Zoo Authority

The funds of the Authority shall be deposited in one or more accounts opened with a Nationalised Bank. The Account is operated by the Curator or Director of the Zoo. The Annual Income & Expenditure Accounts and Balance Sheet of the Society shall be prepared by the Curator/Director and presented to the Governing Body, within 5 months of closing of Accounting Year (April- March). The Annual Accounts of the society are subject to Audit by Accountant General (Byelaws 11, 12 & 13 of the Society).

In local audit of Zoo Parks, it should be seen

whether Cash Accounts (Cash book, ledgers, Bank Pass Books) are properly maintained and

posted up to date.

All the gate collections are promptly accounted for and remitted into Bank Account without undue delay.

Annual Accounts of the Zoo are prepared in time and presented to Governing Body, through Member Secretary within 5 months of closing of the accounting year. Governing Body of the Society (which has 9 members , with Special Chief Secretary , EFS& T dept as chairman and Addl. PCCF(WL) as Member- Secretary) has at least twice in a year (once in six months) as required under Bye- law 4 of the Society.

The Zoo Park has a long term Master Plan for its development, as required under Rule10(51) of Recognition of Zoo Rules, 1992, the copy of which is submitted to Central Zoo Authority (CZA) (The preparation of Master Plan is integral for the functioning of the Zoo). Conservation Breeding Programme planned was effectively implemented.

Any research/studies conducted on conservation breeding of endangered species. The required animals were procured for the Zoo (either by purchase or exchange Norms/standards prescribed by CZA for the good health and proper upkeep of animals in the Zoos, were followed and implemented in the Zoo.

The Zoo has been recognised by the CZA and extension of recognition has been received from time to time. (No Zoo can function without recognition by CZA). Financial Management of funds received from a various sources (CZA, State Govt., CAMPA etc.) was effective (cases of idle funds especially of grants from CZA and infructuous expenditure to be studies and brought out in the Report).

(V) Zoos and Parks Authority of Telangana (ZAPAT)

Government of Telangana constituted Zoos and Parks Authority of Telangana (ZAPAT) for all Zoos and Parks in the State of Telangana vide G.O.Ms.No.8, EFST (Forest II) Department, dated 02.08.2014 and formed Governing Body with the following members.

<i>Sl. No.</i>	<i>Post of the person</i>	<i>Nature of duty</i>
<i>1.</i>	<i>Hon'ble Minister for Forests and Environment</i>	<i>Chairman</i>
<i>2.</i>	<i>The Special Chief Secretary to Government/Principal Secretary to Government, EFS&T Department</i>	<i>Member</i>
<i>3.</i>	<i>Principal Chief Conservator of Forests, Telangana, Hyderabad</i>	<i>Member</i>

4.	<i>Chief Wildlife Warden, Telangana, Hyderabad</i>	<i>Member</i>
5.	<i>Director, Animal Husbandry, Telangana</i>	<i>Member</i>
6.	<i>Director, Lacones, CCMB</i>	<i>Member</i>
7&8	<i>Zoos/Parks expert/Ngo to be nominated by Govt (2 Nos)</i>	<i>Member</i>
9.	<i>Director of Zoos and Parks</i>	<i>Member Secretary</i>

As per 13 bye-law of the Society (*Zoos and Parks Authority of Telangana*), the annual accounts of the Society shall be audited by authorised Chartered Accountant, the Internal Audit Party of Telangana Forest Department and the Principal Accountant General (Audit) Telangana.

4.9 Audit of Accounts kept outside Govt. Account

Certain funds received from authorities such as CAMPA, FDA, Zoo Authorities etc. are kept outside Govt. accounts as per guidelines relevant to the scheme/ authorities concerned. The system and the form of accounts, does not deviate much from that of Govt. Accounts. The Audit teams should, however, closely scrutinise the guidelines issued in this behalf before embarking on scrutiny of records. While the manner of audit of accounts of Zoo Parks has been discussed in Para 4.8.4, the audit of accounts relating to CAMPA and FDA schemes, under which Forest Divisions/Offices receive substantial funds for a implementation of Forestry activities, is discussed in the following paragraphs:

4.9.1 Funds received from State Compensatory Afforestation Fund Management and Planning Authority (CAMPA) and their Audit

(i) Constitution of Telangana State CAMPA

In pursuance of the guidelines on State Compensatory Afforestation Fund Management and Planning Authority (State CAMPA), dated 02.07.2009, issued by the Government of India (GoI), the Government of Telangana established (2014) an authority known as Telangana State Compensatory Afforestation Fund Management and Planning Authority (Telangana State CAMPA) for the purpose of enhancement of forest and tree cover and conservation and management of wildlife by utilizing funds received towards Compensatory Afforestation, Net Present Value (NPV) etc. The Telangana State CAMPA consists of a Governing Body, a Steering Committee and Executive Committee. It functions through CAMPA Section in the

office of the PCCF, Hyderabad, the 12 territorial circles headed by Chief Conservators of Forests (CCFs)/ Conservators of Forests (CF) and 54 divisions headed by Divisional Forest Officers (DFOs). The CAMPA section at Headquarters office formulates Annual Plan of Operations (APO), convenes Executive Committee and Steering Committee meetings for approval of APO to the field offices through circle heads and monitors the implementation of the APO. The CAMPA Section is headed by an additional Principal CCF rank officer assisted by a Chief Conservator of Forests (CCF) and an Asst. Conservator of Forests (ACF).

(ii) Functions of State CAMPA

Funding, overseeing and promoting compensatory afforestation done in lieu of diversion of Forest land for non-forestry use under Forest (Conservation) Act, 1980.

Overseeing forest and wildlife conservation works financed under the programme.

Maintaining a separate account in respect of funds received for conservation and protection of Protected Areas(PAs).

Creating transparency for the programme and mobilizing citizen support.

Ear-marking up to two percent of the funds for Monitoring and Evaluation.

(iii) Composition and custodian of Compensatory Afforestation Fund

The Telangana State CAMPA shall be custodian of Compensatory Afforestation Fund. The fund consists of

- (i) an amount transferred from Ad-hoc CAMPA (National Body)
- (ii) all moneys received from user agencies towards Net Present Value (NPV), Compensatory Afforestation, Catchment Area Treatment Plan etc.,
- (iii) Grants or aid received and all the loans taken by the Authority.

The moneys received in the State CAMPA are kept in interest bearing account(s) in Nationalised Bank(s) and periodically withdrawn as per the approved Annual Plan of Operation (APO).

The utilisation of money shall be for the following purposes:

Expenditure towards Conservation, development, maintenance and Protection of forests and wildlife management as per the approved APO.

The non-recurring as well as recurring expenditure for the management of the State CAMPA, including the salary and allowances payable to its officers and other employees, by utilizing a part of the income from interest received by on funds invested by State CAMPA, but excluding income from funds recoverable from the user agencies in cases where forest land diverted falls within the protected areas

Expenditure on monitoring and evaluation subject to over-all ceiling of 2% the funds to be spent

every year.

(iv) Disbursements on such other projects related to forest conservation.

(4) Accounts of the State CAMPA

State CAMPA shall prepare its budget for the next financial year showing estimated receipts and expenditure of the State CAMPA.

State CAMPA shall maintain proper accounts and other relevant records and prepare an Annual Statement of Accounts.

The accounts of the State CAMPA shall be audited by the Principal Accountant General (Audit) and any expenditure incurred in connection with such audit shall be payable by the authority to the Principal Accountant General.

The accounts of the State CAMPA as certified by the Principal Accountant General together with audit report thereon and annual report shall be forwarded by the authority annually to the State Govt., the MOEF and the adhoc CAMPA.

(5) Local Audit of Accounts Of State CAMPA

Local audit of CAMPA accounts should be based on Annual Plan of Operations (APO) approved for the division and the records maintained by the division for that purpose. The objective of State CAMPA being broad in concept, encompass whole gamut of forest department functioning protected forest areas and wildlife; compensatory afforestation, Research, training and capacity building and infrastructure development . As such all records meant to be maintained for implementation of schemes managed by Government funds, should also be maintained for the implementation of the CAMPA scheme. These records in brief, are: Cash book, Bank pass books, work register, register of stores, register of Usufruct, Plantation/ Nursery Journals (to be maintained at Range Offices-Copies at Division), Measurement Books (Range level), Utilisation Certificates etc. (Para 2.2.5 of Manual of guidelines and Accounting Procedure on work relating to A.P State CAMPA issued by PCCF in the year 2010, prescribes the records to be maintained at different levels of office).

Audit teams besides scrutinizing the above mentioned records maintained at the Division, should also scrutinize the project files relating to diversion of forest lands are compensatory afforestation to ascertain whether:

Funds especially meant for Forest management activities related to plantation works were received in time and utilized on the intended objects (delay in receipt of funds necessitating

postponement of activities to the next season, to be analysed and commented). The management and silvicultural practices adopted for natural regeneration. Assisted natural regeneration (ANR) and management of teak and natural bamboo forests, fit into the context of overall working plan of the division. The activities undertaken during the period covered by audit, for part of the APO and were duly sanctioned by the competent authority. All the account records were maintained by the DFO as prescribed under A.P. Financial Code/Act and Rules and the Accounts were audited by an approved Chartered Accountant on the panel of C&AG before the end of May of the following year.

(Para 2.2.3 of Manual of Guidelines and Accounting Procedure on Works relating A.P.State CAMPA)

Payment to works was made only after recording measurements, duly check measured by the competent authority (as detailed in Para 4.7 of the Manual of Guidelines). Net present Value (NPV) of forest land diverted for non-forestry purposes, was accurately calculated demanded and collected from the user agency , based on Eco- class and Eco- value of the forest land diverted, as fixed by Supreme Court of India in their judgement dated 28.3.2008. (Revised NPV rated communicated by GOI, MOEF (FC Division) in their guidelines dated 5.2.2009, are given in Appendix- XI.

The amounts realised from user agency towards NPV, compensatory afforestation (CA), catchment Area Treatment (CAT), safety zone (in case of mining), formation of green belt etc., were received as per conditions of Stage- I approval of Govt. of India granted for diversion forest land and deposited into the Account without undue delay(As the CAMPA funds are kept in an interest- bearing Bank Account, any delay in deposit has the potential to result in loss of interests. Undue delay in deposit of funds into the Account, are to be probed and suitably commented in the report).

The non forest land acquired for compensatory afforestation, was mutated in favour of Forest department and notified as forest area under the provisions of A.P Forest Act, 1967 within the period prescribed (As per guideline issued, by GOI and F(C) Act, 1980, the non forest has to be acquired, demarcated and mutated in favour of forest land before final (Stage II) approval by the GOI. The land so acquired so is to be notified as forest area under Section 15 (Reserve Forest) or Section 24 (Protected Forest) of A.P.Forest Act, 1965 within 6 months from the date of final approval. The non forest land acquired for compensatory afforestation was contiguous to or

near by the forest land diverted within the same or adjacent districts(The guidelines by GOI issued under F(C) Act, 1980, stipulate this condition so as to adequately compensate for loss of ecology due to diversion of forest land).

The conditions stipulated by Govt. of India in their approvals (Stage I and Stage II) for diversion of forest lands, were complied with both by the user agency and Forest department.

The expenditure incurred on contingencies (recurring / non- recurring) was from the interest accrued on deposits into the CAMPA account (The cases of deviation from this principle to be highlighted in the report).

Separate account was maintained for the funds received for the conservation and protection of protected Areas (PA) i.e. Sanctuaries / Parks under protected are network was and interest received on these funds not utilised for contingent expenditure.

Expenditure on monitoring & evaluation did not exceed 2% of funds provided (to be seen in Headquarters office).

4.9.2 Forest Development Agencies (FDA)

(1) Institutional Set –Up

Forest Development Agency (FDA) is a federation of Vanasamrakshana Samithis (VSSs) in a territorial and Wildlife Forest Division. It is a society registered under A.P. Societies Registration Act, 2001. The concept of FDA has its origin in National Afforestation Programme (NAP) implemented by Government of India (GOI) for rehabilitation of degraded forests and other areas by institutionalising participatory forest management.

The operational guidelines of the NAP were thoroughly revised by Government of India in 2009 with a view to expedite fund transfer to the village – level implementing organisation i.e. Joint Forest Management Committees/Eco developmental Committees (EDC) (which otherwise are also called VSSs in Andhra Pradesh). The ultimate goal of the scheme (NAP) is sustainable development and management of forest resources by aiming at increased/ improved Forest and Tree Cover (FTC) through participation of fringe-communities. As per new guidelines, the scheme is implemented by three- tier institutional set up, i.e. State Forest Development Agency (SFDA) at the State/ U.T level, Forest Development Agency (FDA) at the forest division level and Joint Forest Management Committee (JFMC)/ Eco- Development Committee (EDC) /VSS at the village level.

SFDA, like FDA, is a registered society under A.P. Societies Registration Act, 2001 and

functions as a federation of FDAs in the State. A JFMC/EDC/VSS is the implementing agency at the forest firing village. The scheme (NAP) is a centrally sponsored scheme with 100% funding.

4.9.2.2 Components of the NAP and the Cost Norms

National Afforestation Programme provides for various components of work to be carried out by the FDAs and also prescribes cost norms to be adhered to in implementation of the programme. Some of the important components and the cost norms prescribed, area given below:

Table: Components of Work and Model Costs		
S.No.	Component	Model Cost
1.	Micro-Planning of JFMC/EDC/VSS	Rs.5,000
2.	Micro-Planning of Plantations	2% of Planting Cost
3.	Fencing	5% of Planting Cost
4.	SMC Works	15% of Planting Cost
5.	Training & Capacity building	Rs 10 Lakh per FDA
6.	Awareness Generation	1% of Planting Cost
7.	Overheads	10% of Planting Cost
(15% of which i.e. 1.5% may be utilised by SFDA)		
8.	Commitment	2% of Planting Cost
9.	Entry Point Activities	Rs.4,000 (per Hectare)
10.	Value addition & cost or Rs 2 lakh per JFMC/EDC/VSS or Rs 20 lakh per FDA whichever is less.	Upto 10 % of Plantation

(2) Plantation Cost (referred to at (10) above), on the other hand, refers to the cost of all the models of Plantation taken up in the FDA. The other models of Plantation that may be taken up in a FDA and their model costs area given below:

Table: Plantation Models and Model Cost

Plantation Model	Unit Cost
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	(Rs per Ha)
Aided Natural Regeneration (200 Plants/Ha)	9,750
Silvi Pasture(400 Plants/Ha)	11,100
Bamboo Plantation(625 Plants/Ha)	9,300
Mixed Plantations(MFP/Medicinal Plants - 1100 Plants/Ha)	17,100
Regeneraton of Herbs/ShrubsOf Medicinal Value(2000 Plants/Ha)	20,400

(Para 6.2 of Revised Operational guidelines- 2009)

4.9.2.3 Fund Flow Mechanism and Financial procedures

Fund flow mechanism and financial procedures to be followed are prescribed by Government of India in the Revised Operational guidelines- 2009. Some of the important principles and procedures, contained in Annexure –‘D’ to the guidelines are detailed below:

The funds received by SFDA from Govt. of India, MOEF, National Afforestation & Eco Board (NAEB) shall be deposited in its exclusive and separate current account in a Nationalised Bank, which would be jointly operated by its chairperson(PCCF) and member Secretary (CCF & Nodal Officer for NAP). The SFDA shall transfer full amount ear-marked for all FDAs within 7 days of receipt of funds from the NAEB based on approved work programme . The funds received by FDA from the SFDA, shall be deposited in its exclusive and separate account in a Nationalised Bank, to be operated jointly by its chairperson (Conservator of Forests) and member Secretary (Divisional Forest Officer).

The FDA shall release the amount for all the JFMCs/EDCs/VSSs by ECS or demand draft within 15 days of receipt of funds from the SFDA based on the fund requirement, progress of implementation and utilisation of earlier releases.

The respective JFMCs/EDCs/VSSs shall deposit the funds thus received from the FDA in their exclusive and separate account in a Nationalised Bank/ a cooperative Bank or a Post Office, which would be jointly operated by the chairperson (President of the JFMCs/EDCs/VSSs) and the Member –Secretary (Forester/Block Forest Officer).

Each JFMCs/EDCs/VSSs shall submit a quarterly statement of accounts to FDA and FDA shall submit a comprehensive annual report on the progress of works and utilisation of funds in respect of all JFMCs/EDCs/VSSs to the SFDA. The interest amount accrued on the deposits of the funds shall be treated as part of the SFDA's additional resources and would be adjusted towards further instalments of the grant.

The funds released under the scheme shall be subject to audit by the Comptroller and Auditor General of India or his nominated officer. The auditing of accounts of the SFDA/FDAs will have to be carried out through a reputed Chartered Accountant who is also on the panel of C&AG. The project should be completed within the approved project period (Normally 5 years or less) and within 2 months of completion, SFDA shall furnish 2 copies of detailed report to NAEB. It reserves the right to terminate the grant if it is convinced that the grant has not been properly utilised or appropriate progress has not been made. There will be no diversion of funds from one FDA to another FDA or one JFMCs/EDCs/VSSs to another save in exceptional circumstances and with prior approval of NAEB. The SFDA will submit non-diversion and non-embezzlement certificate each time a request for release of grant is made to NAEB. The FD/ JFMCs shall maintain a record of all assets created under the project as per GFR 151.

Note: (i) 50% of the approved project cost (APC) of the State shall be released by the NAEB as first instalment at the start of financial year, preferably by 30th April, without awaiting utilisation certificates/progress reports in order to match the timing of plantation activities. Further releases are subject to submission of utilisation certificates/progress reports and audited accounts by a Chartered Accountant on the panel of C&AG.

Release of funds to JFMCs/EDCs/VSSs shall be to the extent of 80% within 15 days of the receipt of funds by the FDA. The balance 20% of funds shall be released, only after utilisation of 50% of the funds released in the first instalment.

(Paras 6.5.1 & 6.5.2 of the guidelines)

4.9.2.4 Local Audit of FDA (NAP) accounts:

In local audit of FDA (NAP) accounts, it should be seen that:

The fund flow process, from SFDA to FDA and FDA to JMFC/EDC/VSS, was smooth timely and effective (the guidelines prescribe a smooth, swift and hassle-free mechanism for release of funds for implementation of the project, as the entire process is carried by the department itself, without the involvement of Director of Treasuries & Accounts/PAO. Hence any delay in release/

receipt of funds to be analysed and commented in the report). The funds received were effectively utilised on the components of the project as per approved annual plan of operations (APO). There was no diversion of funds meant for one FDA to another FDA or one JMFC/EDC/VSS to another JMFC/EDC/VSS (Any such diversion should be with the express approval of NAEB. (Cases of diversion, if any, should be probed and commented in the report). The Annual accounts are prepared and got audited by a reputed Chartered Accountant, who is also on the panel of C&AG Office.

Utilisation certificates (monthly by 5th of the succeeding month, in form GFR-19A), quarterly progress reports (June, September, December, March by 5th of the succeeding month) and Annual Reports (Annual progress report and Evaluation Report by 15th April; Audited Statement of Accounts by 1st May of every year) were being prepared and submitted to SFDA by due dates (Due dates prescribed in PCCF Circular No. 16992/2007/FDA1 dated: 13.10.2008)

Project areas (areas to be regenerated, afforested or reforested) were selected in such a manner that the major part of it was forest or public land and priority was given to the treatment of problem, eco- sensitive and disaster prone areas.

Treatment module selected i.e. Aided Natural Regeneration (ANR), Artificial Regeneration (AR), Pasture Development, Bamboo Plantation, Mixed Plantation etc., was site and soil specific(cases of incorrect selection of Plantation module, such as going for Artificial Regeneration in rocky areas or areas prone for encroachment, which are prone to risk of failure, should be analysed and commented in the report).

<p>Cost norms for plantation models, as prescribed by GOI in Revised Operational guidelines 2009, were followed in Planning and execution of works (Cases of excess cost allowed, to be analysed and commented). Plantation and Nursery Journals are maintained by each division /VSS wise. Maintenance of Plantations were inspected by officers as per the norms prescribed, before arriving at survival percentage and sanctioning estimates for replacement of plants. ote: The following norms were prescribed for inspection of maintenance plantations.</p>	
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FROs	-100% of all maintenance Plantations
Sub-DFO	- 75% of all maintenance Plantations

DFO	-50% of all maintenance Plantations
CFs/CCFs	-15% of all maintenance Plantations
(PCCF Circular No. 17036/2007/FDA1 dated 5.5.2009)	

Failure of Plantations under the FDA Project in any JFMC/EDC/VSS, was promptly brought to the notice of SFDA and further spending of funds was stopped by the FDA (Para 6.5.3 of the Revised guidelines, empowers the FDA in this behalf – Cases of continued spending despite failure of Plantations may be commented in the report).

Entry Point Activities (EPA) undertaker cater to the needs of community and result in the creation of durable community assets to support improved livelihoods (Para 5 of the Operational guidelines, 2009) (PCCF Circular in No. 57384/2009/FDA 1 dt: 21.10.2010 is more specific on this point. It specifies that the EPA should not be individual oriented,; they should be of permanent nature(i.e. water tank, percolation tank, Bus shelter, Community Halls etc); Mobile assets like Shamianas , Utensils etc. should be discouraged).

4.10 Local Audit Report

Local audit report should be drafted by the Inspecting Officer and discussed with the Head of the Office. A certificate of discussion should be recorded by the Head of the Office on the first page of the report. The draft report so prepared is forwarded by the Inspecting Officer to the Audit Coordinate Section /ES-I Coordination Section in Central office, where it is edited and finalised. The local audit report, inclusive of test audit note, is issued in duplicate to the Divisional Forest Officer concerned (with a copy to the Conservator of Forest concerned) for return of one of the copies with his report of compliance/replies through the Conservator of Forest to this office. His action with reference to the test audit note (which is to contain minor irregularities) is verified during the subsequent local audit held on the accounts of the division. Any serious irregularities brought to light during local audit should also bring to the notice of the Government, if necessary.

4.10.2 Instructions for drafting of Reports

Following instructions are issued for the guidance of the Inspecting Officer/Field Parties in drafting the Inspection Reports (IR):

The 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 organisational goals. This may be followed by a brief explanation of the scope of audit, the sampling procedure followed and the audit sample – including the implementing units, the subject matter(s) selected and the sources of criteria that have been adopted to evaluate the selected subject matter(s). It may be indicated 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 regularity related subject matter(s)/ specific subject matter(s) and propriety related subject matters and the second part – IIB comprising other incidental findings relating to both regularity and propriety aspects. The audit findings should be organised in decreasing order of materiality and significance, if possible.

Presentation of audit findings shall conform to the Auditing Standards and other reporting principles enunciated in this chapter and clearly bring out the applied criteria, the results of evaluation of the subject matter against the criteria highlighting the cause and effect relationship. Audit findings may also appropriately indicate the extent of non-compliance and whether they involve systemic issues or represent isolated cases of non-compliance.

NOTE: The following general principles should be kept in mind while drafting paras:

- ↔ Titles of the paras should be very brief and capable of covering the nature of objection being dealt within the paras.
- ↔ Comments regarding the state of initial accounts should be recorded by the Inspecting Officer in the forwarding documents after making his own assessments on the basis of the account records etc.
- ↔ The audit observations should not be vague and general in nature. Specific instances should be quoted and all relevant details duly enclosing copies of reference mentioned in the report.
- ↔ Production of documents not made available to the previous inspection should be insisted upon and the non-production of records should be specifically commented as a last para duly indicating the check that could not be exercised due to non-production of those records.

Test Audit Notes:

➔ This part will constitute the test audit note in (form No.SY 203) which should contain the irregularities of minor nature. This will be in two sub-parts. One for remarks relating to accounts and other for service books including objections noticed in nominal audit.

Note: Items of the IR which are likely to develop as a draft para to be included in CAG's Audit Report i.e., paras included in Para II Section' A' should be noted in the Register of Major Irregularities and pursued vigorously with higher authorities.

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.

Sl. No	Month/ year of Report	Para No	Gist of objection	Latest position and action taken for expeditious settlement
1	2	3	4	5

All the outstanding paras of the earlier inspection report should be reviewed by the Inspecting Officer and results of review recorded in the revised sheets to be sent along with the draft Inspection Report. While reviewing outstanding paras, care should be taken to assess the position in relation to the objection raised in the previous years. The specific points raised in the para should be checked to see if they have been addressed. Only such of the paras as in the opinion of the Inspecting Officer need to be pursued should be incorporated in this para. When the latest position is commented in the report on hand, paras on the same issue commented earlier and still outstanding should be dropped.

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.

(Source: Para 6.5 of Compliance Audit Guidelines 2016)

4.10.2 Computer Code Numbers to Paragraphs

Outstanding Inspection report paras have been computerised. For this purpose various categories of objection commonly included in the IRs are given specified code numbers. While drafting the IRs, the inspection parties may indicate in the heading of the para or sub-para, not only the nature of objection and amount but the code numbers also. A list of code numbers is given in the Appendix XII.

(CWAC Circular N: 7-CWAC/B/15-52(A)/98/99 dt, 5.10.98)

4.10.3 Ranking the performance of audit office - Categorization of paragraphs in draft Inspection Reports

Headquarters office issued orders introducing from the year 2004-05, a system of ranking the performance of Audit offices with reference to prescribed parameters. Quality of the Inspection Report (IR) is a parameter. In order to assess the quality of Inspection Reports, Audit Observations are to be grouped into Paras category-wise. A detailed description of grouping of audit observations into category of Paras depending on their nature, sequence of paras etc., is given in **Annexure –III**.

The Senior Audit Officer/Audit Officer of the party has to draft the Inspection Reports. While drafting Inspection Reports, the audit objections/observations contained in Audit enquiries should be grouped based on their nature, into Paras and these paras should be categorised and arranged in sequence.

After the Inspection Reports are drafted and paras arranged, the category should be invariably marked in the margin along with Audit Enquiry No. and Page .No. of Audit Enquiry. Authority: (Lr.No.207-Audit (AP)/16-2004, dt. 22/11/04).

4.10.4 Time limit for issue of Inspection Report

The Inspection Report should be issued within 24 working days from the date of receipt in Coordination Section. In order to curtail delay and ensure timely issue of Inspection Reports, the following time limit is prescribed for disposal of Inspection Reports:

1	Despatch of draft IR by field parties	Within 5 working days of completion of inspection
2	Editing and to submit the report by Coordination Section	Within 5 working days of receipt in the Section
3	Gazetted Officers to pass the report	4 working days
4	IR for typing and issue of the report	10 working days
	Total	24 working days

(CAG's Lr.No.799-TA-I/83-83 dt.18.7.83)

4.10.5 Grading of Inspection Reports

*The Inspection Reports (IRs) should be graded so that their quality can be benchmarked. A Scoring methodology has been defined to measure the efficiency and effectiveness of critical audit processes against a maximum score of 100, which would consequently translated into a grade to evaluate the quality of Inspection Report on a scale of 0-10 as detailed in **Annexure – IV**.*

(Source: PPG's Lr.No. 226-09-PPG/2017, dated 23.08.2017 Guidance Note 23.08.2017 from Headquarters Office)

4.10.6 A register, in the form (SY 336) should be maintained in Co-ordination Section for watching the punctual disposal of Inspection reports, by all concerned. The register should be put-up to Group Officers on 5th of each month.

4.11 Formation of Adhoc Committee for settlement of paras

The Secretary (Expenditure), Government of India, Ministry of Finance in D.O.Lr.No.12 (49)-E (co.ord)/66 dt.27.2.67, addressed to all Administrative Secretaries requested to take suitable remedial measures for reducing the backlog of Audit objections. It was also mentioned that where a Ministry had a large number of chronic objections which have somehow defied attempts at settlement in the ordinary manner, the Ministries may consider the appointment of an Adhoc Committee including a representative of Audit, as an observer to go through the backlog and dispose of the objections by taking appropriate action against each one of them.

Instructions were issued by the Govt. of Andhra Pradesh during 1986 that (i) efforts should be made to settle the outstanding audit objections initially at district level and also with the heads of the departments; (ii) Audit objections and paras of inspection reports which could not be settled at the level of Heads of the Departments and also those objections which the Accountant General desires specifically to be brought to the notice of Government shall be reviewed by the concerned Secretary to Government – by constituting Audit Committees with the Secretaries to Government of the administrative departments as Chairmen. The Accountant General or his nominee, the Head of the Department concerned and also the Additional Secretary/ Joint Secretary/ Deputy Secretary in charge of the expenditure department in Finance Department shall be members of the Committee. The Deputy Secretary of the administrative dept. in charge of legislative work or any Dy. Secretary nominated by the Secretary shall be convenor of the

Committee. The Committee shall meet once in two months and the report of review shall be sent to the Special Secretary (Finance).

Authority :- (D.O.Lr.No.35915-A/353/PAC/80, dt.21-3-1986 read with G.O.Ms.No.226 Fin. & Planning (FW-PAC) Dept., dt.29-7-1986)

The Government of Andhra Pradesh constituted State Level Audit Committee to review and settlement of outstanding paras in Inspection reports and audit objections with the following composition:-

1.	Principal Secretary to Government, EFS&T Department	Chairman.
2.	Accountant General or his/her nominee	Member
3.	Principal Chief Conservator of Forests, Andhra Pradesh, Hyderabad.	Member
4.	Member-Secretary, APPCCB, Hyderabad.	Member
5.	Additional Secretary to Government, Finance Department	Member
6.	Special Secretary to Government (Forests) EFS&T Department.	Member & Convener

Authority: (G.O.Rt.No.120, dt. 26/03/2004, EFS&T(FOR.II) Dept.)

Annexure - I for Entry Conference

An entry conference meeting is to be conducted on _____(Date to be mentioned) in the premises of _____(Name of the Auditable Unit is to be mentioned) with the Head of the department (HoD). The following persons participated in the conference.

Name of the persons from department side	Name of the persons from Audit side

During the discussion, the SAO of the audit party appraised about the compliance audit to the auditee unit and requested their co-operation in production of records to conduct audit within the time schedule. The HoD/In charge of the office has agreed to produce the records.

Senior Audit Officer/Name of the wing

HoD/In charge of the Office

Annexure - II for Allocation of work (Para 4.5.1)

Sr. Audit Officer/Audit Officer

Scheme files (CAMP), Review of cash book, Review of outstanding paras, scrutiny of sanctions, Intensification of Forest Management (IFM).

Assistant Audit Officer:

(Afforestation fund (TKHH), works executed under TKHH and review of TKHH cash book, Targets and achievements in TKHH, Review of budget files and scrutiny of GOs, Purchase register, TFC works and diversion of funds, Beedi leaf scheme files and pending realization of amounts under the scheme, Review of Beedi leaf scheme cash book etc.

Sr.Auditor/Auditor

Review of TBR, PBR, Leave accounts, pay bills, acquittance rolls of staff, verification of stores and stocks with respect to purchases, contingent register, service books and log books.

Annexure – III - Categorization of paras (Para 4.10.3)

Fraud/misappropriation/ embezzlement/losses detected in audit	Cases of embezzlement of cash drawn from treasury	A1
Fraud/misappropriation/ embezzlement/losses detected in audit	Non-accountal/misappropriation of departmental receipts i.e., non-remittance into treasury	A2
Fraud/misappropriation/ embezzlement/losses detected in audit	Excess amounts fraudulent drawn by tampering with or manipulating figures in salary bills	A3
Fraud/misappropriation/ embezzlement/losses detected in audit	Fraudulent drawal of G.P. Funds of various employees who had not applied	A4
Fraud/misappropriation/ embezzlement/losses detected in audit	Utilization of departmental receipts towards expenditure	A5
Fraud/misappropriation/ embezzlement/losses detected in audit	Losses to exchequer due to theft, pilferage and shortages of stores	A6
Recoveries at the instance of audit & overpayments detected in audit	Recoveries of service payments like Pay & Allowances, T.A.	B1
Recoveries at the instance of audit & overpayments detected in audit	Non-recovery/Non-deduction of income tax or service tax at source	B10
Recoveries at the instance of audit & overpayments detected in audit	Payment of subsidies/assistance in excess of norms fixed	B11
Recoveries at the instance of audit & overpayments detected in audit	Excess payment to contractors due to application of higher rates for work done, etc.	B2
Recoveries at the instance of audit & overpayments detected in audit	Quantities of stores/works received/executed less than those paid for, resulting in overpayments.	B3

Recoveries at the instance of audit & overpayments detected in audit	Overpayments on account of errors of computation	B4
Recoveries at the instance of audit & overpayments detected in audit	Overpayments due to application of or allowing incorrect rates	B5
Recoveries at the instance of audit & overpayments detected in audit	Allowing payments of charges such as carriage etc. in violation of terms of agreements	B6
Recoveries at the instance of audit & overpayments detected in audit	Overpayments on account of excess pay and allowances of payments of inadmissible allowance	B7
Recoveries at the instance of audit & overpayments detected in audit	Excess payments of pension etc. by Treasuries/Banks	B8
Recoveries at the instance of audit & overpayments detected in audit	Non-recovery of instalments towards various loans	B9
Violation of contractual obligations, undue favours to contractors	Banking out by contractors resulting in extra expenditure	C1
Violation of contractual obligations, undue favours to contractors	Non-imposition of penalty and recovery of extra cost from contractors involved in above cases	C2
Violation of contractual obligations, undue favours to contractors	Payment of interest free advances in violation of agreement	C3
Violation of contractual obligations, undue favours to contractors	Release of key material on credit basis instead of cash basis	C4
Violation of contractual obligations, undue favours to contractors	Penalties not levied for delay in execution/completion of works within stipulated time	C5
Violation of contractual obligations, undue	Non-recovery of supervision charges	C6

favours to contractors		
Violation of contractual obligations, undue favours to contractors	Non-recovery of salvaged material	C7
Avoidable/excess expenditure	Delay in execution of works resulting in time and cost overrun and consequent extra expenditure	D1
Avoidable/excess expenditure	Delay in obtaining custom clearance, etc. for imported equipment resulting in increase in cost or payment of avoidable demurrage charges.	D2
Avoidable/excess expenditure	Cost escalation due to improper and inadequate planning	D3
Wasteful/infructuous expenditure	Abandonment of works due to defective or disputed sites and structural/design defects etc.	E1
Wasteful/infructuous expenditure	Non-utilization of assets created for specific purpose	E2
Wasteful/infructuous expenditure	Non-achievement of specific objective for which expenditure was incurred	E3
Wasteful/infructuous expenditure	Supplies of defective store/stock articles like time barred/sub-standard medicines, seeds etc.	E4
Input Tax Credit(ITC)	Incorrect allowance of ITC on ineligible items	Excess claim/allowance of Input Tax Credit
Input Tax Credit(ITC)	Excess claim of ITC due to incorrect method of restriction	Excess claim/allowance of Input Tax Credit
Input Tax Credit(ITC)	Excess allowance of ITC due to incorrect determination of purchase turnover	Excess claim/allowance of Input Tax Credit

Input Tax Credit(ITC)	Incorrect allowance of ITC on works contracts	Excess claim/allowance of Input Tax Credit
Regulatory issues	Expenditure incurred without sanction from competent authority	F1
Regulatory issues	Non-observance of austerity measures announced by Government from time to time	F10
Regulatory issues	Payment of rent of hired buildings without approval or fixation of rent by Rent Assessment Committees	F11
Regulatory issues	Engagement of daily wagers in violation of Government orders and payment made to them without orders of competent authority	F12
Regulatory issues	Execution of works without obtaining administrative approval/technical sanction from competent authority	F13
Regulatory issues	Purchase of store/stock in excess of actual requirements with a view to avoiding lapsing of funds	F14
Regulatory issues	Payments made on hand receipts in contravention of Rule 200 of Public Works Account Code	F15
Regulatory issues	Execution of works in excess of estimates unrealistic preparation of estimates	F16
Regulatory issues	Procurement of material/execution of works without observing codal provision of invitation of tenders etc.	F17
Regulatory issues	Expenditure split to avoid sanction of competent	F2

	authority or calling for tenders etc.	
Regulatory issues	Expenditure incurred in excess of budget provision resulting in creation of liabilities	F3
Regulatory issues	Execution of works or procurement of supplies without adequate budgetary provision resulting in creation of liabilities to be met from next budget	F4
Regulatory issues	Diversion of funds from one scheme to another or from one object head to another	F5
Regulatory issues	Drawal of funds at the fag end of financial year with a view to avoid lapsing of funds	F6
Regulatory issues	Rush of expenditure towards fag end of financial year resulting in non-exercising of financial controls/checks	F7
Regulatory issues	Drawal of funds at the fag end of year without immediate disbursement and their parking in either bank accounts, PLA or retention in cash/bank drafts	F8
Regulatory issues	Incurring of expenditure on banned items or items of special nature without approval of competent authority	F9
Idle investment/idle establishment/blockade of funds		G1
Idle investment/idle establishment/blockade of funds		G2
Idle investment/idle establishment/blockade of	Expenditure on activities/schemes which could not	G3

funds	be completed/implemented for various reasons	
Idle investment/idle establishment/blockade of funds	Expenditure incurred on purchase of equipment including imported one's not put to use for want of trained manpower, missing spares or defective supplies or without assessing feasibility of procurement	G4
Idle investment/idle establishment/blockade of funds	Funds advanced to various agencies for supplies or constructions works retained unauthorized by such agencies	G5
Idle investment/idle establishment/blockade of funds	Payment of idle wages to staff which could not be utilized for the purpose for which appointed owing to either there being excess staff or there being no work for such staff	G6
Idle investment/idle establishment/blockade of funds	Release of funds for some activity without ensuring availability of adequate infrastructure	G7
Delays in commissioning of equipment	Due to non-availability of necessary infrastructure	H1
Delays in commissioning of equipment	Due to trained manpower not available	H2
Delays in commissioning of equipment	Due to non-availability of spare parts or accessories	H3
Non-achievement of objectives	Comments on shortfall in achievement of targets	I1
Non-achievement of objectives	Tardy implementation of Schemes	I2
Non-achievement of objectives	Non-fulfilment/achievement of objectives for which a programme was launched or an organization created	I3
Non-achievement of objectives	Non-accrual of intended benefits to targeted	I4

	population	
Non-achievement of objectives	Comments on mismatch between financial and physical achievements	I5
Non-achievement of objectives	Comments on less production/yield compared to expected production/yield	I6
Miscellaneous observations	Departmental specific irregularities/observations not covered in any of the above	J1
Miscellaneous observations	Reconciliation not being done with agencies supplying stores etc. where centralized system of purchase of stores exists	J10
Miscellaneous observations	Non-recovery of hire charges of machinery etc. let out or material supplied where centralized system exists	J11
Miscellaneous observations	Machinery beyond economic repairs	J12
Miscellaneous observations	Non-recovery of rent of buildings	J13
Miscellaneous observations	Miscellaneous observations	J14
Miscellaneous observations	Irregularities noticed in maintenance of Cash Book, drawal register, receipt books	J2
Miscellaneous observations	Retention of heavy cash balances	J3
Miscellaneous observations	Belated remittances of receipts into Treasury	J4
Miscellaneous observations	Comments/observations on maintenance of records	J5
Miscellaneous observations	Comments on improper/non-maintenance of records	J6

Miscellaneous observations	Comments on submission/non-submission of U.Cs.	J7
Miscellaneous observations	Non-recovery/non-adjustment of Misc. Public Works advances from officers other Govt. Depts. And private parties	J8
Miscellaneous observations	Non-crediting of deposits lying unclaimed for more than 3 years to Govt.	J9

Annexure – IV

Slno	Process Parameter	Allocated score	Scoring methodology	References to Compliance Auditing Guidelines chapter
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 base/data	10	<p>This has two dimensions.</p> <p>Review of internal documents (Max scor-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 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 data bases, reports/stastics of Govt etc.</p>	Paras 4.3 , 4.10 to 4.15 , 4.20 and Hqurs guidelines on Data analytics and compliance audit.
	Identification of potential risk/focus areas	10	<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 rage of areas identified up to a maximum of</p>	

			New focus areas (Max score – 5): Identification of any new focus area(s) would yield a score of 5	
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1(b)	Audit plan- Planning audit procedures.			
	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.	Paras 4.6 to 4.8
	Determining the assignment plan for team members, audit procedures and preparation of audit design matrix if applicable.	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 of 5. Not doing so would yield a score of Zero.	Paras 4.16 and 4.17
2	Conducting the audit	45		Chapter 5
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. A) Clear cases of overpayments/wasteful or in	

			<p>fructuous 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 favor to contractors/service providers.(Scoring to be based on proportion of such paras to total para 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).</p> <p>B) Clear cases of idle investments/blocking of funds/delays in procurements, commissioning of equipment. Project execution and diversion or mis-utilization 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 a score of 3 i.e 20% of 15) – Max score 15).</p> <p>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</p>	
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			<p>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)</p> <p>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 satisfactorily 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).</p>	
	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 IIA 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</p>	Paras 5.5 , 5.6, 5.10 to 5.14

			<p>maximum allocated score of 8)</p> <p>Part IIB – (Max score 2) The score against this parameter would be on similar basis as envisaged for Part IIA paras above.</p>	
2(b)	Dcoumentation			Paras 5.15 to 5.19
	Preparation of audit file and documentation of working papers-Extent of field work done-	10	<p>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 Audit 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. IR also.</p>	
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 IR.	Para 6.5 and Hqrs guidelines.
	Appropriate classification of paras into Part IIA and Part IIB	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 (eg. 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 score to be awarded would be 3.5 (70% of the total score).this is not applicable for NIL IRs.	Guidelines issued by Hqrs
	Mortality parass.	05	The score against this parameter would be determined on the basis of percentage of paras retained (number of paras retained wrt total paras in Draft IR) during the vetting process. i.e if 80% of the total score). This is not applicable for NIL IR	
3(b)	Timeliness			Para i.4
	Submission of Draft IR	05	Dispatch of Draft IR/emailing the Draft IR promptly (7 days) would yield the full score of 5, which would be proportionately reduced for delays as under reduced for	

			<p>delays as under.</p> <p>Delays up to five days:4 Delays up to seven days:3 Delays up to nine days:2 Delays of 12 days:1 Delay > 12 days:0 This would apply to NIL IR also</p>	
	Issue of IR	05	<p>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 :</p> <p>Delay up to five days : 4 Delay of one week: 3 Delay of 10 days: 2 Delay of two weeks : 1 Delay > two weeks : 0 This would apply to Nil IR also</p>	
	Total	100		

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

