

*For the use of Indian Audit & Accounts Department only*

*केवल भारतीय लेखा तथा लेखा परीक्षा विभाग के प्रयोजनार्थ*

**OFFICE OF THE ACCOUNTANT GENERAL  
(ECONOMIC AND REVENUE SECTOR AUDIT)  
RAJASTHAN, JAIPUR**

कार्यालय महालेखाकार (आर्थिक एवं राजस्व क्षेत्र लेखा परीक्षा)  
राजस्थान, जयपुर।

**MANUAL OF OUTSIDE AUDIT  
DEPARTMENT INSPECTION  
(Economic Services-II)**

बाह्य लेखापरीक्षा विभाग के निरीक्षण की  
नियम पुस्तक (आर्थिक सेवाएँ—II)

(THIRD EDITION)  
(तृतीय संस्करण)

**ISSUED BY  
THE ACCOUNTANT GENERAL  
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राजस्थान, जयपुर द्वारा जारी

## **PREFACE**

This is the third edition of the Manual of O.A.D. (Economic Services-II) compiled under the provisions of paragraph 54 of the Comptroller and Auditor Generals Manual of Standing Orders (Administrative) Volume I. The first edition of the manual was issued in June 1993 and second edition was issued in February, 2007. After restructuring of the department in 1984 the office was divided into office of the Accountant General (Audit) and the Accountant General (Accounts and Entitlement). Thereafter, the office of the Accountant General (Audit-I) and the office of the Accountant General (Audit-II) was created in 1989. The office of the Accountant General (Audit-I) was upgraded to Principal Accountant General (Audit-I). Further, these offices were renamed as the office of the Principal Accountant General (Civil Audit) and the office of the Accountant General (Commercial and Receipt Audit) in 2004. After restructuring of the offices in 2012, the offices were renamed as the office of the Principal Accountant General (General & Social Sector Audit), the office of the Accountant General (Economic & Revenue Sector Audit) and the office of the Principal Director of Audit (Central).

2. This manual is meant for the guidance of field parties of this office engaged in the audit of departments under Economic Services-II group and is divided into three parts. Part – I contains detailed instructions for the guidance of the Inspecting Officers and their staff in conducting the inspection of the accounts of Public works and Civil departments/offices whereas Part–II is for audit of accounts records of forest offices and Part –III embodies

instructions for audit of projects aided by the World Bank and funded through other external assistance.

3. This manual also embodies instructions based on the INTOSAI AND ASOSAI guidelines relating to fraud and corruption along with inclusion of decision taken to adopt these in this organization. The orders/circulars issued by the Headquarters office, from time to time have also been kept in view while giving the final shape to this edition.

4. The W.M. Section (Economic Services-II Group) will be responsible for keeping this manual up-to-date and for ensuring that all orders requiring incorporation in the manual are included therein after due care and promptitude.

Jaipur

Dated: 8.6.2018

**Accountant General  
(Economic & Revenue Sector Audit)**

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## **CHAPTER - I**

### **CONSTITUTION, CONTROL, STRENGTH AND DUTIES**

#### **1.1 Introduction**

**1.1.1** The general orders defining the arrangement, duties and responsibilities of OAD (Economic Services-II) which consists of two Works & Forest Inspection and Civil departments, are given in respective Chapters of this manual. To supplement these, all rules and orders of local character relevant to the Works and Forest and Civil departments Inspections have been brought together in this manual as required under paragraph 2.2 of CAG's MSO (Admn) Vol-I (Third Edition). All members of the three inspection sections are required to make themselves thoroughly conversant with the contents of the manual.

#### **1.2 Constitutional Provisions**

Works Inspections Section –I, and II are the parts of (Economic Service-II) Audit, besides these works miscellaneous (WM), The Project, Financial Audit Section, Indira Gandhi Nahar Pariyojna, Command Area Development (CAD) Efficiency Cum Performance Audit (ECPA) , Report, Financial Audit Party and Financial Audit Sections (Economic Service-II) (FAS-ES-II) are its other constituents. Outside Audit Department (ES-II) is responsible for arranging local audit of all the accounts of the Public works Department (Land and Building), Water Resources Department, Forest Divisions, Projects Civil Departments/Units environment, G.W.D, Science and technology, information technology etc. which are brought to account by the respective Divisional Officers/Forest Offices and the Head of the Offices of Civil Departments within the audit jurisdiction of the Accountant General (E&RSA), Rajasthan, for the audit of which the CAG Of India is statutorily responsible under section 13, 16 and 17 of the CAG's (Duties, Powers and Conditions of Service) Act,1971.

**1.2.1 Code of Ethics based on International best practices (INTOSAI)**

The office of the C.A.G of India, New Delhi has decided to adopt a code of ethics for his organization. It is based on the international best practices in which those values and principles are incorporated, which are according to broad principles, contained in the Central Civil Services (Conduct) Rules, 1964 and I.S.S.A.I-30 (INTOSAI) Standard for Supreme Audit Institution. There are 13 points in this code which are described in Annexure 'I'. Declaration by every member of the Audit Party along with Supervisory group officer should be given in proforma Annexed-II and by specialist, counselor/audit by law etc., who is engaged on contract for audit & accounts work with the supreme audit institution of India should be given in the proforma annexed-III.

(Circular No. C.S.S./E&RSA/R-11011/K-26/2/2012-13)

**1.3 Control**

Economic Services-II Wing is under the overall supervisory charge of a Group Officer (Sr.DAG/DAG (ES-II)). W.M. Section controls and coordinates the working of the ES-II group as a whole. It, interalia, is responsible for Audit Planning and arranging local audit of units of the departments mentioned in para 1.2 above.

**1.4.1 Works Inspection Sections**

The two W.I. sections deal with the Inspection Reports of the departments as given below:-

W.I. – I – Forest & Public Works Department

W.I. – II – Water Resources Department (Formerly Irrigation Department)

PAC, Project and Civil section, IGNP, CAD section and other Civil Departments eg. Environment, GWD, Science and technology, Information technology

(Authority: WM/ES-II/302-314/Group Order No. 3 Dated 28-8-15)

(Authority: WM/ES-II/S-4/K-2/Vol.4/2017-18 dt. 1-2-18)

**1.4.2 Draft Para Cell (ES-II)**

A draft para cell deals with the examination of potential cases likely to develop into draft paras for inclusion in the Audit Report.

**1.4.3 E.C.P.A. & Report Section (ES-II)**

Conduct Reviews of Projects/programmes in respect of works department and this section will act for report of audit performed by the ES-II group.

**1.5 Entrustment of other works**

The other items of work among the sections is indicated commonly dealt with by these sections are detailed in Annexure-IV to this chapter.

**1.6 Staff Requirements**

The standard rate of work in respect of ES-II Group for determining staff requirement is given in the manual of Office Establishment.

**1.7 Duties**

The functions and responsibilities of the auditing and supervisory staff and of the gazetted officers in regard to local audit and review of works expenditure are detailed in Chapter-2 of Section-VI of CAG's MSO (Audit) Second Edition. Their duties, when posted at headquarters, are as under:-

**1.7.1 Branch Officers (Audit Officer/Sr.Audit Officer)**

Branch Officer is responsible for the satisfactory working of the sections placed under his charge. His functions are mainly concerned with discipline, management, supervision etc. It is essential that he should (i) be thoroughly well informed of what is going on in the section under his charge (ii) be in personal touch with the officials working under him, (iii) devote his personal attention to the disposal of outstanding Inspection Reports, and letters etc. and take such effective steps as are necessary for keeping the outstanding at the minimum, (iv) be specially vigilant to spot out serious financial irregularities which could be developed into Draft Paras for the Audit Reports, and (v) constantly review the Sectional Calendar of Returns to ensure timely

submission of reports/returns and see that all new items ordered to be included in the Calendar of Returns have been noted therein.

### **1.7.2 Assistant Audit Officer**

Section Officer/Assistant Audit Officer holds the supervisory charge of the section. He should exercise complete and close supervision over his section. He is personally responsible to the Branch Officer incharge for the efficiency of the internal arrangements and expeditious performance of the work to maintain discipline and tidiness in the section. He will be particularly responsible for the proper maintenance of the sectional calendar of returns and for ensuring that each return is submitted/despached on due date.

He is also responsible for seeing that:

- (i) there has been no delay in any audit process and that objections arising out of inspection of a Public Works Division/Office have been incorporated in the Inspection Report;
- (ii) reference and other correspondence arising in the section are promptly disposed off;
- (iii) Inspection Reports are correctly and promptly disposed off and draft paragraphs as well as other financial irregularities together with all relevant papers on the subject are submitted to the Group Officer/ Pr. Accountant General (Civil Audit) with utmost promptitude; and
- (iv) all arrears or delay in disposal of letters etc. are promptly brought to the notice of the Audit Officer incharge

### **1.7.3 Auditors/Senior Auditors**

The Auditors/Senior Auditors are entirely responsible for the work entrusted to them. They will be responsible for the correspondence work, maintenance of files, register of cases, etc. with reference to orders issued from time to time and submitting to Section Officer/Assistant Audit Officer all returns and registers, etc. in prescribed manner on due dates. They are also responsible for:

- (i) submitting draft corrections to this manual in respect of any important orders, etc. received by them;
- (ii) issuing of reminders in cases of delay in receipt of reply to letters, inspection reports and the returns due;
- (iii) attending to any other item of works that may be entrusted to them by the Section Officer/Assistant Audit Officer;
- (iv) proper maintenance of key register of their seats;
- (v) maintaining **register of Recoveries** at the instance of audit, Probable Draft Paras, register of Interesting cases and of special points to be examined at the time of local audit;

(vi) collecting of the requisite information for selection of month/work/sub-division etc. from the records of the Accountant General (A&E) and to take further necessary action for collection of records from the office of the Accountant General (A&E) their transmission to works Inspection Parties, their return from the parties and subsequent return to the Accountant General (A&E). and

(vii) maintenance Settlement Register, Objection Book and Adjustment Register in respect of Inspection Reports and Paras.

#### **1.7.4 Sectional Clerk**

The duties of Sectional Clerks are defined in the GD Manual of this office and are the same as are applicable to sectional clerks of other wings/sections of this office.

#### **1.7.5 Data Entry Operator**

To prepare all sort of data, verification and confirmation,

To confirm data of miscellaneous input and output documents of management and related verification, confirmation and management of the related works such as synthesis, calculation, tally and coding etc.

### **1.8 Maintenance of various records**

#### **1.8.1 Register of corrections**

A separate register (as contemplated in Manual of General Procedure) for noting the corrections to the Manual should be maintained in WM section. The register should contain the subject, reference to the Para in the manual, number and date of the authority requiring the correction and the case number/file number etc.

#### **1.8.2 Circulation of correction slips rules and orders**

Copies of correction slips to OAD (Works) manual, Account Codes, Forest Account Codes, Rules/Orders of State Government etc. received in WM section shall be supplied to all officers and sections/field parties as soon as these are received and approved.

#### **1.8.3 Sectional General Note Book**

There should be properly indexed General Note Book for each section wherein all sanctions, orders and information of general interest should be entered. Entries will be made by the Auditor/Senior Auditor concerned under instructions from the Assistant Audit Officer and they will be such as are in the nature of precedents or important orders likely to be required for further reference. The Note Book should be freely available to all the members of the section for study or reference.

#### **1.8.4(i) Calendar of Returns**

As per para 1.15 of MSO (Administrative) Volume-I, 3<sup>rd</sup> Edition, A Calendar of Returns should be maintained by the Assistant Audit Officer of

each section in the prescribed form SY 264, embodied in Annexure-V to this chapter showing the due and actual dates of despatch or receipt of the returns to/from outside or within the office i.e. in the following parts in order to watch the due date prescribed for the completion of the various items of work.

- Part-I: Returns due to outside authorities.
- Part-II: Returns due to other sections (within office)
- Part-III: Returns due from outside authorities and other sections
- Part-IV: Occasional Returns

(ii) The calendar of returns after noting the actual date of completion of each item of work therein should be submitted by the Assistant Audit Officer to the Branch Officer on every Tuesday and to Senior Deputy Accountant General (ES-II) on the third Tuesday of the month or if it is a holiday on the next working day explaining reasons for the delay in submission or non-submission of return due upto Saturday preceding. The Branch Officer should call for the Calendar of Returns, if it is not received by 2.00 PM on any Tuesday and review the outstanding items carefully and place the results of his review on records.

(iii) The Calendar of Returns should be constantly reviewed by the Assistant Audit Officer and Branch Officer Incharge to see that all new items which have been ordered to be included in the Calendar of Returns have been noted therein and that it serves as a valuable medium through which the work of the section as a whole is controlled efficiently and automatically.

## **1.9 Monthly Arrear Report**

**1.9.1** A detailed report on the state of work in each section/cell of ES-II group should be submitted to the Branch Officer by the fifth of each month in the prescribed form. The report should be prepared carefully and it should reflect true state of work in the section as it stood on the last day of the month under report. The arrears should be calculated in terms of mandays according to the prescribed formula.

**1.9.2** While approving the arrears report, the Branch Officer should verify the actual position of arrears in the section and exercise proper check over the correctness of the arrears depicted in the report.

### 1.10 Audit-Performance

Welfare Officer & Secretary, office of the Principal Accountant General (Civil Audit) Rajasthan, Jaipur had ordered to add following new proforma in relation to audit conducted of units by controlling Section.

1. **Audit Profile of audited entity**

Now Audit Profile of audit of audit entity to be done will be maintained by the Controlling Sections in new proforma as prescribed in Annexure-VI

2. **Abstract of introductory meeting/talks for audit from the Head of offices (Entry conference minutes)**

On the first day of audit a detailed discussion is done with Head of Office/competent officer regarding audit on the basis of main point of this discussion Audit parties should prepared a abstract of introductory meeting/talks in prescribed proforma (Annexure-VII) and it should be enclosed with the title Sheet.

3. **Abstract of meeting/talks from the Hand of offices on completion of audit**

On completion of audit Audit party has to discuss with the Head of Office/competent officer as Drafted inspection report. On the basis of this discussion a brief abstract should be prepared in prescribed proforma (Annexure-VIII) and should be enclosed with title sheet.

4. **Check list for Audit and Inspection Report**

During the vetting of inspection reports at Head Quarter vetting of sections may submit a checklist for Audit and Inspection Report in prescribed proforma (Annexure-IX) to the authorised officer for vetting.

(Authority W&Sec. PAG(C.A) RAJ, JP No. Sec./TR-46/O.o No. 2 dtd. 29-5-2009)

### 1.11 General

Rules and orders governing office procedure, correspondence, maintenance of diary despatch, issue of reminders etc. laid down in the Manual of General procedure are applicable to the Economic Service-II group also except variations authorised in the manuals.

**ANNEXURE – I**

(Referred to in Para 1.2.17)

**Office of the Accountant General (Economic & Revenue Sector Audit), Rajasthan, Jaipur.**

No.:- CCS/E&RSA/R-11011/K-26/02/2012-13/

Dated:

**Broad Principles Entrusted in (INTOSAI) Standard**

**CIRCULAR**

- 1) It is of the fundamental importance that the CAG of India is looked upon with trust, confidence and credibility. This can be promoted by adopting and applying, the ethical requirements of the concepts embodied in the key principles - Integrity, Independence and objectivity, confidentiality and Competence. Any deficiency in the professional conduct or any improper conduct in the personal life places the integrity of auditors and the organisation and the quality and validity of their work in an unfavourable light and may raise doubt about the reliability and competency of the organisation itself.
- 2) The Legislature and/or the executive authority, the general public and the audited entities are entitled to expect the CAG of India's conduct and approach to be above suspicion and reproach the worthy of respect and trust.
- 3) The Legislature and/or the executive authority, the general public and the audited entities should be fully assured of the fairness and impartiality of the CAG of India.
- 4) All work performed by the CAG of India must stand the test of Legislature and/or executive scrutiny, public judgments on property and examination against the Code of Ethics.
- 5) Integrity is the core value of the Code of Ethics. The integrity of auditors establish trust and thus provides the basis for relevance on their judgments.
- 6) The general standard for the auditors is independence from the Legislature and the executive. Therefore it is essential for auditors that they are independent and impartial, not only the fact but also in appearance.
- 7) There is a need for objectivity and impartiality in all work conducted by auditors, particularly in their reports which should be accurate and objective. Conclusions should be based on evidence obtained and replies received from the audited entity and assembled in accordance with Auditing Standards.

8) Auditors should maintain both the actual and perceived political neutrality of the CAG of India.

9) The CAG of India derives mandate from the Constitution of India and Legal mandate provided in CAG's (D.P.C.) Act 1971 and regulation on Audit and Accounts, 2007, which provides for full and free access to the auditors to all premises and records relevant to the audited entities, including sensitive information.

10) It is the duty of the CAG of India to ensure that policies and procedures have been put in place to safeguard independence, objectivity and impartiality. To this end, prior to commencement of an auditing assignment, all members of the audit party, including the supervising Group Officer, should give individual undertakings in the format enclosed in Annexure I. Auditors should protect their independence and avoid any possible conflict of interest by refusing gifts or gratuities which could influence or be perceived as influencing their independence and integrity. Similarly, all individuals working for or on behalf of the CAG who are engaged in assisting him in the discharge of his duties and responsibilities as enshrined in the Constitution of India should give an undertaking in the format enclosed in Annexure II.

11) Auditors should be prudent in the use and protection of information acquired in the course of their duty. This information should not be used for personal benefit. Confidentiality should be maintained. Documents classified as 'Confidential', 'Secret' or 'top secret' should be dealt with in accordance with standing instructions.

12) Auditors have a duty to conduct themselves in a professional manner at all times and to apply high professional standards in carrying out their work to enable them to perform duties competently and with impartiality.

13) The Code of Ethics is directed at the individual auditor, the head of the CAG, executive officers and all individuals working for or on behalf of the CAG who are involved in auditing and accounting work. The CAG has the responsibility to ensure that all his personnel acquaint themselves with the values and principles contained in the Code of Ethics and that they act accordingly.

It is the duty of every person working in the Indian Audit and Accounts Department or on behalf of the CAG of India, to acquaint themselves with the values and principles contained in the code and act accordingly.

**ANNEXURE-II**

(Ref: Para 3.24 of the Code of Ethics)

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

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

I, Shri/Smt/Kumari \_\_\_\_\_ (name) \_\_\_\_\_  
(designation) hereby declare that:

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

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

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

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**ANNEXURE-III**

(Ref: Para 3.24 of the Code of Ethics)

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

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

I, Shri/Smt/Kumari \_\_\_\_\_ (name) \_\_\_\_\_  
(designation) hereby declare that:

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

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

- I will conduct the audit assigned to me in a fair, honest, timely and competent manner.
- I will maintain strict confidentiality of all information gathered in the course of audit.
- I will not behave or conduct myself in an inappropriate manner with any official of the audited entity.
- I will not accept any kind of inducements, including gifts and hospitality, directly or indirectly from the audited entity.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

**ANNEXURE-IV**  
**(Referred to in Para 1.5)**

Detailed of work entrusted to W.I. sections

**W.I. Section**

- (i) Vetting and issue of Draft Inspection Reports, maintenance of the register to watch receipt and issue of draft inspection reports and pursuance of Inspection Reports relating to Works, Forest Departments and departments comes under Economic sector
- (ii) Reporting important cases likely to develop into draft paras to DP Cell (ES-II) and pursuance of important paras reported to higher authorities as advance paras.
- (iii) Maintenance of registers to watch progress of settlement of paras and register of recoveries at the instance of audit.
- (iv) Monthly review report of Inspection Reports for submission to the Accountant General (E&RSA).
- (v) Placing index sheet point duly approved by Group Officer in current Inspection Report of the concerned office for examination in next audit and watching its results.
- (vi) Collection of vouchers and monthly accounts from AG (A&E) for onwards transmission to field parties and watching its return to AG (A&E) Office.
- (vii) Arranging discussion with departmental authorities for settlement of outstanding paras.

**Draft Para Cell**

- (i) Processing of important cases referred to by Works Inspection section for preparation of factual statements/draft paras.
- (ii) Processing of draft paras/factual statement submitted by field parties, Inspecting Officers .

(iii) Preparation of omnibus draft paras by consolidation of the material collected from various sources.

### **ECPA (ES-II) Section**

(i) This section will work as Report section of Works Wing for reviews as prescribed in the manual of ECPA section. Identification of schemes for review, pilot study, preparation of back ground note and guidelines for reviews will be done by this section.

(ii) Preparation of fortnightly progress of reviews.

(iii) Examination of departmental replies and their submission to PAC.

### **REPORT SECTION (ES-II)**

#### **1.1 General Duties and Organization**

It is duty of Report Section to prepare Audit Report (Economic Services) Post of One Senior Audit Officer, One Asstt. Audit Officer, Two Sr. Auditor and Two Data Entry Operator/Audit clerk have been sanctioned for Report Section. This section is in charge of the Accountant General (Economic and Revenue Sector Audit) report of ES-II group. Besides liability of Branch Officer/Assistant Audit Officer of the Section is to dispose of general letters of his daily routine work. He is also liable for fair work and efficient management of forthcoming work in his charge. Nature of working and maintenance of records & other rules of Report Section (Economic Services-II) are the same as in force for manual (Civil audit) with amended of Report Section whose brief description is as under.

#### **1.2 Work and Responsibility**

Report Section (ES-II) is responsible for following:-

(i) Vetting of cases sent by the D.P.Cell which have financial irregularity includable in Audit Report (Economic Services)

and got approved from the Accountant General (Economic & Revenue Sector Audit)

- (ii) Disposal of Reviews on which action are taken by the E.C.P.A. (ES-II) section. All the subjects relating to Audit Report (ES) and editing of all the related work in which arrangement of printing of Audit Report, Production of Report in Assembly and communication media work included.
- (iii) Send Bond Copy of material received for inclusion in Audit Report from Sections of Economic Services-I (Industries, Tourism & Energy Department) approved by the Accountant General (E&RSA) to Head Quarters.
- (iv) Preparation of collection of Abstract of important audit findings included in Audit Report of Departments included in Economic Services II Group.
- (v) Send Vetting remarks to related Departments and Public Accounts committee after checking of replies received from State Government on audit paras.
- (vi) Preparation of memorandum of important points o Audit Reports for discussion in Public Accounts Committee as far as possible to perform their Expected Duties.
- (vii) To watch on action being taken by the State Government on re-commendation of Public Accounts Committee on performance audit and audit reports.
- (viii) Preparation of Abstract of decision taken by the Public Accounts committee.
- (ix) Correspondence in respect to old audit reports.

- (x) To see that compliances of rules and instructions entrusted in the manual of standing orders (Audit) in respect to subject cited above are done.

### 1.3 Duties of Assistant Audit Officer

Concerning Assistant Audit Officer is responsible for management of work to be done in his charge.

Besides duties described in manual of General procedure the Assistant Audit Officer/Sr. Auditor/Auditor/Data Entry Operator/Audit Clerk of the Report Sections is responsible for following duties.

They should ascertain that Sr. Auditor/Auditors/Data Entry Operator/Audit Clerk of the section may perform the work allotted them to do just like the work of the section are performed easily and quickly.

They, maintaining the returns self, should ascertain submission of various returns to the higher officers and to other officers and to watch of receipt of returns from other sections/ other offices timely.

### 1.4 Duties of Sr. Auditor/Auditor

- (i) Preparation of Audit Reports (Economic Sector), Audit gist of report and keeping of separate guard files/circular files of issue of instructions for help of Public Accounts Committee or state legislation.
- (ii) Keeping of files and register of important orders.
- (iii) Watching and updating of Books issued to the sections.
- (iv) Preparation of outstanding monthly, quarterly and half yearly reports.
- (v) Material for selection for Audit Report (Economic Sector) is entrusted in the manual of standing orders (Audit) of the

Comptroller & Auditor General of India and keeping attention to issue other instructions time to time in this respect vetting of Factual statement/ Draft Paras/ other materials received from D.P.Cell/Sections for inclusion in Audit Report (Economic Services) and to take further action on it.

- (vi) Compilation of Audit Report (Economic Sector) in different steps e.g. sending betch, sending of drafted audit reports and co-ordinations on preparation of Annotation on remarks/ remittance received from headquarter.
- (vii) Printing of Audit Reports and gist collection.
- (viii) Initial work in respect of sittings of the Public Account Committees, collection of necessary datas from other sections for sitting of the Public Accounts Committees, Maintaining of registers in respect of memorandum of important points for the Public Accounts Committee, sending of reports of the Public Accounts Committees to the Comptroller and Auditor General of India and Maintaining of register for watching of action taken by the Government on recommendation of the Public Accounts Committee.
- (ix) Maintaining of Sectional library for old Audit Reports, Accounts and reports of Public Account Committees received from Rajasthan State as well as from other Accountant General (Audit).
- (x) Other matters submitted them under orders of the Branch Officer (Economic Services)/The Accountant General (Economic & Revenue Sector Audit).

### 1.5 Data Entry Operator/Audit Clerk

Preparation of all kind of datas, verification and confirmation work for Audit Report (Economic Sector), Data Entries of documents of various kind of managerial inputs & outputs and verification and confirmation work and related work added to it, Typing work, Managerial work like combination, calculation, compilation and coding, receipt & dispatch Post work and maintaining work of other documents related to it.

### 1.6 Keeping of Main Controlling Records in Section

Various records that are to be kept in Report Section will be same as are given in the manual of Report Section (Civil) and will enforced with amendment.

Important Returns/Record e.g. Diary Returns, Monthly, Quarterly outstanding reports , Guard Files, Key Register, Manual amendments register, Register of Records, Correspondence Register etc. will be maintained.

Vide order no. Admn.I/E&RSA/B-11017/2012-14 dated 17.01.2014 report section created for ES-II Group

Report Section will work for Report of Economic Service-II Group.

## Annexure-V

(Referred to in para 1.8.4(i))

S.Y. 264.

(See Para 26, Comptroller and Auditor General's Manual of Standing Orders)

(To be printed on open foolscap)

## CALENDAR OF RETURNS

----- Section

S.No	Name of Return	To whom due	When due	Authority	April	May	June	July	August	September	October	November	December	January	February	March	Remarks
					G.O. in charge												

**Note:** The returns which are to be submitted weekly, monthly or at other fixed periods should be grouped in column 2 under corresponding heading and the column 'When due' should be filled in appropriately. The monthly columns should show in figures the dates and the month of which a return due in that month was actually submitted. Thus, in the case of a particular annual return, column 4 would show (say) '17' and the column headed 'July' would show (say) '7.8-the actual date of submission.

## CHAPTER - 2

### INSPECTION OF PUBLIC WORKS OFFICES

#### 2.1 Introduction

**2.1.1** The general procedure for the local inspection of Public Works Divisions/Offices is prescribed in Chapter-2 of Section-VI of the MSO (Audit) Second Edition and the paras 28 to 53 of the 'Memorandum of Instructions regarding the extent of Audit'. During the inspections of various Civil Offices included in Economic Services-II group with effect from 1.10.2013 instructions relating to following items will be enforced and complied as entrusted in this chapter and chapter-3 as well as in the manual of the O.A.D.Civil Division. Rules or orders of local character issued from time to time are described below with a view to supplementing the general procedure.

**2.1.2** The Inspecting Officer and other staff should carefully study the rules on the subject in MSO(Audit) Second Edition and the manual and should be generally guided by the principles enunciated therein.

#### 2.2 Strength of Inspection Party and Norms of Party Days

Each Inspecting Officer should be assisted at the inspection of each auditee office usually by subordinate staff. The constitution of inspection party is done by WM (Audit) section under the orders of the Group Officer (Senior Deputy Accountant General (ES-II)/ Deputy Accountant General (ES-II)). In the case of offices where the work is exceptionally heavy or where some special matter involving considerable amount of work is to be looked into, the number of assistants may with the approval of the Accountant General (E&RSA) can be suitably increased.

The Inspection of divisional office, the working of which is not exceptionally heavy should ordinarily be completed within eight to ten days.

The norms of party days and gazetted supervision days prescribed by the C&AG of India vide his letter No. 1127-Rep(S) 2002 dated 4.10.2002 are as under:

**A. Norms of party days**

Party days	Category of unit	Annual expenditure with periodicity of audit
8-10 working days	A	More than Rs 1 crore excluding establishment expenditure- annual audit.
6-8 working days	B	Rs 25 lakh to 1 crore- biennial audit.
3-6 working days	C	Less than Rs 25 lakh- once in 3-4 years depending on the availability of field staff.

**B. Gazetted Supervision**

The quantum of supervision based on the categories of party is as follows:

Category of party	Staffing	Percentage of supervision
A	1 Sr.AO/AO 2 AAOs	100 per cent
B	2 AAOs or 1 AAO and 2 Sr.Auditor	50 per cent
C	1 AAO 1 Sr. Auditor/Auditor	No supervision

*Note:*

(i) *The categorisation of party will be changed based on the review to be under taken every 6 months Category 'A' party may be downgraded to category 'B' or even to category 'C' depending on performance by way of contribution of Audit Report material and vice-versa.*

(ii) *Posting of Sr. Auditor/Auditor in category 'A' party is at the discretion of the Accountant General (E&RSA).*

**2.3 Annual Audit Plan/ Cycle Index Register**

In order to improve the quality of Audit Reports, detailed and well-defined planning is required before undertaking audit/inspection/review. Every year, a formal Audit Plan covering a period of two years (Biennial Audit Plan) will be framed and a detailed plan for the first year and a broad frame work for the second year (as per para 6.1.9 and 2.1.25 of MSO (Audit) Second Edition) will be drawn.

On the basis of the above norms for auditee units, an Annual Audit Plan of Inspections of all the Office of Economic Service II Group during the ensuing year is drawn up by the WM(ES-II) Section/ Audit Planning Group in the month of January each year. On approval by the Accountant General (E&RSA) the programme is entered in the Cycle Index Registers (kept in volumes one department-wise and the other district-wise). The distances of various places from Jaipur are shown in the district-wise Cycle Index Register

to facilitate providing local audits at distant places and moving parties from there to Jaipur in proper rotation.

#### **2.4 Object of Inspection**

The primary objects of the Inspection are (i) test check of the records, accounts, vouchers, etc. which are not available during Central Audit or which cannot be checked completely except during local audit, (ii) examination of the initial accounts on the basis of which the accounts rendered by Divisional Officers are compiled, so that it may be ensured that these accounts are properly maintained in the prescribed forms and (iii) review the work of the Divisional Accountant posted by the Principal Accountant General (A&E) to ensure that the Divisional Accountant has discharged his duties with efficiency.

#### **2.5 Periodical meetings**

The staff and officers working in the field parties are called at Headquarters periodically to take stock of the work done in the field and to assess what steps can be taken further to improve the work. These meetings also provide opportunity to discuss problems in the field working.

#### **2.6 Coordination**

Any significant point noticed in Central Audit requiring detailed investigation during local audit would be recorded by CASS(ES-II) in the 'Register of Special Points' and communicated to WI section as referred to in para 4.16 of Manual of Central Audit (ES-II) for onward transmission to field parties for in-depth examination.

#### **2.7 Programme for Inspection**

**2.7.1** The inspection of heavy and important Public Works Divisions is required to be conducted yearly, bi-annually etc. in terms of CAG's letter no. 1127 Rep(s) 2002 dated 4.10.2002 referred to in para 2.1.3 *ibid*. The WM section should draw up the quarterly inspection programme atleast one month in advance for approval of the Group Officer.

### 2.7.2 Intimation of Audit

Intimation alongwith the list of documents required for inspection as given in **Annexure-I** to this Chapter should be issued by WM(ES-II) section to the Divisional Office concerned at least one month in advance of the date of commencement of the inspection for obtaining, if necessary, from its subordinate offices the specific records.

(Authority: CAG of India No.I-A-2/115 (Audit) (AP) 4/2010 dated 28.4.2010)

WM section should ensure that copies of the approved inspection programme are furnished at the earliest to the Works Inspection section, FAS (ES-II) as the case may be. Copies of programme of local audit should also be sent to Administrative Departments, the Heads of the Department concerned and to Accountant General (E&RSA) for necessary action at their end.

Audit programmes of the Department/Offices to be audited under Economic Service-II should be exhibited on office website through E.D.P (ES-II).

On receipt of Audit Programme copies from the WM Section (ES-II) Assistant Audit Officer of Financial Audit Party No. I, II, III, will prepare selection note of auditee units to be for audit of departments relating to their sections and will be provided to the Audit Party after getting approved from the Sr. Dy. Accountant General/Dy. Accountant General basis on which the audit party will select month and work for detailed audit.

On reaching at audited units all audit parties will intimate fax numbers to the headquarter at first so that Headquarters can send selection notes to the audit parties by fax at an earliest. If at any reason selection notes are not received by them timely, they themselves will prepare selection notes & will start audit and will intimate the same to the headquarter.

(Group order No.4/2013-14 dated 22.01.2014)

**Note :**

*(i) Accountant General has ordered that Inspection party should undertake a detailed work analysis of one major work or two minor works. Besides one month of expenditure upto 18 months and two months exceeding 18 months should be selected for detailed audit. (Office Order No. WM/F-51/Insp./62-63 dated 30.6.1961 and subsequent Group order no. 6/1999-2000 dated 8.9.1999).*

(ii) The register of works and works abstract of the works selected for detailed analysis should be examined from the commencement with reference to sanctioned estimates, agreements, measurement books, Stores accounts and vouchers, etc. (Office Order No. WM-I/F-51/Insp./59-60/2085 dated 8.9.1959).

## **2.8 Documents to be supplied to the inspection parties from the Headquarter Section**

**2.8.1** After the issue of the intimation to the Divisional Officer, the WI section should proceed to collect the documents detailed in para 2.8.2 for supply to the Inspecting Officer for the purpose of inspection and test audit. These documents should be despatched to the Inspecting Officer as per detail given below so as to ensure that documents/vouchers reach the party well within time:

(a)	Date of sending vouchers from WI section to GD (Despatch) section	8 days prior to the date of commencement of inspection.
(b)	Date of handing over parcel by GD (Despatch) section to the Railway/Transport/ Postal authorities	Within 2 days from the receipt of vouchers from WI section.
(c)	Date of sending RR to the Inspecting Parties by GD (Despatch) section	Immediately after handing over of the parcel to the Railway/Transport/ Postal authorities.

(Group Order No. WM I of 1979).

## **2.8.2 Documents to be supplied to the field parties**

(i) A complete set of the audited accounts for the selected month with schedule dockets and vouchers and also files of paid cheques relating to the accounts of that month.

(ii) List of outstanding audit notes (from FAS (ES-II) sections concerned).

(iii) A memorandum signed by the Group Officer of points noted from time to time since the previous inspection requiring special attention or examination on the spot vide paragraph 4.2.13 of the MSO(Audit) e.g. delays in the clearance of any arrears in work/or of any outstanding suspense or other balances.

(iv) Check list of stores articles received by the division under Audit from other divisions (from WI section).

- (v) All the previous IR files are required to be sent by WI section to enable the Inspection parties to review outstanding paras of the previous reports.
- (vi) Monthly accounts for September, March and March supplementary.
- (vii) Extract of the register of recoveries ordered by the competent authority and also showing the amount recoverable with full details shall be sent by WI/Project sections/FAP section to the Inspection parties for examinations during local audit and for getting the recoveries expedited refer - **Annexure-II** of this Chapter.
- (viii) Selection note regarding one/two months and one sub-division for detailed audit and one major work or two minor works for analysis thereof duly approved by Group Officer as under for the purpose of onward transmission of the same to PW Inspection parties:

(a)	Divisions of PWD, Forest and Irrigation department	WI section
(b)	CAD, I.G.N.P. and Chambal CAD/FAS	PAC Project and Civil section

(B) The Cell in W.I. Section will also ensure the transmission of record collected from Principal AG (A&E) to PW Inspection parties, their return from PWI parties and their subsequent return to the Principal Accountant General (A&E).

(WM Group Order No. 2 dated 3.1.1985).

### **2.8.3 Sending of vouchers to Inspection Parties for detailed audit of the accounts of selected month**

In order to watch the timely despatch of vouchers and other documents to the Inspection parties and their receipt back, the WI sections should open a register in Form No.8. Column 1-4 of the register shall be filled in immediately on receipt of the programme from WM section and other columns as and when the event occurs. The register may be submitted to the Branch Officer every Monday and to the Sr. DAG /DAG (ES-II) on the 15<sup>th</sup> of every month.

*(Office Order No. WM-I/F-51/Insp./62-63 dated 20.4.1963 and GO No.1 of 1979)*

**2.8.4** In order to ensure that documents sent out to the PWI parties are received back intact a list of all vouchers and schedule dockets etc. should be prepared by the Auditor concerned which should be checked by the AAO(I) of the party or his assistant and any missing documents be reported to the Headquarters Section at once. After the inspection is over, the AAO (I) of the party or his assistant should enlist the documents which he returns to the head office and the AAO of the head office section should see that all the documents have been duly received and acknowledged by the Sr.Auditor/Auditor concerned. These acknowledgements of records by the AAO of the party and the head office sections should be filed in the file of the IR/Selection note under the signature of the AAO of the party and of the head office concerned.

## **2.9 Responsibility for Inspection**

### **2.9.1 Inspecting Officer (Sr. Audit Officer/Audit Officer)**

**(A)** The Sr.Audit Officer/ Audit Officer supervising the inspection party is primarily responsible to see that all work done by him and his staff (who should be guided where necessary) is carried out in accordance with the rules prescribed in this behalf and the subsidiary instructions in this manual. Even in regard to the items of work entrusted to the subordinate staff, the Audit Officer Incharge will remain responsible for the quality and correctness of the work.

**(B)** The Inspecting Officer should himself undertake a substantial part of the general examination of the initial accounts. He should personally carry out the following items of work:-

**(i)** Study the inspection notes of CE and SE on their inspection of divisions and those of the EE and Divisional Accountant on their inspection of sub-divisions with a view to issuing appropriate directions to the audit staff.

**(ii)** Review the budget allotments and actual receipts/expenditure in respect of major items of revenue and expenditure, instances of large excesses, savings or short realization and analyse the position.

- (iii) Review important tenders and contracts, alongwith the related records and documents and the agreements executed since last inspection, including review of systems and procedures for invitation and finalisation of contracts and agreements.
- (iv) General review of the accounts of works with reference to muster rolls, transfer entries, suspense and deposit register, schedule of rates, register of rents, establishment records and monthly accounts.
- (v) Review the system for and extent of check-measurement exercised by the divisional, sub-divisional officers and other higher authorities and checking of measurement books by the Divisional Accountant/ Engineer.
- (vi) Review the register of revenue other than rents, including review of procedures for its assessment and realization, special attention being paid to cases of shortfalls in revenue realisation.
- (vii) Review the effectiveness of banking (treasury) arrangements.
- (viii) Review the systems for receipt, disbursement, custody and verification of cash.
- (ix) Review the system of acquisition, custody and management of stores transactions.
- (x) Review the accounts of manufacture operations.
- (xi) Scrutiny of register of Bank guarantees and verification of guarantees and of action taken for their enforcement.
- (xii) Examination of adequacy of arrangements and the action taken by the department for the prompt disposal of audit notes, rejoinders, IRs and money value objections.
- (xiii) Review the Register of Divisional Accountant's audit objections.
- (xiv) Review the action taken by the Divisional Accountant for up to date maintenance of codes, manuals, circulars, etc.
- (xv) Value of money audit in general.
- (xvi) Review of previous IRs, Paras.

(xvii) Arrangement for internal Audit and internal Audit Report.

*Note: It should, however, be clearly understood that the introduction of this list is not intended in any way to diminish the responsibility of the Inspecting Officer for the supervision of the inspection as a whole as it is open to him to extend his personal scrutiny to other points which in his opinion require it.*

(C) The Inspecting Officer should see that the inspection is complete and thorough and covers transactions upto the preceding financial year in which the inspection takes place as per Group Order No. 41/2004-05. He should also see that there is no failure in bringing to light serious irregularities and defalcations.

(D) The Inspecting Officer should try to get all the facts verified and explanations in respect of irregularities on the spot. Wherever satisfactory explanation is not forthcoming and the Inspecting Officer feels that the points raised by him are so important that they may ultimately find a place in the Audit Report to be submitted to the legislature, he should take particular care to clinch all the issues involved, to collect all relevant information and also take attested copies of those documents which are likely to be useful in pursuing the matter with the higher authorities. Cases of non-production of records/information, though called for should be brought to the notice of Accountant General (E&RSA).

*(Group Order No. 4/2002-03 dated 23.5.2002).*

(E) The Inspecting Officer should also get a certificate recorded as under by the officer whose office has been inspected. "*Discussed and facts verified*".

*(Office Order No. TM-VIII (A) Effy.Audit-2830 dated 5.9.1956)*

(F) The Inspecting Officers while conducting local inspection of accounts of various PW divisions and other institutions should give a separate confidential note about the state of accounts of the organisation. The Inspecting Officer should discuss with the officer-in-charge of the division and find out the reasons for that state of affairs whether it is due to inadequacy/inefficiency of the staff or due to other reasons.

This note should be filed separately and sent along with the IR. It should not form part of the IR and should be detached at the time of vetting of the reports

by the WI section after noting the categorisation so that the same may be consolidated and submitted to Group Officer for his information at the time of Annual Review.

*(Office Order No. TM/65/73 dated 20.07.1965)*

**(G)** It is essential that the Inspecting Officer should take cases of financial irregularities and collect all necessary data that is likely to be required for finalizing the Draft Para for the Audit Report. The facts should be got verified from the local authorities and at the same time the matter should be fully discussed with them.

### **2.9.2 Duties of Party Members**

#### **Party consisting one Sr.AO/AO, two AAOs and one Sr. Auditor**

##### **(1) Inspecting Officer (Sr.Audit Officer/Audit Officer)**

Duties of Sr. Audit Officer/Audit Officer are same as those detailed in Para 2.9.1 Above.

##### **(2) Assistant Audit Officer - I (Party Incharge)**

- (i)** Complete and detailed analysis of selected works with reference to all connected documents, such as sanctioned estimates, agreements, measurement books, material-at-site accounts, etc.
- (ii)** Scrutiny of a few files relating to works.
- (iii)** Scrutiny of a few tender documents.
- (iv)** Examination of the Register of Works.
- (v)** Examination of statement of annual certificate of balances.
- (vi)** Study of charge reports of divisional and sub-divisional officers.
- (vii)** Scrutiny of muster rolls.
- (viii)** Complete check of contractors' ledgers for selected months.
- (ix)** Scrutiny of register of contractors' bills.
- (x)** Examination of stores and stock accounts (including general review of stores ledger, bin cards etc.)
- (xi)** Review of arbitration cases.
- (xii)** Review of survey reports and register of survey reports.
- (xiii)** Examination of workshop accounts, used rates and proforma accounts.
- (xiv)** Review of register of quarries and distance for leads.
- (xv)** Review of schedule of rates.

- (xvi) Examination of data relating to extra and supplementary items.
- (xvii) Examination of abnormal or unworkable rates quoted by contractors.
- (xviii) Scrutiny of estimates for special repairs.
- (xix) Verification of action taken on previous Test Audit Notes.
- (xx) Settlement of outstanding paragraphs in previous IRs.
- (xxi) Examination and disposal of special points referred to by Central Audit for local verification.
- (3) Assistant Audit Officer - II**
  - (i) Scrutiny of cash books, imprest cash book, receipt books, treasury bill book, challans, cheque books and remittance books.
  - (ii) Review of stock register of receipt books and cheque books.
  - (iii) Examination of register of undisbursed pay and allowances.
  - (iv) Review of acquittance rolls.
  - (v) Review of schedule of settlement with treasuries.
  - (vi) Scrutiny of transfer entries.
  - (vii) Review of tools and plants.
  - (viii) Scrutiny of register of rent and other receipts and of arrangements for their assessment, demand, collection and accounting.
  - (ix) Review of register of valuables.
  - (x) Examination of imprest and temporary advance accounts.
  - (xi) Examination of register of liabilities.
  - (xii) Clearance of debit advices received from the Principal Accountant General (A&E).
  - (xiii) Review of register of budget allotments, instances of major savings, excesses, short realisation, etc. with reference to provisions, and of adequacy of reconciliation work done by the department.
  - (xiv) Verification of accounts schedules, vouchers, cheques, etc. received from the main office with the relevant original records.
  - (xv) Verification with treasury records.
  - (xvi) Review of register of agreements/works orders alongwith the related agreements/work orders.

- (xvii) Scrutiny of land acquisition cases.
- (xviii) Review of cash settlement suspense accounts.
- (xix) Examination of cases of theft, losses, etc.
- (xx) Realisation of sale value of tender forms with reference to the tender register and their accounting with reference to treasury schedules and transfer entries.
- (xxi) Examination of a few work files and tender documents.
- (4) Senior Auditor/ Auditor**
- (i) Examination of register of service books.
- (ii) Review of service books and leave accounts.
- (iii) Scrutiny of pay bills, TA bills, medical reimbursement claims, LTC claims and other personal claims.
- (iv) Examination of provident fund accounts.
- (v) Review of register of advances, sanctions and recovery of advances.
- (vi) Review of register of payments due to other departments (Income Tax, Sales Tax, court attachment and other deductions).
- (vii) Examination of register of contingent bills, alongwith original bills, sub vouchers, etc.
- (viii) Scrutiny of different kinds of securities obtained.
- (ix) Review of deposit transactions.
- (x) Scrutiny of register of fixed charges.
- (xi) Examination of register of vehicles and log books, register of spare parts, P&L account.
- (xii) Check of stamp accounts.
- (xiii) Examination of register of library books.
- (xiv) Examination of accounts of stationery and forms.
- (xv) Review of register of measurement books, a few measurement books and results of Divisional Accountant's review thereof.
- (xvi) Examination of register of leases and lease files, and register of license fee for buildings and lands.
- (xvii) Verification of stores ledger, delivery notes, material-at-site register.

(xviii) Verification of unserviceable machinery.

(xix) Settlement of outstanding paras of previous IRs and verification of action taken on previous Test Audit Notes.

**II- Party consisting of an Audit Officer, an AAO and two Sr.Auditors**

**Sr. Audit Officer/Audit Officer**

Same as detailed in I above

**(1) Assistant Audit Officer**

Same as those detailed in (2) above

**(2) Senior of the Two Senior Auditors**

Same as those detailed in (4) above.

**(3) Junior of the two Senior Auditors**

Same as those detailed in (4) above.

**Notes :**

(i) *Any other records in the division coming under audit purview should be reviewed and this work can be allotted to any of the members of the party for scrutiny.*

(ii) *The AO will generally undertake review work. Detailed scrutiny, wherever necessary, may be entrusted to any member of the party. It will be desirable, whenever considered necessary, for each member of the party to scrutinize the records to be examined by another member as well so that the scrutiny/examination is thorough and meaningful.*

(iii) *The AO/Senior member of the party should reallocate the work based on actual circumstances so that no item is left unchecked because of the absence of the AO or any other member of the party.*

(iv) *In addition to the works selected for examination by the Headquarters office, 10 to 15 important works executed during the period covered by audit may also be selected for examination based on their estimated cost with a view to bringing out points worthy of inclusion in the Draft Inspection Report. Under no circumstances should the departmental personnel be asked to make this selection. The list of selected works should be forwarded along with the Draft Inspection Report.*

(v) *Besides, agreements for more than Rs 50 lakh should also be seen in detail by the Inspecting Officer (Group Order No. 14/1999-2000 dated 26.2.2000).*

**2.9.3 Maintenance and Submission of Weekly Diaries**

In order to have a complete record of day-to-day work done by all the members of the ES-II Inspection parties, diaries of the Inspection parties should be written up daily in a register and should contain full details of the day-to-day work done by each member of the party. In particular, the diary should show the nature of accounts, documents and other papers and registers scrutinized by the individuals, and also the time of arrival and departure from the office under inspection. If serious irregularities or suspected cases of embezzlement are noticed, it should also be briefly indicated in it and put up to the Inspecting Officer/ Party Incharge. Position of Leave sanctioned/availed off by the individuals should also be indicated in the abstract weekly report.

At the close of the week or last working day of the week an abstract should be prepared and got signed by all the members of the party. These abstracted weekly diaries, duly countersigned by Inspecting Officer/Party Incharge, should thereafter be despatched to W.M section on the same or on the next working day.

*(G.O. No. WM/G.O/67/1 dated 2.3.1967)*

**2.10 Instructions for the guidance of PWI parties and Inspecting Officers for audit of Departments/Units under ES-II**

**2.10.1** These instructions are intended purely to assist the Inspecting Officers and the PWI parties to ensure that various duties entrusted to the Inspecting staff under the provisions of various codes and manuals are carried out satisfactorily. The instructions are not exhaustive and the inspecting staff has got full discretion to look into any other point which in their opinion merits inclusion in the IR. In case of doubt the original manual and orders should be referred to.

**2.10.2 (1)** The entries of one selected month in respect of the following registers should be checked, besides their general review:

- (a) Register of tools and plants
- (b) Register of fixed charges
- (c) Register of misc. sanctions
- (d) Register of land and buildings
- (e) Register of stock
- (f) Register of deposits
- (g) Register of contractors ledger
- (h) Cash book.

A list of the T&P articles transferred by the division during the selected month to other divisions should also be prepared in the form given below and sent to the Headquarters alongwith the draft IR. These lists are kept in the Index Sheet file of the divisions which received the T&P articles for verification during their next inspection.

S.No.	Name of the articles	Month of account	Name of the division to which sent	Cost
1	2	3	4	5

The Comptroller and Auditor General of India has also issued instructions vide his letter no. 764-TA-II/178-82 dated 5.7.1982 for preparation of check lists of stock material issued for verification in the receiving divisions. These instructions circulated vide letter no. WM/OPN/Stock/Check-451 dated 7.9.1982 are contained in *Annexure-III* of this Chapter and should be complied with carefully.

(2) Apart from the monthly account selected for test audit the schedule of works expenditure and Miscellaneous Works Advances for the month of September, March and March (Supplementary) should also be subjected to prescribed checks and comments included in the IR, if any important irregularity is noticed.

(3) The points for special audit received from headquarter should receive proper attention of the party and their disposal should always be routed through the Inspecting Officer/ Party Incharge.

(4) The Divisional Accountant is required to exercise certain initial checks to the various accounts, registers, vouchers etc. It should be seen that those checks have been duly exercised by the Divisional Accountant as per provision of the rules. It should also be seen whether he has inspected the sub divisions as per provisions of the PWF&ARs.

(5) The Inspecting Officer should himself review the register of Divisional Accountant's objection book as required in para 51 of Memorandum of Instructions regarding the extent of Audit (Second Edition) read with para 6.2.7 of MSO(Audit) Second Edition and communicate the results of review to the Sr.DAG/DAG(ES-II) (by name) if there is any interesting or important point involved.

(6) It should be seen whether the provisions of Rule 719 of PWF&AR are being observed by the Divisional Accountant i.e. whether office copies of all vouchers submitted to Principal Accountant General (A&E) bear the enfacement of word 'Checked' over the dated initial of the Divisional Accountant and whether vouchers/sub vouchers not submitted to Principal Accountant General (A&E) under the rules have been duly 'cancelled'.

(7) The Inspecting Officer should also see as to in whose custody the current cheque books are kept and by whom the cheques are filled in. In case the cheque books are found to be in the custody of anybody other than the EE, the point should be commented upon in the IR.

(8) The account of the blank cheque books and receipt books should be checked physically and balance verified. The reasons for excessive balance should also be enquired and suitable comments included in the IRs, where necessary. It should also be seen whether the certificate of count of cheques is duly recorded by the drawing officer on each cheque book.

(9) The adjustment carried out in January, February, March, March (F) and (Supplementary) accounts may be examined to see whether any adjustment was carried out merely to avoid the lapse of budget grant. If so, full narration may be given in the relevant para explaining how this had resulted in avoiding the lapse of budget grants and what adjustments were carried out subsequently to prove that the adjustment under reference was fictitious. The figure of allotment under the head concerned and total expenditure against the said allotment excluding the amount in question should also be given in the para.

(10) In Irrigation division it should be seen whether any water courses were constructed on behalf of the cultivators and if so, whether pace of recovery is satisfactory. The cases of heavy outstandings should be commented upon in the IR giving full particulars of the water courses, period during which constructed, cost of construction and action taken for recovery, etc.

(11) The cases of shortages or losses in stock, coming to notice as a result of physical verification of stock or otherwise, if not finalized by the time the

inspection takes place, should be examined and commented upon in the IR.

The relevant paras must contain the following information:

- (i) The period when the loss/shortage came to notice.
- (ii) Brief particulars of items found short.
- (iii) Amount involved.
- (iv) Name and designation of the officer/official responsible for the loss.
- (v) Whether amount placed under Miscellaneous Works Advances or not.
- (vi) Whether the matter has been reported to audit or higher authorities.
- (vii) Action taken for recovery, present position of the case and prospect for recovery.

(12) While reviewing the balance of stock, it should be specifically seen whether any surplus and un-serviceable stores are lying in the divisions. The para, if any, included in the IR must contain information regarding the nature of such articles, the purpose for which they were purchased, period of acquisition, amount involved, date on which declared surplus and the reasons for such declaration. Action if any, taken for the disposal or reasons for non-disposal of such articles, may also be mentioned.

(13) Stores purchase procedure and actual purchase case should be subjected to in depth study to find out whether stores were purchased in excess or in advance of actual requirements and whether delivery were taken at the place other than that where these were required. If such cases are noticed, they should be commented upon in the IR with following details :

- (a) Nature of the articles and purpose of their purchase.
- (b) Period of purchase.
- (c) Amount involved.
- (d) The designation of the authority under whose orders purchased.
- (e) The number and date of the supply order.
- (f) Name of the supplier.
- (g) The reasons, if any, for non-utilisation of the stores under reference.

(h) The amount of expenditure on transportation from original place of delivery to the place of requirement/use of the material.

(i) Possibility of their being utilised in near future; and

(j) Any other relevant information.

(14) It should be seen whether physical verification of stores and stock was done on due dates. If not the fact should be mentioned in the IR stating the due date for such verification. The physical verification reports should be studied carefully to see as to what action has been taken for recovery of the stores found short.

(15)(a) It should be examined whether the limit of reserve stock for the division sanctioned well in advance and if so, whether it is being observed. The occasions on which stock in hand has exceeded the limit of reserve stock, the same should be commented upon in the IR.

(b) It should also be seen that balance amount of storage charges at the end of the financial year have been credited to concerned Receipt Head and expenditure booked against storage charges does not include items other than maintenance of store as required under Rule 177-197 of Rajasthan PWF & ARs .

(Group order No. 3/2000-01)

(16) While attempting para on Miscellaneous Works Advances the following information must be incorporated in the para:

Balance outstanding on 31st of March last		Clearance upto the date of Inspection		Addition of new items		Net balance outstanding at the time of inspection		Items more than three years old		Items less than three years old		New items		Total outstanding as on....
Items	Amount	Items	Amount	Items	Amount	Items	Amount	Items	Amount	Item	Amount	Item	Amount	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

Comparatively bigger items outstanding since long should be examined and commented upon in the IR conspicuously stating the period to which they relate and reasons for non-adjustment/recovery.

(17) It should be specifically seen whether any amounts are outstanding against local bodies on account of Deposit Works. If so, these should be

commented upon in the IR giving details of the amounts due from each local body together with the period since when each amount is outstanding and reasons thereof.

**(18)** While dealing with the outstandings under 'Purchases', Cash Settlement Suspense Account and various Remittance heads, following information must be incorporated in each para.

- (a)** Present amounts outstanding with similar figures at the close of two preceding years.
- (b)** Year-wise break-up of the items and amount.
- (c)** Reasons, if any, for delay in clearance.

**(19)** While reviewing the log books of the machinery it should be examined whether the machinery is being put to use regularly. In case of low or 'Nil' utilisation the fact should be commented upon in the IR, with following particulars:

- (i)** Particulars of machines with month of purchase in each case.
- (ii)** Number of hours expected to work.
- (iii)** Total hours actually worked since the date of purchase, with year-wise breakup.
- (iv)** Reasons for remaining idle.
- (v)** Amount involved in each case, including wages etc. of the idle staff.
- (vi)** Any other Audit Comments.

**(20)** It should be examined whether there are any works on which no expenditure has been incurred although budget provisions therefor exists. Details of such works should be given in the form of an '*Annexure*' showing names of such works, amount provided for each and the reasons for their non-execution. If these works were included in the previous years budget as well, this fact should also be brought out in the IR.

'Besides, works remained incomplete for want of funds should be examined in detail with reference to new works sanctioned and budget allotted/spent on the new works instead of old incomplete works. A suitable comment on the

utilisation of funds on new works while Government funds remaining blocked on incomplete works may be incorporated in Inspection Report.

(Group order no. 26/2000-01)

(21) The following types of cases should receive special attention of the PWI parties and their details should be given in the form of Annexure to be appended to the IR as explained below:

(a)	Works taken up without budget provision	Name of the Works, month of start,
(b)	Works taken up without sanctioned estimates (survey/drawings & designs/ layout plan etc) or administrative and financial approval.	expenditure incurred to end of the month preceding the dates of inspection, reasons for undertaking the work, action if any, taken for regularization.
(c)	Works on which the expenditure has exceeded the sanctioned estimate by more than 10 <i>per cent</i> .	As above with an additional column for sanctioned estimates.

(22) Cases of losses, infructuous, wasteful, extra, avoidable and nugatory expenditure, blocking of Government money, if found fit for inclusion in the Audit Report, should be included in part II-A of the IR. Factual statement should also be prepared in each such case and forwarded to the Group Officer by name after getting the facts verified by the Divisional Officer/ Superintending Engineer/ Chief Engineer, as the case may be. Interesting cases of overpayment involving significant amounts should also receive the same treatment (Also see S.No.24). The avoidable expenditure can be due to:

- (i) Irregularities in dealing with tenders.
- (ii) Delay in the acceptance of tenders
  - (a) resulting in retendering and sanctioning high rate,
  - (b) escalation payment at increased index after tenders.
- (iii) Administrative delays.
- (iv) Delay in completion of essential preliminaries.
- (v) Execution of works without assessing properly the requirement of the same.

- (vi) Incurring of expenditure due to use of rich specifications and on execution of unwarranted items of works.

Detailed instructions on propriety audit are contained in *Annexure-IV* which may also be carefully gone through by each Inspecting Officer before the commencement of the Inspection.

- (23) The cases of unnecessary blocking up of the Government capital should also receive special attention of the PWI party and the Inspecting Officer. These will, '*Interalia*', include cases of the following types:

- (i) Abandonment of works after incurring some expenditure.
- (ii) Machinery/stores purchased but not used.
- (iii) Delay in completion of complementary works i.e. head works completed but canals not dug, source not developed etc.

- (24) When cases of overpayments or short recoveries are noticed, these should be commented upon in the IR giving brief of the case, period of occurrence, amount involved, and circumstances leading to such overpayment or short recovery and the action taken for recovery/regularization of the case. It may also be seen whether necessary action has been taken against the defaulters. For this purpose the running payments in the contractors ledger account should be reviewed carefully.

Besides, part/reduced rate allowed for any item in the vouchers may be checked with reference to analysis of rates of BSR concerned/analysis of sanctioned rates.

- (25) While conducting the inspection of big project divisions, it should be seen whether undue delay has occurred in the payment of any final bill without valid reasons. In case there are any such instances, a comment should be included in the IR giving full particulars of such works, month and year of their completion, present position of the final bill, amount involved and the reasons for delay etc. If there are too many such cases, the details should be shown in an *Annexure* appended to the IR. Such cases can be easily detected by reviewing such account in the contractor's ledger where further payments do not appear for considerable period.

- (26) The cases of remission or write off of the revenue should receive special attention of the inspecting staff. Important cases should be commented

upon in the IR giving brief history of such cases, reference to the number and date of the competent sanction, amount written off, reasons for write off, etc.

(27) It may be seen whether there have been any cases of un-authorised financial aid to the contractors including irregular refund of Security Deposits. If so, suitable comments may be included in the IR giving brief history of each case with special reference to the name of the work and contractor, amount involved, rules or orders infringed and steps, if any, taken for the regularization of such cases. In case the recovery of certain material issued to the contractor is found to have been delayed unduly, month of account in which the material was supplied, the cost of the material and running bills paid since the issue of the material must be mentioned in the relevant para.

(28) It may be seen whether any payments have been made to contractors without drawing necessary agreements. If so, such cases should be included in the IR with full particulars.

It may also be seen whether agreements accepted by authorities higher than the divisional officer have been forwarded to Central Audit. If not, the omission may be commented upon in the IR suitably giving full particulars of such agreement viz. number and year of the agreement, total up-to-date payments made thereafter, etc.

(29) While reviewing the various registers, it should be seen whether they have been posted regularly and are being maintained as per prescribed rules. The extent of arrears in posting and review should be clearly brought out in the IR. In case of Stock accounts it should also be seen whether part-II of the half yearly register has been prepared. In case of T&P audit, it should be ensured that its annual physical verification has been carried out and certificate recorded. While reviewing the contractors ledger, the appearance of minus balances and amounts lying outstanding since long should attract the special attention of the party with a view to ascertain whether minus balances are due to awaiting of debit or otherwise i.e. outstanding recovery should also be examined in detail.

(30) It should be seen whether the Divisional Accountant has reviewed the MB's as required under the rules.

(31) Special attention should be paid to see whether recovery on account of rent of buildings is being made regularly in case of quarters other than GAD quarters and for GAD quarters whether recovery slips were being received regularly from concerned department and posted invariably in recovery register as required under Rule 260 to 266 of PWF&AR. If not, suitable comments should be included in the IR bringing out the total amount outstanding, period since when recovery has not been made, name of the defaulters and the amount outstanding against each alongwith reasons, action, if any, taken for recovery etc. If possible, year-wise break-up of the outstanding amount should also be incorporated in the IR.

(32) It should be seen whether the recovery on account of irrigation revenue or water charges is being affected regularly. If there are heavy outstandings, their year-wise break-up alongwith reasons should be given in the IR highlighting the names of the parties against whom large sums of money are outstanding.

(33) In the case of completed irrigation works under maintenance, it should be seen whether the revenue occurring is comparable with the expected revenue. Full details of the abnormal shortfall with reasons of the same highlighting the administrative failures, if any, should be given.

(34) In case any land has been acquired since last inspection, it should be examined with reference to Land Award Statements in support thereof sent to Audit.

(35) While reviewing the cash book it should be specifically seen that undue delay has not occurred in the adjustment of any Imprest/Temporary Advance Temporary advance adjusted by transfer to Misc. works Advance should receive special attention of the Inspection party to see that they do not remain outstanding for long periods. Such cases should be mentioned in the IR with the names of the concerned subordinates, amount of the advance, period since when outstanding and the reasons for delay in adjustment etc.

(36) It should be examined whether reconciliation with the Treasuries is being carried out regularly and Form RPWA 51 (schedule of monthly settlement with treasuries) is sent to the Audit Office on due dates.

Unacknowledged balances under "Remittances into Treasuries" should receive special attention of the Inspection Officer to see that the amounts were actually remitted into the treasury.

Besides, outstanding balances in part I and II for challans and cheques should be reviewed thoroughly and efforts for adjustment of balances, if have not been made, may be commented. Further verification of cheques, challans and withdrawals form treasury of selected months regarding Establishment expenditure shall also be done.

*(Group Order No. II of 10.7.95 & 14/2001-02 dated 7.11.01)*

**(37)** All arbitration/court cases finalized since the month of last inspection should be examined to see that they were properly defended. Cases of avoidable payments/losses mentioned in the court decisions should be examined in detail to see if responsibility for the same could be fixed.

**(38)** The Service Book of the Divisional Accountant should be examined to ensure that it is up-to-date in all respects. A certificate to this effect should be enclosed along with IR.

**(39)** 25 per cent of other Service Books should also be checked including Service Books of those officials who are due to retire within next five years.

Besides, it should also be seen that Service Books are complete in all respect. Specifically emphasis may be given on pensionary benefits, periodical service verification, fulfillment of cadre conditions, DCRG & PF and other nominations etc.

The instructions regarding checking of Service Books and conducting establishment audit during the course of local inspection, issued by the Comptroller and Auditor General of India and circulated vide office order No. TM/80-C/27 dated 20.5.1980 and 13.9.1982 are contained in **Annexure-V** and as prescribed in chapter 3.2 and 3.3 of the MSO (Audit) for being complied with by the Public Works Inspection parties.

**(40)** GPF/CPF accounts of class-IV and work charged staff in respect of audit of Offices/Units/Central Offices of Economic Service-II group should be checked.

(41) Detailed accounts of festival and food grain advance maintained by the Department should be checked.

(42) It should be ensured that proper security has been obtained from persons handling cash/stores. If not, the fact should be commented upon in the IR.

(43) While commenting upon maintenance of Tools and Plants and Material at Site accounts, it should be specifically seen whether necessary returns due from the sub-divisions are being received regularly. The names of the defaulting sub divisions should be indicated in the para together with the period for which the requisite returns have not been received and whether the matter is being pursued by the division adequately.

(44) The various periodical reports and returns furnished by the divisions to their higher departmental authorities should be reviewed to find out cases of importance worth including in the Audit Report.

(45) The proformas given in *Annexure-VI* should also be got typed, filled in and returned with each draft IR.

**(46) Inspection/Audit of National Highways Divisions/Offices**

**(a) Present Procedure**

The accounting procedure for expenditure incurred on maintenance and repairs and capital works on National Highways was as per procedure formulated in 1977 by Ministry of Surface Transport in consultation with C&AG and Department of Expenditure. As per the said procedure the expenditure was initially incurred by the State PWD and on receipt of the monthly compiled accounts from the Divisions, the Accountant General (AG) used to send to Regional Pay & Accounts Office (RPAO(NH)) the monthly statement of receipts if any and expenditure on National Highways with all schedules, vouchers, supporting documents etc. for claiming re-imburement. The Regional Pay and Accounts Office, thereafter, re-imbursed the claimed amount to Principal AG by cheque/demand draft after exercising the prescribed checks.

**(b) New Direct Payment Procedure**

With the introduction of New Direct Payment Procedure (NDPP) in Rajasthan, as agreed to by State Government, since 1<sup>st</sup> July 2001, the system has become applicable for all National Highway works under the Major Head (MH) 5054 and special repair and periodical renewal/improvement in riding quality works under MH 3054, for the ordinary repair and flood damage repair under MH 3054 M&R, the existing reimbursement system will continue. However, State PWD will act as agent to Central Government and will be fully responsible for contractual liability viz. correctness of payment, quality of the works as also the operation of the contracts as per the existing procedure.

Brief resume of direct payment procedure is given below:

**(i)** Regional Officer (National Highways), MOST will execute & perform duties of Drawing and Disbursing Officer for all payments and receipts relating to National Highways. The Superintending Engineer (Executive Engineer or Assistant Engineer) will seek re-imburement from Regional Pay & Accounts Officer (NH) through the Regional Officer (NH) by submitting claims of contractors or of their own department duly verified and certified instead of going through State Treasury and Accountant General. The Regional Officer, in turn, after applying necessary checks shall pass on the bills to the Regional Pay & Accounts Officer (National Highways) for process and issue of Cheques/Demand Drafts in favour of contractors as desired by Executive/Superintending Engineer. The RPAO (NH) after processing the claims shall either pass them for payment and issue Cheques/Demand drafts or return to Executive/Superintending Engineer through the Regional Officer for compliance of observations raised. The State PW Division shall also maintain the same records for submission of bills to RPAO (NH) as being done in the existing re-imburement procedure & as prescribed in CPWD Manual vol II, CPWA code etc.

**(ii)** Deposit Register will be maintained by the Division. While making refunds of security deposit necessary certificate for entries being made in the register will be given by the Executive Engineer.

(iii) All receipts pertaining to National Highways will be deposited with RPAO(NH) by means of Cheques/Demand Drafts for which payee's receipt will be issued. The following items will form part of National Highways Receipts: -

- (a) Sale proceeds of Tender Documents.
- (b) Sale proceeds of empty Bitumen Drums and cement bags.
- (c) Road cutting Charges.
- (d) Sale of forest products.
- (e) Receipts of Tele communication Department.
- (f) Miscellaneous receipts.

(iv) As the State PWD is responsible for work execution from the tendering, therefore, all checks by audit should be exercised as required under PWF & AR and other rules/regulations of the State.

(v) The cheque for agency charges for executing work of National Highways will be sent by RPAO directly to the Principal Accountant General (A&E) for credit to the accounts of the State on a fortnightly basis along with schedule showing details of the bills. Besides, the Superintending Engineer will also send a monthly statement of bills and payments received from RPAO (NH) to the State A.G. so as to enable him to calculate the amount of Agency Charges due to the State.

(vi) The Inspection Report relating to National Highways works should be prepared separately and one copy sent simultaneously to the Director of Audit, Commerce, Works and Misc., New Delhi to enable him to coordinate the follow up work with the Pay and Accounts Office (National Highways). Copy of the Inspection Report should also be simultaneously endorsed to the Pay and Accounts Office (National Highways), New Delhi so as to facilitate the work of coordination.

*(C&AG's letters No 1535/TA-II/224-75 dated 26.8.1977 and No. 132-TA-II/222 dated 21.1.1978).*

(vii) The compliance of these inspection reports will be watched by this office (WI section) as in the case of other inspection reports.

## 2.11 Instructions for the preparation of Inspection Reports

**2.11.1** A long report defeats the object merely by its length. The Report must, therefore, be short and to the point. The Inspecting Officers should broadly follow the pattern as stated below while drawing up their reports.

Inspection Report on audit of the O/o the ..... for  
the accounting period of .....to.....

### Part-I Introduction

Under the Section .....of the CAG's (DPC) Act, 1971 test Audit of the O/o.....for the Accounting period of .....to..... was conducted by the following members of the A.G (E&RSA), Rajasthan Jaipur. Inspection Party no. .... During dated ..... to .....

1. Shri..... Post..... Dated.....
2. Shri..... Post..... Dated.....
3. Shri..... Post..... Dated.....

The audit was supervised by Shri..... During Dated.....to.....

#### (A) Overview of the Audit Unit

Jurisdiction (Functional/Geographical)  
Nature of Work  
Significance of unit/department  
Main Goals

#### (B) Financial Performance<sup>1</sup>

Target and Receipt (Profit/Loss against targets)  
Expenditure against allotment

#### (C) Physical performance

#### (D) Scope of Audit

#### (E) Sampling Procedure

Audit Sample

Implementing unit selected for Audit

Subject matter selected for Audit

Source of Criteria<sup>2</sup>

Internal control

#### (F) Auditing Standard<sup>3</sup>

<sup>1</sup> Head wise Budget allotment of last three years (The revenue receipts position and Grants-in-Aid should also be mentioned)

<sup>2</sup> i.e. Rules/Regulations, Terms of Contract/Agreement, Specific questionnaires, Financial rules of Governments.

<sup>3</sup> At the end of Part I-Introduction following certificate may please be mentioned: -

**Part-II Audit Findings<sup>4</sup>**Part II A- Significant audit Findings<sup>5</sup>Part II B- Other incidental findings<sup>6</sup>**Part-III Follow up on findings outstanding from previous Reports**

Settlement of old outstanding paras

Detail of old outstanding paras

**Part IV- Best Practices**

Any good practice or innovations, if noticed during the course of audit may be mentioned in this part

**Part V- Acknowledgement**

The following officers has been posted in the Audit unit during audit period.

S.No.	Name	Period
1.		
2.		
3.		

The audit party acknowledges the co-operation given by the office of the ..... In providing the necessary support for successful conduct of Audit. An Entry conference was held on .....wherein scope and methodology of audit was explained to the organisation. Exit conference was held on .....to discuss various points raised by audit. We also appreciate assistance received from officers and staff during our interaction. Overall response in providing necessary amenities such as sitting accommodation, production of records required by audit was good/average.

(ITAS letter No. ITAS/B-12011/23/2017-18/TR-dt.1-2-2018) & as para 6.5 of Compliance Audit Guidance.

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“It is certified that the audit has been conducted in accordance with the applicable Auditing standards of CAG”.

<sup>4</sup> Both positive and negative findings that pertains to the auditee unit may be included in this part.

<sup>5</sup> The audit findings should be organized in decreasing order of materiality and significance.

<sup>6</sup> 1. If any record (s) not produced by the Auditee unit than a para with title “Non production of Records” may be included in part II B of IR.

2. Minor and procedural irregularities which are being issued as Test Audit Note at present should be included in Part II B of IR with title “Minor and procedural irregularities”

**6.5 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 indicate that the audit has been conducted in accordance with the applicable Auditing Standards of CAG.

**Part II – Audit findings**–This part shall contain all findings – both positive and negative findings that pertain to the audit unit and may be arranged in two distinct parts - Part IIA and IIB - the first part comprising significant audit findings relating to evaluation of the 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.

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

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

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

**2.11.2** (A) The IRs should be properly and carefully drafted. The objection included in the reports should be based on complete information and should be clearly worded. As a rule, trifling matters which can be and have been set right on the spot or are of no consequence to the finances of the Government, need not be mentioned in the IR. However, if a number of similar points are noticed, it may be desirable to mention the type of error or irregularity with one or more instances so that proper instructions may be issued for future guidance of the Government servants concerned. It is desirable that statements and figures in relation to any defects or irregularities discovered should be based on clear documentary evidence. It is not sufficient to quote the rule or the order violated. The actual or possible effect of such deviation on the financial interests of Government should be explained clearly. All observations and objections must be conveyed in courteous and impersonal terms and objections must be clear and intelligible. It is of utmost importance that any statement of criticism or of irregularity should be accurate, fair, moderately worded and dispassionate. Innuendo is forbidden. If a charge cannot be substantiated, there should not be even any hint of it.

*(CAG's letter No. 715-TA.I/106-81 dated 20.6.1981 and Group Order No. WM/3 of 1981-82)*

**(B)** A note should be sent with the draft report indicating the more important cases which were not matured for the current IR and which should be looked into during future inspections.

*(Office Order No. WM/F.51/Insp./O.O./63-64)*

**(C)** It is possible for the Inspecting Officer to take a strong position in cases where the action taken by the Executive is contrary to definite rules and orders. But he should be very careful about the tone and language of his report in cases where discretion vests in the executive, but has not in the opinion of the Inspecting Officer, been exercised with due regard to the financial interest of Government. In such cases he should, at least confine himself to a statement of probability and ask for an explanation and should in no case comment upon the judgment exercised by the Executive Officer.

**(D)** Whatever loss the Inspecting Officer thinks has occurred should be stated but in a form in which it might appear as if the matter required further elucidation and explanation and not in the shape of a final verdict on the part of the audit.

**(E)** Divisional Accountant should be frequently consulted by the Inspecting staff during the course of inspection and if the Head of Office is at

his headquarters he should also be kept informed of the objections by passing on the preliminary observations notes to him. If the Head of Office chooses to offer his remarks, the Inspecting Officer should see how they affect the objections raised. By adopting this procedure it would be possible to settle quite a large number of points. These observations notes alongwith remarks of Head of Office should be sent to the Headquarter section with IR.

**(F)** The points thus left unsettled, should be taken in the IR, or in the Test Audit Note as their importance may warrant by quoting cross reference to serial number of the paragraphs on the preliminary note (rough work sheets) and vice versa. Only important points that matter rather than irksome, meticulous points which do not matter but are a source of complaint and trouble to the Audit Office, should be taken. The IR should be reserved only for such important points as will eventually have to be brought to the notice of the higher authorities/Government. Points which are next in importance should be reflected in Part-III Test Audit Note of the report which will be finally dealt with by the EE/Head of Office.

**(G)** In order to avoid un-necessary accumulation of outstanding objections/Paras only serious objections which have potential of developing in Draft Paragraph or those requiring recovery or regularisation or denote a system failure etc are included in the Inspection Report, other objections could be incorporated in Test Audit Note. (C&AG letter No. 467 Audit (Aud Plg) 59-96/circular no. 4 of 1996 dated 25.6.1996)

**(H)** If, any point of sufficient importance is found in the Administrative Inspection note of Division/Sub-division, in the final decision of which the Audit Office is interested, a brief reference to those matters should be made in the IR itself or full details, if considered necessary, to supplement information for the Head Office, to further pursue the points, furnished on a separate office note. The draft report should, after necessary modifications made as a result of discussion with the Divisional Officer/Head of Office, be shown to him for perusal and return to see if there is any mis-representation of facts.

**(I)** The IR which should always be in neat and clean writing/typed should then be forwarded to the Group Officer as desired vide paragraph 6.2.6 of the

MSO(Audit) Second Edition. The Inspecting Officer and the Inspecting Assistant Audit Officer should see that the modification in the IRs, as a result of editing in the office, are seen by them for future guidance.

*Note: (i) In order to expedite the issue of Inspection Reports from Works Inspection Section, the Inspecting Officer should send the Annexure/Test Audit Notes accompanying the IRs in quadruplicate/duplicate respectively.*

*(ii) The manuscript copy of the IR duly signed by the Inspecting Officer, the rough notes and objection memo issued by the Inspecting parties will be recorded in the same file and sent invariably to the Headquarters.*

*(Office Order No. TM/GS.I.Vo.II/A-4927 dated 5.3.1959 and No. WM/I/FSI-Insp./63-64 dated 9.5.1963)*

**(J)** All other minor points that can be settled by the EE/ Head of Office should find a place in the Test Audit Note. It should be neatly written and must not be mere scribbling. Inspecting Audit Officer/Assistant Audit Officer/ should critically examine the portion contributed by his Assistants and verify the facts stated by them. The Inspecting Officer should carefully go through whole of it and satisfy himself that the objections taken are prima facie valid. The Test Audit Note containing minor irregularities should form Part-III of the IR which should be attached with the schedule of items settled on spot. Test Audit Note should be examined generally in WI section before they are sent out of the office and that remarks of lesser importance should be transferred from Report to Note. The Test Audit Note should be sent to Divisional Officer for remarks and return. The Test Audit Note should be issued from the Headquarter Office either as part of the main report or separately (for detailed procedure regarding writing of Test Audit Notes refer paras 6.1.20 and 6.1.21 of the MSO (Audit)).

*(Authority - CAG's letter No. 939-ADMN-I/177-63 dated 10.4.63 and WM-I/F-51/INSP/Misc-62-63/373-80 dated 2.5.63)*

**(K)** The auditors should issue inspection memos and put up notes. Separate reports would have to be submitted by each Auditor and Assistant Audit Officer in an inspection party in the form of material for inclusion in the IR based on the actual work done and Inspection memos issued by them taking into account the replies from the department thereto. The idea is to

involve inspection personnel in clearly defined area of work to ensure their accountability and identification of their contribution in terms of quality and quantity.

*(Para 2.9 of Manual of Instructions for Restructuring of cadres in IA&AD)*

**(L)** The CAG of India has decided that the IR should be drafted and edited by the Inspecting Officers themselves and this work should not be left to be done by the Assistant Audit Officer. The idea behind these instructions is to ensure the accuracy of the statements incorporated in the reports, the cogency of the arguments developed and moderation and preciseness in the language employed.

*Note: (i) It is not necessary that the Inspecting Officers should write the report in their own hand, there is no objection to their sending typed copies of the reports to the headquarters office for scrutiny and issue.*

*(Authority : Comptroller and Auditor General's letter Nos. 1604-Admn.II/20-63 dated 12th September 1963 No. 76-Tech.Admn.I/385-65 dated 14.1.1966 and No. 97-Tech.Admn.II/131-68 dated 2nd May 1968)*

*(ii) As the drafting and editing of the IRs is the personal responsibility of the Inspecting Officers, they must ensure that the Draft Inspection Reports are properly drafted and compared before submission to head office.*

*(Group Order No. 6 of 1971-72)*

**(M)** In case the review of Divisional Accountant's Audit of the Sub Divisional Accounts discloses any item which has been inadequately dealt with or calls for further action, it may be incorporated in the IR under a distinct and separate heading 'Review of Divisional Accountant's Audit'.

## **2.12 Confidential Report on the work etc. of the Divisional Accountant**

**(A)** The Inspecting Officer, when writing up the Confidential Report on the work and conduct of the Divisional Accountant, to be submitted to the Group Officer (ES-II), under paragraph 6.2.7&8 of MSO(Audit), Second Edition, should base his views on independent investigation and should not report what

EE thinks about his Divisional Accountant unless after proper scrutiny he is satisfied about the EE's views.

- (B) The following points should receive special attention:
- (i) State of accounts of work.
  - (ii) Divisional Accountant's knowledge of rules and procedure relating to Audit and Accounts.
  - (iii) Capability to manage the staff well and exercise healthy influence over his subordinates.
  - (iv) Dealings with Divisional Officer and Sub Divisional Officers.
  - (v) Any point in which the Accountant is specially good, as also any defects of character or other short-comings.
  - (vi) A statement containing details of Form-PWA 51 not furnished, outstandings under suspense and remittances heads, outstanding O.B. items, Audit Notes and rejoinders should be attached with the report indicating the extent of responsibilities of the Divisional Accountant for the same. While doing this, the fact that the Divisional Accountant is not empowered to write Annual Confidential Report of his assistants in Accounts section of the Division should be kept in view.
- (C) A special report should also be made direct to the Sr.DAG/DAG (ES-II) whenever the inspection of Divisional or Sub Divisional Accounts reveals failure on the part of the Divisional Accountant. No opinion on the work of the Accountant should be expressed in IR.

### **2.13 Forwarding of Inspection Report and Test Audit Note etc. to the Headquarters**

**2.13.1** The draft IRs alongwith the Confidential Note should be forwarded by the Inspecting Officers to the Sr.Dy. Accountant General/Dy. Accountant General (ES-II) by name by the third day following the last day of inspection under registered cover.

In order to avoid duplication of typing work, the draft inspection reports are to be submitted in electronic format as far as possible. Whenever the parties move from one unit to other without coming back to headquarter, the inspection report for the audited unit should be sent to headquarter by Email within three days of the completion of the audit. In case the audit party fails to furnish the Inspection reports in digital format, reasons for the same may be place on record.

(Authority No.239/PPG/24-2012) dated 18 July 2012 of Principal Director CAG New Delhi)

The confidential report on the work and conduct of the Divisional Accountant should also be sent alongwith the draft IR under a sealed cover addressed to the Sr.DAG/DAG (ES-II) by name.

(GO No. WM/GO/67/2 dated 4.3.1967 and GO No. WM/PWI/Insp/24 dated 12.6.1967)

The report on the quality of work and conduct of the Divisional Accountants by the Audit Office inspecting the Division under para 7.17 (as amended vide correction slip no.9) of MSO (Admn)-I (Third Edition) will be submitted to the Accounts and Entitlement office through the Audit Office, as already stated in Circular No. 400-N-2/15-84-II dated 16.5.1984. This will help the Reviewing Officer to deal with representations against adverse entries.

(Authority : C&AG's letter No. 1183 N.2/16-85 dated 20.11.1986)

**2.13.2** The draft IR should also be accompanied by (i) a note enumerating the item, if any, of the IR which in the opinion of the Inspecting Officer are of sufficient importance to find place in the Audit Report or the Appropriation Accounts and (ii) the account records sent to him by the headquarters.

Note: Since the scrutiny and vetting of the IRs, drafted by supervising gazetted officer, by another gazetted officer or a Assistant Audit Officer at the headquarters would take away the initiative of the gazetted officer supervising the local inspection and is likely to lessen their responsibility in careful drafting and vetting of the reports, it has been ordered by the CAG of India that such reports should be vetted only by the DAG/Sr.DAG.

(Authority : C&AG letter No. 76-Tech./Admn.I/385-65 dated 14.1.1966).

**2.14** The draft IRs after receipt in the WI section should be submitted to the Sr.DAG/DAG(ES-II) for vetting, not in note sheet but on margin of IR as per Group Order No. 8 of 1987-88 (dated 12.10.1987).

The comments which are found not in order should be expunged or modified by the Reviewing Officer. Likewise observations which are not considered important for inclusion in the report should be transferred to supplementary Test Audit Note issued by the WI section alongwith the main report. Any special and important point worth consideration by the Accountant General (E&RSA) should be brought to his notice through the Sr.DAG/DAG(ES-II).

Those paras of the IR which are likely to appear in the Audit Report or appropriation Accounts eventually should, after approval by the Sr.DAG/DAG, be noted in a sectional register of probable draft paras and form a subject of special correspondence with the departmental authorities concerned on the lines of remarks given by the Sr.DAG/DAG.

**2.15** The report after it has been scrutinized and edited will be issued from headquarters. The letter forwarding the report should not be worded so as to give an impression that the report, which is being sent, is a copy and not the original. If more than one copy is sent, a copy of the forwarding letter should make it clear that the inspection reports on the accounts of (full name of the officer), with spare copies, is being sent.

**2.16** The IRs should be issued within one month of the last date of audit. To curb the delay at all levels and in view of 5 days week, following drill is prescribed in partial modification of Group Order No.9/86-87 dated 10.12.1986 by office order No. AG(Audit)-I/Sectt/dated 12.10.1994 for all the field parties/concerned headquarter sections for dispatch/receipt/disposal of the draft IRs.

S.No.	Item of work	No. of working days
1	Receipt of draft IR from Audit party after closing day of inspection (1 day for dispatch and 4 days in reaching post)	5
2	Submission of report by the section (say 1 day for diarising and noting in PR; 1 day for vetting in section and 2 days for checking by AAO/SO)	4
3	Approval by gazetted officer (Branch Officer and Group Officer)	2
4	Typing and issue of IR (6 days for typing, 2 days for comparison and 1 day for dispatch)	9
	Total working days	20
	Expected holidays	10
	<b>Total 30 days or one month</b>	<b>30</b>

Authority No. WM/E&RSA/5-4/K2/Vol-4/2013-14/TR-II 666 Dated. 21.10.2013 Group order No. 3/2013-14

With a view to ensure that the IRs are dealt with and disposed off in accordance with the drill prescribed, it has been decided that the WI/Project section shall submit the position regarding handling of the IRs in the 'Edit Note' by adding the following at the end of the existing proforma for Edit Note as Serial 12(a) to 12(e) and 13(a) to 13(c).

**12(a)**

Dispatch of IRs by the party. Due date one day after closing of inspection	Actual date of dispatch of IR by the party	Date of receipt in the section. Transit time 4 days	Delay in the dispatch of IR with reference to Col.(1)	Reasons for delay
1	2	3	4	5

**12(b)**

Noting in the Cycle Index Register and Progress Register. Due date one day with reference to Col.12(a)(3) above	Actual date of noting	Delay in noting	Reasons for delay
1	2	3	4

**12(c)**

Submission by auditor (one day) and examination of IRs by the AAO and its submission to AO Due date three days with ref. to Col. 12(b) (2) above	Actual date of submission to BO	Delay in submission	Reasons for delay
1	2	3	4

**12(d)**

Vetting by AO and approval by Sr.DAG/DAG Due date (one day each with reference to Col.12(c)(2))	Actual date of submission	Delay in submission	Reasons for delay
1	2	3	4

- 12(e)** (i) Date of approval by Sr.DAG/DAG(Works and Project)  
(ii) Date of sending to type section

**13(a)**

Typing of IRs (within 6 days)	Due date with ref. to Co.12(e)(i)	Actual date of receipt from type section	Delay	Reasons for delay (to be brought to the notice of Sr.DAG/DAG)
1	2	3	4	5

**13(b)**

Comparison (two days)	Due date with reference to Col. 13(a) (3)	Actual date	Delay	Reason
1	2	3	4	5

**13(c)**

Issue of IRs (within one day of comparison)	Due date with reference to Col.13(b)(3)	Actual date	Delay	Reasons
1	2	3	4	5

The position in Col.13(a) to 13(c) should be submitted to Sr.DAG/ DAG after despatch of IR.

The sections are enjoined to start the register in prescribed form and submit the same to the Sr.DAG/DAG on the 20th of each month. A note may be kept in the Sectional Calendar of Returns. Report in respect of all Inspection Reports due to be received should be prepared in the proformas I & II of AG.

Sectts'. Circular dated 12.10.94 mentioned above, as per *Annexure-VI* to this chapter.

The arrears on account of non-issue of the IRs may also be computed by the concerned sections with reference to the last date of audit and not with reference to the date of receipt of draft IRs in the section.

**2.17.1** A copy of the IR as sent to Divisional Officer will also be sent to the SE for his information in advance and in the forwarding endorsement (Annexure-VIII) his attention will be invited to any important items or to serious irregularities requiring special or prompt attention. A suitable number of blank tabular forms (SY-212) should be supplied to the SE and the EE with the typed Report.

**2.17.2** A copy of Part-I(C) of the IR should be sent to the CE concerned invariably requesting him to take remedial measures for the removal of the persistent irregularities.

**2.18** As per note below Rule 57 of PWF&AR the first reply to our Audit Inspection Report may be sent by the Divisional Officer direct to the Accountant General (E&RSA).

On receipt of first reply from the Divisional Office, the IR should be finally disposed off by this office (WI section) within two weeks.

*Note: (i) In the column "Remarks by the Accountant General (E&RSA)" appropriate remarks suited to the occasion should be added. For instance, if the examination of the EE and the action taken by him is satisfactory and it is desired at the same time to inform the SE/CE/Government of the same, this office remarks should be "Brought to the notice of the CE/Government for information" and if on the other hand this office is not satisfied with action taken by the EE and the SE, the remarks of this office should be "Brought to the notice of the CE/Government for consideration and orders".*

*(ii) The maximum period allowed for the submission of the first reply to the IRs issued by this office, in respect of offices of the State Government is one month. As regards rejoinders the period allowed for these offices is 4 weeks.*

*(Authority: Government of Rajasthan GAD(A) order No. F.1(30)GN/P/Gr.II/61 dated 12th February, 1968 and AGCW&M endorsement No. WM.I/18-3/67-69/2787 dated 13th November, 1968 placed at pages 2 and 4C - of file no. WM/OPN/F.233).*

**2.19** Copy of the IR need not be forwarded to the State Government but only those items will be referred by this office to the Government which the SE and the CE do not settle to the satisfaction of the Pr. Accountant General (Civil Audit) and it is necessary to report in view of possible inclusion in the Report on Appropriation Accounts or for any other special reasons. But before referring any matter to the State Government the SE concerned should be informed.

*Note : In reporting financial irregularities to the State Government for their orders, it should be seen that a gist of the case with full reasons for the view taken by the Audit Office (quoting rules where necessary) is to be given in the forwarding letter. Mere copies of the objection with the explanation of the officers concerned, remarks of the EE and the orders of the SE, sent to Government; with the forwarding letter, in which no reasons for our non-agreement with the SE as to the adequacy of the action taken are given is not enough. All such reports should be submitted to the Sr.DAG/DAG through WI section.*

### **2.20 Register for watching the Receipt and Issue of IRs and Progress Register of Settlement of IRs**

Two separate registers should be maintained in form No.1 and 2 **Annexure-IX** in the WI section/Project section for watching the punctual disposal of IRs by all concerned. The registers will be put up to the Branch Officer/Sr.DAG/DAG (Works and Project) on the 10th and 15th of each month respectively.

*(Office Order No. WM/RC/F.51/Insp./60-62/Vol.III dated 4.11.1960 and Office Order No. WM.I/F.51/Insp./62-63 dated 22.11.1962)*

### **2.21 Audit Committees**

With a view to ensuring quick settlement of audit objections and inspection reports, audit committees have been constituted under the chairmanship of the Secretary of the concerned department. Principal Accountant General (Civil Audit) has nominated respective Group Officers as observers of the audit office in the committee and controlling section of the wing concerned will assist them in conducting the business of audit committee. The Group Officer shall submit

report to the Principal Accountant General (Civil Audit) on 15th January and 15th July each year.

*(Office Order No. Admn.III/Cell/Audit/85-86/A dated 8.10.1985 read with para 7.1.12(vi) of MSO(Audit) Second Edition)*

## **2.22 Special Audit for Special Reasons**

Special audit for the State Government such as in cases of suspected misappropriations etc. may be taken up even though extra cost is involved. However, any attempt to make the Audit Department assume responsibility for such inspection, which is primarily and really the duty of Departmental Heads, should be discouraged. On receipt of such request from the State Government, it should be seen that the case presents special features and/or requires expert scrutiny by the staff of IA&AD. Any request for special audit is to be examined on its merits in the light of preliminary investigations carried out by the departmental authorities. In case, it is felt that preliminary or further investigation by departmental authorities is necessary before undertaking of special audit, the State Government may be referred to for getting the needful done. If any additional staff is required for undertaking such audits, detailed justification may be sent to Central Office for necessary action.

*(CAG's letter No. 790-TA-I-110/77 dated 21.8.1978)*

## **2.23 Dealing of fraud and corruption on Intosai\* and Asosai\*\* Pattern**

As per ASOSAI Guidelines (October 2003) for dealing with fraud and corruption, followings material highrisk areas may be identified during Audit Planning so that suitable modified audit procedure and techniques can be adopted:

- Contracts of Service/Procurement.
- Inventory Management.
- Sanctions/Clearances.
- Programme Management.
- Revenue Receipt.
- Cash Management.

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\* INTOSAI - International Organisation Of Supreme Audit Institutions.

\*\* ASOSAI - Asian Organisation Of Supreme Audit Institutions.

- General Expenditure and
- Other areas with public interface.

Contract for procurement of goods and services is a major activity in the Government sector and it is traditionally prone to fraud and corruption. An illustrative list of the forms of fraud and corruption given in **Annexure X** can take in the area of contracts to enhance the Auditors Understanding.

The audit of contracts in most Audit Institution's, therefore, become an area of focus for the Auditor who has to be particularly sensitive to possibility of fraud in this area for which warning signs are listed in **Annexure XI**. For this, competent, relevant and reasonable audit evidences of fraud should be collected to support the auditors judgment and conclusions regarding the organization, programme, activity or functions under audit. Some of the sources of evidence and factors that may be considered in searching for evidence are given in **Annexure XII**.

**ANNEXURE -I**

(Referred to in Para 2.7.2)

Proforma of Standard Intimation letter

**Office of the Accountant General (Economic & Revenue  
Sector Audit)  
Rajathan, Jaipur**

S.No WM/Misc./2014-15/

Dated:

To

Shri \_\_\_\_\_  
Designation  
Complete Address

Dear \_\_\_\_\_

In accordance with our Annual Audit Plan and the Quarterly Audit Programme Communication to your Head of the Department vide this officer letter No. \_\_\_\_\_ dated \_\_\_\_\_ as modified vide our office letter No. \_\_\_\_\_ dated \_\_\_\_\_ (as also displayed on our office website [www.ag.raj.cag.gov.in](http://www.ag.raj.cag.gov.in) under the caption Audit Schedule Financial/Compliance Audit (write only as applicable) of the accounts and / or transactions of (name of the office) will be taken up by the audit team of this office from DD/MM/YY to DD/MM/YY. The audit team will comprise of

S.No.	Name	Designation	ID Card No.

**2. Broad objectives of audit are as under :**  
**(Compliance audit)**

- (i) To confirm whether the activities of government/public sector entities are in accordance with the relevant laws, regulations and authorities that govern such entities. More specifically, it may involve examining to what extent the audited entity follows rules, laws, and regulation, budgetary resolutions, economy instructions, policy, established codes, or agreed upon terms, such as the terms of a contract or the terms of a funding agreement.

- (ii) System of internal control internal audit in relation to budgetary assumption, financial statements, compliance and financial reporting.
- (iii) To audit Transparency and competitiveness in contracts and procurements;
- (iv) To examine and report upon propriety in expenditure that has a significant bearing on mandate/operations and budgetary grants of the organization/entity;
- (v) Value for money derived from individual or a set of material transactions;
- (vi) To examine the stores and stock accounts,\_\_\_\_\_ where applicable;
- (vii) Banking and cash management issues (in case of autonomous bodies);  
and
- (viii) Audit the IT application, etc.

**(Financial Audit)**

- (a) Financial statements are prepared in accordance with acceptable accounting standards/rules;
- (b) Financial statements are presented with due consideration to the circumstances of the audited entity;
- (c) Sufficient disclosures are presented about various elements of financial statements;
- (d) The various elements of financial statements are properly evaluated, measured and presented; and
- (e) Evaluation of the internal control that assist in safeguarding assets and resources, assures the accuracy and completeness of accounting records and in complying with financial laws and regulations.

3. The period covered under the audit shall be (O/N; Fill in the period to be covered in audit) \_\_\_\_\_ which may also include examination of documents/transactions of the previous year's, considered relevant by the audit team.

4. Consistent with contemporary professional practice and provision in CAG's Regulations on Audit and Accounts 20007 (Regulation 183) our audit team would seek an entry conference at appropriate top/senior level, having control and authority over the subjects under the present audit. The entry conference will be an opportunity for the audit team to 6. Explain the audit objective criteria and examination of the internal control system.

It is desirable that the entry conference is held on the first working day of the audit period.

On the conclusion of the audit, the audit team would request you for an exit conference (Regulation 191) in which audit findings communicated to the auditee will be discussed.

5. The request for entry and exit conferences will be made formally by the Head of the Audit team. We request you to kindly make it convenient to hold the meetings on the opening and closing days of audit respectively.

6. Our audit shall be conducted with reference to the Auditing Standards and Regulations on Audit and Accounts-2007 issued by the Comptroller and Auditor General of India.

7. Under section 18 of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act 1971 it is the responsibility of the person in charge of any office or department, the accounts of which have to be inspected and audited by the Comptroller and Auditor General of India to afford all facilities for inspection by the audit team and comply with the request for information in as complete as a form as possible and with all reasonable expedition. Our audit team shall request for information and documents, indicating the expected time within which these may be provided. We expect that the documents held by the auditee should be available within the same day and the information would be made available within the time indicated in the information seeking memo.

8. Attention is drawn to Regulations 169, which provides that the form, type and extent of data, information and documents required for audit test and the nature of shall be determined by audit officer and that the data, information and documents would also include those obtained by auditable entity from the third party and relied upon by the auditee in its performance of functions.

9. We also draw your attention to Regulation 172, which enjoins that where required by audit in special circumstances the auditable entity shall conduct physical verifications of stores, stocks, assets etc. in the presence of the audit officer.

10. We request you to please provide appropriate and reasonable office accommodation and other office amenities to the audit team similar to the facilities available for the personnel of the organization.

11. We suggest that you may nominate a liaison officer sufficiently senior level for day to day coordination in the audit functions.

12. We bring to your kind notice that in the event of unreasonable delay in supply of information and documents leading to partial, selective or complete withholding of data/information leading to material scope limitation, the audit team may be compelled to suspend the audit after bringing it to the notice of the head of the office in writing and bring the matter to the notice of higher management.

13. While compilation of information requested for by audit may require sometime furnishing of documents held by the auditee organisation should be made within the same day since these are readily available.

14. It may be mentioned here that failure to produce necessary record/documents or to respond to the clarifications sought by the audit team would tantamount to preventing a Government Officer from performing his/her duties and could, therefore, invite action under section 175-186 of the Indian Penal Code.

15. Our audit teams have been directed to return the documents as soon as their examination is over. We expect to issue an inspection report containing the results of audit within 30 days of conclusion of audit for the response of the department.

16. We will acknowledge the acceptance of audit findings and conclusions and remedial measures assured/taken by the auditee organisations in our inspection report if remedial measures are taken during the course of audit itself.

17. We hope that your office maintains a file register/register of documents held along with the cash book will be required on the very first day of the audit. These and other documents forming the basis of information furnish with reference to the questionnaire.

18. Depending upon the volume of work and supply of information/documents the period of audit may be extended.

19. We bring to your kind notice that our team would expect only working environment assistance in their day to day working and documents and information and nothing more. Should you feel it necessary to conduct senior officers you are most welcome to contact the Senior Deputy Accountant General/Deputy Accountant General of audit at telephone numbers 2385127 and their e-mails \_\_\_\_\_ and, if necessary, even the Accountant General (E&RSA) at telephone numbers 2385431 and on e-mail \_\_\_\_\_.

20. In case you have any doubt in regard to the genuineness of audit team reporting for audit in your office please feel free to request them to confirm their identity with reference to valid ID cards issued by this office to its audit inspection staff.

Looking forward to a constructive engagement.  
Kindly acknowledge the receipt.

**Sr. Audit officer/Audit  
Officer ES-II**

**LIST OF DOCUMENTS REQUIRED FOR INSPECTION OF PUBLIC WORKS DIVISION**

1. Register of incumbents.
2. Cash Book.
3. Subsidiary Cash Book.
4. Acquittance Rolls and Receipts.
5. Office copies of salary and TA bills.
6. Cheque Books.
7. Receipts Books.
8. Pass Book of Accounts in Treasury, Bank, Post Office etc.
9. Remittance Books.
10. Transfer Entry Order Books.
11. Transfer Entry Books.
12. Imprest Account.
13. Vouchers.
14. Muster Rolls with daily reports.
15. Register of measurement books.
16. All measurement books relating to the works selected for analysis.
17. Works Abstracts.
18. Register of Works.
19. Work Slips.
20. Contractors Ledger.
21. Schedule of Rates.
22. Files of Agreements.
23. Register of liabilities.
24. Register of interest bearing securities.
25. Register of sanction of estimates.
26. Register of Appropriation/Expenditure Control Register.
27. Register of buildings and lands.
28. Register of miscellaneous properties.
29. Stock accounts.
30. Register of stock.
31. Tools and Plant account.
32. Register of tools and plants.
33. Road Metal Returns.

34. Register of service books.
35. Service books.
36. Circular files.
37. Register of cheque and receipts books.
38. Register of distances.
39. Works order books.
40. Certificate of verification of materials at site.
41. Service stamps account book.
42. Register of bills received and disposed off.
43. Register of misc. revenue and properties.
44. Register of divisional accountants objections.
45. Visitors books kept in rest house.
46. Progress register of receipts of sub divisional cash books, audit notes issued and also audit notes and SIO etc. received from the Accountant General Office.
47. Register of rent of building and lands.
48. Treasury bill book.
49. Contingent register.
50. Register of leases and lease files.
51. Register of survey reports and survey report files.
52. Progress reports of works (Physical and Financials).
53. Register of vehicles/log sheets.
54. Register of value bearing forms.
55. PF accounts of work charged and class IV employees.
56. Detailed estimate of the work.
57. Project report of the work.
58. Guard file of the work (or liner chart in respect of roads), Level books.
59. Material at site accounts of the work.
60. Manufacturing accounts (in respect of kilns/Machinery).
61. Kiln register.
62. Register of deposits.
63. Register of Miscellaneous Public Works.

*Note : Complete record of the sub division selected for test audit and the month of accounts selected for the test audit along with such other records as may be called for during the course of inspection.*

**ANNEUXRE – II****(Referred in item (vii) below para 2.8.2****Orders of Special Recoveries**

Authority : No. WM/Audit/11015/77/86-87/TR No.III/108 dated 8.6.1987

**GROUP ORDER NO. 4**

The Central Office vide their Circular No. 23-AC.II/87 No. 452-AC-II/124-86 dated 24.4.1987 has decided that works Audit Register will henceforth contain two parts only viz. Part-I Sanctions to works and Part-II Sanction to contractors and this register shall be maintained by the Pr. Accountant General (A&E). As regards Part-III (Order of special recoveries), it has been decided that Accountant General (E&RSA) will make necessary entries either in the objection book or in a separate register at his discretion for keeping a watch over recoveries at present being noted in Part-III.

2. The matter has been examined and it has been decided by the Accountant General that the record of recoveries ordered by competent authorities proposed to be effected shall be kept in a register to be maintained in the Proforma of Part-III of Works Audit Register (copy of Proforma enclosed for compliance). Following guidelines are issued for the maintenance of this register:

1. The register shall be maintained in each section at Headquarters viz. WI, Project, CASS (ES-II) and in each Resident Concurrent Audit Office.
2. The register shall be reviewed every month by the Assistant Audit Officer incharge of the section and reminders issued where required, to expedite recovery and reminders number and date noted in the register.
3. It should be put up to Branch Officer on 5th of every month and to Group Officer on 6th every quarter viz. in March, June, September and December.

4. Copies of orders of extracts of col.1 to 9 shall be sent to FAPs/FAP,CAD,IGNP Section parties for watching recoveries during Central Audit.
5. Extract of the register showing the amount recoverable shall be sent by the Sections/RCAOs to the Inspection parties for examination during local audit and for getting the recoveries expedited.
6. When recoveries made are verified, the same may be noted in the register after check.

**FORM - 108****PART III ORDERS OF SPECIAL RECOVERIES**

Item No.	No. and date of authority ordering or promising the recovery	Name of work or account	Nature of recovery	Substance of order with name of the person from whom recovery is to be made	Due date or dates of recovery	Amount recoverable (in rupees)		Total (Col.7+8)
						Balance brought over from previous year's register	Recovery ordered during year	
1	2	3	4	5	6	7	8	9

Note of recoveries made from time to time during the year against each				Balance carried over to next year register	Remarks
No.of vouchers or accounts	Month	Amount (in rupees)	Progressive total of recoveries		
10	11	12	13	14	15

**ANNEXURE-III**  
(Referred to in para 2.10.2, Item No.1)

**Subject: Preparation of check lists for verification of the receipt of material by PW Divisions during local inspection.**

A copy of the Central Office letter No. 764-TA-II/178-82 dated 5.7.1982 on the above subject is enclosed. It has been desired by the Accountant General that division-wise check lists in respect of the issue of stock materials during selected month may be prepared during the local audit of the "Stores Divisions" by way of placing this as an index sheet point in the current IR of the respective Stores Division.

The check lists are to be prepared in the enclosed proforma and may be placed in the IR of the receiving division (when received with the draft IR of the Stores Divisions) for examination during the next local audit. Further action as a result of verification may be taken as required in para 1 of Central Office letter referred to above.

The action taken on this letter may be intimated for information of the Sr.DAG/DAG(ES-II).

**PROFORMA**

**Check list of material issued by Stores Division**

(i) Name of the Issuing Division :

(ii) Name of the Receiving Division :

S.No.	Indent No. and date	Reference of issue note No. and date	Items of stores	Cost	Modes of dispatch whether given to (i) Contractors (ii) Departmental/ Official (iii) Transporters	Whether payment received and accounted for (receipt No., amount and date)
1	2	3	4	5	6	7

Copy of letter No. 764-TA-II/178-82 dated 5.7.1982 from the Office of the CAG of India, New Delhi to all Accountants General/Director of Audit (Civil).

**Subject : Preparation of check lists for verification of the receipt of material by PW division during local inspection.**

Instances have been brought to the notice of this office where material issued by stores divisions of PW Department to other divisions were not actually received by the latter divisions although the payments for the same had duly been made to the former stores are being misappropriated or pilferaged away by the transporters, store keepers and contractors. As the cases of this type are on the increase, it is essential that the facts of actual issue and receipt of stores by PW divisions are also looked into during the course of local audit of these divisions. It has, accordingly been decided that PW inspection parties conducting local audit of the stores divisions should prepare a check list division-wise in respect of issue of stock materials during selected month indicating particulars of division receiving the stores, indent number, total value of indent and brief description of the major items of stores issued. This check list should be sent along with the draft inspection reports to WM section. It will be responsibility of WM section to send out these check lists division-wise and forward the same to the Inspecting Officers for detailed verification during the course of local audit of PW divisions concerned. It should be specifically verified by the inspection parties that the stores stated to have been issued by the stores division as per indent from the receiving division have actually been accounted for by the recipient division in the accounts of stock or work. The irregularities/discrepancies, if any, noticed on this account should be promptly brought to the notice of the CE or Head of Department for taking suitable action. Such cases may also be mentioned in the IRs.

**ANNEXURE - IV**  
**(Referred to in para 2.10.2, Item No. 22)**

**GENERAL INSTRUCTIONS FOR THE GUIDANCE OF THE PW  
INSPECTION PARTIES/OFFICERS OF ES-II GROUP**

In pursuance of the instructions contained in CAG's letter No. 2806-Admn.I/8-Codes/61/Vol.II dated 18.11.1968 the following functions of Propriety Audit formerly performed in ECPA section have now been transferred to Works Miscellaneous Section. Since the PWD is probably the largest spending department of the Government and is responsible for the execution of large construction works/projects involving considerable sums of money, the activities of this department are wide and varied and hence Audit has to be constantly on the look out for possible leakage of revenue, irregularities, losses, unsound financial policies, etc. The aim of audit in this field should be to see that all works are executed with the minimum possible cost and in accordance with the procedure laid down for the purpose. In carrying out this duty, Audit has to rely mainly on the assistance of field inspection parties. Though the Inspection parties are cautioned against 'research' in Higher Audit at the expense of the essential checks expected of them in the course of inspections, even then there is much scope for them to divert their energies and time towards the following items in the course of inspection of PW offices.

**(i) Inviting of tenders**

The general principles to be followed in entering into any contracts are enumerated in para 3.7.2 to 3.7.5 of the MSO (Audit). It is one of the fundamental principle that contracts should be placed only when the tenders have been openly invited and most advantageous terms secured to Government by accepting only the lowest tenders. Cases in which these principles have not been observed should be included in the IRs with necessary data. If it is noticed that the number of tenders received had been very limited, it should be seen whether wide publicity had been given and sufficient time had been allowed for tendering. The reasons for not calling for tenders or for accepting those other than the lowest should be scrutinized with a view to seeing that they are acceptable. If the need for call of competitive

tenders had been dispensed with on the ground that the work had to be carried out in an emergency, it should be examined whether it was warranted by such emergency and appropriate steps to follow the normal procedure were taken after the emergency was over.

**(ii) Scrutiny of revised estimates and expenditure on large works**

Cases in which the revised estimates amount to more than double the original estimates, should be subjected to detailed examination of the reasons for excess over the original estimates. It should be particularly seen whether the excesses have been due to additions or modifications not contemplated originally and whether the lack of proper planning has been responsible for any extra expenditure which could have been avoided had the quantities been estimated correctly ab initio.

*Note : The scrutiny carried out under this paragraph may be generally restricted to works costing over Rs 1,00,000.*

**(iii) Monetary limits for expenditure on maintenance of buildings**

A review of the expenditure on the maintenance of residential buildings should be conducted to see that the charges incurred by Government on improvement and maintenance to the buildings as well as to the furnishings do not exceed the normal limits of maintenance and repairs and that suitable monetary limits are fixed for renewals and replacements of furniture.

It should also be seen that where special repairs have been carried out in the form of additions or improvements to the existing buildings, requiring revision of the standard rent already fixed, necessary action to do the needful has been taken.

**(iv) Suggestions designed to develop revenue**

The revenue of the Government is derived from taxation regulated by law and as such the responsibility for deciding upon taxation measures, mode of their collection etc. is solely that of the Government. But Audit can usefully give some suggestions in certain spheres of revenue where there is scope for additional realization or where a loss or leakage of revenue can be avoided/prevented.

For example, the assessment and collection of rent from Government owned or leased buildings can give a useful field for study of this kind. It may be seen whether rules for allotment of buildings and recovery of standard rent are so regulated as not to involve any loss to Government for this purpose. Cases should be scrutinized to ascertain as to how far the allotment of buildings among the different officials are in keeping with their status and pay and how far the rent recovered falls short of the standard rent fixed. If such a review reveals undue loss to Government, the fact should be commented upon in the IR suggesting change in the rules of allotment and desirability of introducing the system of basing the rents on a flat rate basis.

**(v) Audit of expenditure with reference to financial propriety**

**(a)** The primary aim of such an Audit should be to see that disbursing officers as well as the sanctioning authorities exercise the maximum vigilance in the matter of incurring expenditure from public funds and that there is no scope for abuse of powers. Before committing the Government to any liability, the spending authorities should make sure that maximum benefits accrue to Government and that certain individuals or classes of individuals are not unduly benefited at the expense of the Government. It should be seen that in the case of every sanction and every item of expenditure the interests of Government are not sacrificed in favour of individuals. It should further be seen that the fundamental aim of Good Governance, namely, maximum good governance for maximum number of people, achieved is as far as possible, consistent with the directive principles in the Constitution.

**(b)** The following are a few type of cases where objections may be taken on grounds of propriety:

- (1)** Sanction to benefit or uphold a political organization.
- (2)** Grants for construction of a memorial to a political leader.
- (3)** Sale at a nominal cost or free distribution of articles manufactured or purchased at Government cost to high officials, politicians and others.
- (4)** Write off of recovery due from individuals or bodies where there are reasonable chance of recovery.
- (5)** Expenditure on provision of amenities to a particular community unless these are undertaken as measure for uplift of backward classes

in accordance with the provisions in the Constitution or under any law made by Parliament or Legislature.

- (6) Purchase of articles of stores considerably in excess of requirements or much in advance of requirements.
- (7) Sanctions beneficial to the sanctioning authority himself.
- (8) Purchase of articles at more than the controlled rates or DGSD rate contracts.

**(vi) Suggestions to stop extravagant expenditure**

Para 2.1.6 of MSO(Audit) (Second Edition) makes it a duty of Audit to bring to notice cases of waste of public money and infructuous expenditure. A few instances in which expenditure may be considered extravagant or infructuous are mentioned below:

- (1) Purchase of furniture etc. from foreign firms at exorbitant rates when locally made articles of the same quality may be available at considerably cheaper rates.
- (2) Huge expenditure incurred in the execution of a work of minor importance, which is not likely either to last long or to be required for public purposes except casually.
- (3) Expenditure incurred in construction of buildings etc. which are subsequently demolished.
- (4) Rejection of lowest tenders for works, supply etc. unless good and sufficient reasons exist for the action taken.

The inspection parties should be constantly on the look out for such cases and report them in the IR with full details as and when noticed. Such cases should be examined with reference to circumstances of each case and it should be specifically seen whether the defects have been due to any of the following reasons:

- (a) Lacuna in the financial rules, orders and delegations.
- (b) Deliberate evasion of the rules by the departmental authorities.
- (c) Inadequate supervision and control by the higher authorities.
- (d) Lack of clear cut policy, foresight, planning and correct estimation.
- (e) Failure on the part of the departmental authorities to take timely action required of them.

(f) Absence of comprehensive administrative regulations and procedure.

**(vii) Comparison of rates prevalent in neighbouring localities**

As and when there is a revision of BSR of any circle, the revised rates may be compared with BSRs of other circles/ department to see that there is no abnormal variation in the rates of two adjacent circles without sufficient justification. An intimation of the revision of BSR should also be sent to WM section as and when any such case comes to notice.

**ANNEXURE - V**  
**(Referred to in para 2.10.2, Item No. 39)**

**CHECKS EXERCISED IN LOCAL AUDIT OF ESTABLISHMENT CHARGES**

**Local Audit**

- 1.1** The work relating to the drawing up of inspection programme and issue of notice for the inspection to the various offices of the Forest Department is dealt with by the 'Works Miscellaneous' section under intimation to Works Inspection Section.
- 1.2** The work relating to the following items of work expenditure is dealt with in the Works Inspection section (ES-II).
- (a) Selection of the particular month/months the accounts of which are to be test audited.
  - (b) Issue of the Inspection Reports.
  - (c) The pursuance and disposal of the Inspection Reports.

The general instructions regarding the following items of works as contained in chapter 2 and 3 of this manual as well as in the manual of Outside Audit Department (Civil Wing) apply mutatis mutandis to the inspection of various offices of the Forest Department :-

- (a) scope and procedure to be adopted for local audit.
  - (b) selection of the particular month/months, the accounts of which are to be test audited;
  - (c) documents to be supplied to the inspection staff by the headquarters office;
  - (d) the manner in which objections are raised, settled and pursued;
  - (e) preparation of inspection reports and test audit notes;
  - (f) discussion of the results of audit with the head of office inspected;
  - (g) issue of the inspection reports and test audit notes; and
  - (h) the pursuance and disposal of the inspection reports.
- 1.3** With regard to the documents to be supplied to the inspection staff referred to in item (C) in the foregoing para it should be seen that, in addition to the previous inspection reports and audited vouchers for the selected month, the following documents are also supplied to the inspection staff:
- (i) foils of the paid cheques of the selected month;

- (ii) outstanding audit objections raised in central audit;
- (iii) list of outstanding remittances transaction;
- (iv) list of outstanding deposit transactions;
- (v) Important points, if any, noticed by the FAS/W.I. section (ES-II) to be looked into at the time of local inspection.

#### **1.4 Process of Audit**

The points to be examined, in connection with the following documents which are almost common to all departments are contained in the Manual of the outside Audit Department (Civil Wing) and should be looked into in the course of Forest Inspection also.

- (i) Cash Account.
- (ii) Contingent Registers and Vouchers.
- (iii) Stores and Stock Account.
- (iv) Service Books and Leave Account.
- (vi) Acquittance Rolls

The following checks are in addition to those which have been prescribed from time to time:

- (a) The establishment vouchers relating to the test audit month or months selected for check of the initial and subsidiary records kept in the departmental offices are taken by the inspection parties for checking them with cash book, office copies of the pay bills/rolls, treasury bill book etc.

Acquittance rolls and the register of undisbursed pay and allowances are examined to see that each amount shown as disbursed has been disbursed to the persons entitled to receive them and the arrangement for keeping a proper watch over the undisbursed amount is satisfactory.

- (b) Besides, the overtime allowance claims, children's education claims, reimbursement of tuition fees claims and TA bills are checked with reference to the local records kept in the departmental accounts offices to satisfy about the correctness of the certificates on the basis of which the claims have been

drawn and to see that the rules and regulations in regulating such claims have been followed.

(c) The pay and allowances drawn for each individual as per vouchers taken from the Headquarters office are compared with corresponding entries in the office copies of the pay bills.

(d) The service books are checked to see that (i) a service book is maintained for every Government servant and a service roll for each class-IV (ii) entries for all events in the official career of a Government servant are made in the service book and attested by competent authority, (iii) no alteration is made in the date of birth without the sanction of the competent authority; entries in the front page are re-attested every five years; (iv) annual certificate of service verification recorded in the service book. Entries in pay columns are verified with reference to the office copies of the pay bills for the month or months selected for detailed audit to see that they agree. The quantum of check of service books has been prescribed so that each service book will be verified once in four years as the service books are the only documents for verification of pension.

In the service book selected for check, the correctness of pay and increments allowed to the Government servant from time to time for the period to which the check of service book relates is also to be checked.

It is also checked that no payment has been made to a Government servant beyond his attaining the age of superannuation or on the expiry of term of extension of service sanctioned by the competent authority. The audit endorsement duly signed by the Incharge of the Inspection party is required to be made in the service books checked during the local audit.

### **Leave Account**

5 per cent of the leave accounts including accounts of persons likely to retire or likely to complete 30 years of qualifying service are checked in detail to see that:

- (i) It has been posted properly and closed after the incumbent returns to duty from leave and every entry has been duly attested.
- (ii) the leave sanctioned has been correctly posted in the leave accounts and the entry of the leave sanction order has been attested.
- (iii) leave at credit has been correctly calculated in accordance with rules and the leave account has been revised with reference to orders relating to completion of probation, confirmation etc.
- (iv) the fact of issue of certificate under provisions of Service Rules is recorded, where the period of leave is counted as service for increment under that rule.
- (v) subsidiary leave accounts have been maintained where necessary.
- (vi) the collective record of the various kinds of special leave granted to the employee is maintained.
- (vii) the nature and extent of leave sanctioned is correctly due and admissible to the employee; and
- (viii) there are no cases of evasion of leave rules.

It has been clarified by central office that the check of 20 *per cent* cases of increments and fixation of pay referred to above would be integrated with the check of service books done as a process of other local audit checks during audit of all departmental offices. The selection of service books for scrutiny can thus be so arranged as to cover these cases.

*(T.M./S-5/82/234 dated 13.9.1982)*

**ANNEXURE - VI****(Referred to in Para 2.10.2, Item No.45)****Proformas to be filled in and attached with the Inspection Report**

Name of the Division ..... inspection for the period .....

**PROFORMA – I (Approved Duty List)**

Certified that all the items included in the general instructions issued for the guidance of the Inspection parties and Inspecting Officers of offices/units of ES-II have been looked into as per duty list approved by the Inspecting Officer and duties included in the list, where necessary. It is also certified that the relevant instructions in so far as they relate to the drafting of the various paras have also been followed scrupulously.

Signature

Auditor -----

Assistant Audit Officer-II -----

Assistant Audit Officer-I -----

Inspecting Officer -----

Dated : -----

**PROFORMA - II**Name of the Division : ----- Inspection Report for the year -----

(a) Number of paras contributed by each member of the party.

	<b>Name</b>	<b>Designation</b>	<b>Reference of para No. contributed</b>
(1)	Shri	Auditor	
(2)	Shri	Assistant Audit Officer-II	
(3)	Shri	Assistant Audit Officer-I	
(4)	Shri	Inspecting Officer	

**PROFORMA - III**

Details of old outstanding paras settled.

Name of the Division : -----

Settlement of paras as a result of review of compliance of old IRs

S.No.	IR Period	Total No. of paras outstanding	Paras settled through			Balance of outstanding paras
			Updating taken in current IR	Verification of facts	Discussion	

**(b) Good points contributed likely to be developed in to DP**

Name	Designation	Reference of Para No.	Brief Contents of Para

**Inspecting Officer**

**PROFORMA - IV**

Name of the Division ----- inspected for the year (period) -----

Documents to be supplied to the Inspecting Officers of Inspection Parties of ES-II Group, from the Headquarters (Accountant General's Office).

S.No.		Whether received or no
1.	Monthly accounts complete with schedule dockets and vouchers, foils of paid cheques for the month of: (a) Monthly accounts (b) Vouchers (c) Schedule Dockets (d) Cheque foils (e) Audit Note	
2,	Abstract of total number of TA bills for the month of .....	
3.	Account of interest bearing securities for the year	
4.	Monthly accounts for September, March and March (Supplementary)	
5.	Details of one major work or two minor works related for complete analysis and examination with schedule docket and vouchers.	
6.	Special points for investigation noticed in the course of central audit.	
7.	Statement showing the wanting schedules: (i) RPWA 51 (Schedule of monthly settlement with treasuries) alongwith Consolidated Treasury Receipts and Certificates of Treasury Issues (CTR and CTI) for the month of ..... (ii) Schedule of Misc. works advances/deposits etc. alongwith list of outstanding. (iii) Abstract of the broadsheet of festival advance and food grain advance to work charged employees.	
8	List of the service books received with previous inspection Report	

**Assistant Audit Officer/PWI Party No...**

## ANNEXURE-VII

(Referred to in Para 2.16)

## Receipt of Draft Inspection Reports from PWI Parties

## Proforma-I

Section	No. of IR to be received as per the previous report	No. of units audited in respect of which IR to be received upto 15th of the previous month	Total no. of IRs to be received	No. of IRs received					Balance of IR to be received		
				Within the stipulated time	Delay of 7-15 days	Delay of 16-30 days	More than 30 days	Total	No. of IRs relating to previous report	No. of IRs relating to current report	Total
1	2	3	4	5(a)	5(b)	5(c)	5(d)	5(e)	6(a)	6(b)	6(c)

Audit Officer

## Proforma - II

## Issue of Inspection Report

Section	Total no. of IRs remained to be issued as per last report					Total no. of IRs received during the month Col. 5(e) of Part-I	Total 2(e) + 3
	Under type	Under comparison	Under editing with		Total		
			BO	GO			
1	2(a)	2(b)	2(c)	2(d)	2(e)	3	4

No. of IRs actually issued					Balance to be issued				
Within the stipulated time	Delay of 7-15 days	Delay of 16-30 days	Delay of more than 30 days	Total	Under editing with		Under type	Under comparison	Total
					BO	GO			
5(a)	5(b)	5(c)	5(d)	5(e)	6(a)	6(b)	6(c)	6(d)	6(e)

Audit Officer

**ANNEXURE-VIII**

**Forwarding/Endorsement of Inspection Report**

**(Ref. Para 2.17.1)**

**Office of the Accountant General (Economic & Revenue Sector Audit),  
Rajasthan, Jaipur**

No.WI-/ES.II/IR/

Dated:

To,

.....  
.....  
.....

Subject: Inspection Report on account of your office for the period from ..... to .....

Inspection Report on account of your Department for the period from ..... to ..... Enclosed here with for information and early settlement of irregularities indicated in it.

It is stated that Compliance of inspection report may be furnish to this office paragraph wise within one month through Head of the Department as per letter no. 2(3) FD/AEI/66 dated 5.08.1962 though one copy of your reply may be forwarded to this office direct. One copy of this inspection report is being forwarding to your Head of the Department for information and necessary action.

One copy of para no..... of supplementary audit is enclosed. This may be included in Test Audit Note (Part-III) which was given by the party on spot. This Inspection report is approved by the Sr. Deputy Accountant General/Deputy Accountant General (ES-II).

Encl. Inspection Report  
and Annexure

Sr. Audit Officer  
W.I.(ES-II)

No. W.I/Project/ES-II/I.R./K

date:

Copy including inspection report for information and necessary action is sent to

1. ....& stated that compliance of the Inspection Report including his comments may be managed to sent to this office in due period. Your attention is specially drawn on para no. ....(I.R. Para no.....Part-II-A) and para no.....of (Part-II-B).

2. ....

3.....

Sr. Audit Officer  
W.I. (ES-II)

**ANNEXURE - IX**  
**(Referred to in Para 2.20)**

**Registers to be maintained in the WI/Project section**

**FORM - I**

**Register of watching the receipt and issue of IR**

S.No.	Name of office inspected	Name of inspecting officer & staff	Month upto which the account audited	Date of audit		Date of receipt of draft report	Date of submission of IR to AO/DAG
				From	To		
1	2	3	4	5	6	7	8

Date of approval	Date on which sent for type	Date of return from type	Date of issue	Reference to progress register	Remarks
9	10	11	12	13	14

**FORM - 2**

**Progress register of settlement of IRs**

S.No.	Name of the unit inspected	Item no. of the register of IRs	Date of completion of audit	No. and Date under which report was issued	Due date of receipt of reply	No. and Date of reminders
1	2	3	4	5	6	7

Date of receipt of Ist reply	Date of issue of further audit remarks	Further correspondence			Remarks (Herein individual no. of para outstanding after 6 months of the issue of report should be given and circled as and when finally settled)
		Date of receipt of further replies	Date of issue of further remarks or reminder	Date of closure of IR	
8	9	10	11	12	13

**ANNEXURE - X**  
**(Referred to in Para 2.23)**

**Types of Fraud and Corruption in Contracts**

The following types of fraud and corruption have been reported in contracting for goods and services:

- *Bribery and Kickbacks* - Money or any other form of reward or favour is exchanged between a public functionary and a provider of goods and services in order to obtain some benefit e.g. acceptance of substandard goods or obtaining unauthorized information.
- *Changes in Original Contracts* - Changes are made in the original contract requiring flow of additional funds from the government to the contractor, which may affect the basis on which the contract was awarded to the contractor in the first instance. This may also involve front-loading of contract in the hope of increasing the price of the original contract through change orders or subsequent modifications to the contract.
- *Duplicate payments* - The contractor claims and receives payment for the same service or work done or goods supplied under the same or different contracts.
- *Collusive or Cartel Bidding* - Contractors form cartels to fix artificially high prices for goods and services supplied by them.
- *Conflict of Interest* - Contracts are awarded on the basis of vested interests of the decision makers.
- *Defective Pricing* - The contractor submits inflated invoices.
- *False Invoices* - The contractor submits invoices for goods that have not been delivered or do not properly represent the quantity or quality of goods and services supplied or work done as per contracted specifications.
- *False Representations* - The contractor falsifies the goods specifications or his ability to provide certain services.
- *Splitting of Purchases* - the purchases of goods and services are split either to avoid open competition or having to seek the approval of higher authority.
- *Phantom Contractor* - Purchase are made from a fake supplier or contractor.
- *Pilferage of Public Assets* - Public funds are used to acquire goods for personal use or public assets pilfered by officials.
- *Tailored Specifications* - Specifications and time limits are manipulated to favour a certain contractor supplier.

**ANNEXURE - XI**  
**(Referred to in Para 2.23)**

**Warning Signs of Possible Fraud and Corruption in Contracts**

Procurement and contracting of goods and services present different opportunities for fraud and corruption at different stages of the procurement and contracting processes. The auditor would be well advised to look out for warning signs corresponding to each stage. These warning signs indicate the increased risk factor in contracts and serve as red flags for the auditor.

➤ **Requirements defining stage**

- Inadequate needs analysis.
- Inadequate information about potential suppliers.
- Inadequate review of existing and required inventory.
- Unduly short supply period.
- Needs analysis is product rather than needs oriented.
- Someone other than the user defines the user requirements.
- Unwarranted involvement of senior officials.

➤ **Bidding and selection stage**

- The specifications are not clearly defined.
- A very limited number of offers is received.
- Documentation indicates unusual involvement of an official.
- Suspicion about conflict of interest.
- Evidence of early receipt of information by some contractors.
- Request for proposal is not properly advertised.
- Unusual handling of the bidding process.
- Evaluation criteria is not consistent for different offerors.
- Exceptions to the tender deadlines.
- Changes in the bids made after their formal receipt.
- Lowest responsive bidder is not selected.
- Contractor submits unrealistic bid indicating collusion or bid rotation.
- Unusual withdrawal of bids.

- Re-bid results identical to original bids.
- Successful contractors use competitors as sub-contractors.
- Justification for single source procurement is inadequate.
- **Contract performance and evaluation stage**
- Changes in a contract result in the large increase in the cost of goods and services.
- Changes made without adequate explanation.
- Unwarranted contract extension.
- Complaints about the quality of goods and services received.
- Inadequate inspections and quality assurance of goods and service received.
- Evidence of over charging and duplicate billings.
- Dubious invoices.
- Insufficient pre-audit of contractor payments.
- Contracts repeatedly awarded to one contractor.
- Unduly high labour payments.

**ANNEXURE - XII**  
**(Referred to in Para 2.23)**

**Audit Evidence**

In searching for the evidence of fraud and corruption the auditor must:

- Always search for the strongest possible evidence.
- Investigate without delay, as evidence can be destroyed, lost or forgotten.
- Not ignore small clues or leads.
- Look for facts that confirm or refute suspicions.
- Concentrate on the weakest point in the fraud and corruption.
- Identify and summarize the evidence indicating that fraud and corruption may have been committed.
- Identify the possible scenario of fraud and./or corruption.
- Summarize and explain the accounting and control systems involved, the paper trail involved in the transactions, and the deviations from the systems.
- Explain patterns used in covering up the fraud and corruption.
- Identify the possible extent of the fraud and corruption.
- Consider the possibility of collusion.

**Sources of Evidence**

**Documents from the auditee** : During the course of examination of books of accounts, auditors investigate various documents that serve as evidence for the audit. These documents may be original or photocopies depending upon their importance.

**Report of Internal Auditor** : The internal auditor may have identified instances of deviation from normal procedure.

**Interviews** : Auditors can obtain important information from various government employees. Since they may have noticed internal control failure made by managers and fraudulent activities perpetrated by other employees,

interviews may be useful in detecting material misstatements caused by fraud and corruption.

**Inspection/Observations** : Auditors can notice possibility of fraud and corruption through the examination of inspection/ observations/ physical verification reports (e.g. forged document, inventory not in existence or inferior quality). Where any auditor relies on physical observation for an audit conclusion this would need to be supported with properly documented evidence.

**Questionnaires** : Auditors may gather important and helpful information by using questionnaires.

**Confirmation with other related parties** : Auditors sometimes obtain information directly from other related parties (e.g. bank balance confirmation from the bank, Debtor's balance confirmation from individual debtors etc.). If the figures provided by these agencies do not tally with the books of account, they should check in detail to find out the reason for discrepancy.

**Results of Analytical Review** : Auditors analyze both financial and non-financial information, which can indicate abnormal trends. In that case, auditors need to concentrate on particular heads.

**Expert Opinion** : Auditors may seek expert opinion about a suspicious case. The expert's opinion becomes evidence if auditors can rely on that opinion in assessing fraud and corruption.

## CHAPTER - 3

### SPECIAL POINTS TO BE LOOKED INTO DURING LOCAL INSPECTIONS

#### 3.1 General

**3.1.1** The important points which should receive special attention of the inspection staff in the general examination of the Accounts of Offices/Departments/Units of ES-II are contained in para 33 to 53 of the "Memorandum of Instructions regarding the extent of Audit" issued by the CAG. The relevant paragraphs applicable to each case as also subsidiary instructions relevant thereto are described in the subsequent paragraphs for facility of information and guidance. These instructions are in no way intended to fetter the discretion of the Inspecting Officer in the conduct of the inspection. Conditions differ so much in different divisions/units/offices that apart from the points mentioned above there may be various directions in which an intelligent Inspecting Officer may find scope for his activities. An intelligent inspection of the initial accounts records may bring to light irregularities which will never be brought out by a mere formal inspection carried out strictly in accordance with these instructions.

**3.1.2** All accounts records not specifically dealt with in this Chapter should also be inspected and examined generally to see that:

- (i) the prescribed procedure and forms are in use;
- (ii) they are kept upto date;
- (iii) there are no financial irregularities or serious errors.

#### 3.2 Test audit of the accounts of the selected month

**3.2.1** All un-vouched cash stock accounts, Material at site accounts, T&P accounts and transfer entry charges, as shown in the Schedule Dockets taken from the Audit Office, should be audited in detail. It is not sufficient that the total amount of such charges should agree with the total of the vouchers produced for examination. It should be seen that (1) there is on record a voucher correct in all respects in support of each item of expenditure for which a voucher is not required to be submitted to the Audit Office (vide

article 232 of the Account Code Vol.III) and which appears correctly in the Cash Book or Transfer Entry Book (2) the charge is in order (3) it is traceable into the Schedule Dockets concerned and (4) in the Schedule Docket there are no items treated as un-vouched charges which should not have been so classed. It should be seen in particular that all the vouchers were checked by the Divisional Accountant at the proper time and duly cancelled, as required vide para 4.1.4 and 4.1.5 of the MSO (Audit) and the Financial Rules of Government.

**3.2.2** The audited vouchers of the selected month, taken from the Audit Office should be examined so that it may be seen that (1) the quantities for which payments have been made are traceable, with the supporting details in the record of measurement quoted in the vouchers (2) in each case the records of measurement itself is in order (3) the rates at which payments were made for the several items of works or supply as shown in a voucher are in accordance with the terms and conditions of the relevant agreement, indent or order, etc. and (4) those terms and conditions had been duly sanctioned by competent authority before the liability was incurred and not open to any objection from an audit point of view.

Besides the checks mentioned above the accounts of selected month subjected to Central Audit in the Central Office should be examined at the time of local inspection in respect of the points which are not checked in the course of Central Audit.

### **3.3 Test audit of the accounts of the selected major or minor works**

**3.3.1** The works abstracts and connected accounts relating to the selected works should be examined in details from the commencement and all transactions recorded in them should be analysed and compared with the details of the sanctioned estimates, and with contract agreements, measurement books, stock account and other relevant documents.

**3.3.2** The following points may be particularly looked into:

(a) It should be ensured that tenders have been invited, work allotted and agreement executed before commencement of work. Where proper

Administrative & financial sanction alongwith detailed sanctioned estimate of concerned work under relevant chargeable head is available, all charges debited to work should be examined carefully to see whether any of these does not fall beyond the scope of sanction. Estimated Quantity/quantities should be compared with the quantities of work actually done with a view to verifying that savings due to abandonment or otherwise have not been utilised for additional work or that there have been no material alternation or modification in the sanctioned design without the sanction of competent authority.

(b) All payments and supplies of materials etc. have been made strictly in accordance with the contract agreement indicating no laxity in any of the terms. The rates provided in these contracts should be specially scrutinized with reference to the sanctioned estimate and schedule of rates to see that they do not allow any concessions detrimental to the financial interest of Government.

(c) Quantities of the material required for the work actually done should be worked out on the basis of the analysis given in the estimate or other established formula and compared with the actual issues both in the case of direct issue to works or issues to contractors to investigate the differences if substantial.

### **3.4 Unworkability of rates**

Tenders quoting really unworkable rates (as judged from the current schedule of rates which is expected to be up-to-date) are rejected on that ground alone.

In cases where tenders are rejected on the plea that the rates quoted are unworkable, it should be seen whether the tenderer has specified in the tender itself, any special advantages he has, in support of the unworkable rates which he has quoted and whether such advantages have been taken due cognizance of by the EE when refusing the lowest tender on the ground of unworkability. There may be instances where contractors who have surplus materials on hand or other special advantages quote low rates which may be unworkable under ordinary circumstances with reference to the market rates for such materials.

### **3.5 Tenders for the supply of specialized articles**

**3.5.1** In order to secure effective competition in the case of works involving the provisions of specialized articles (such as sanitary fittings and water supply arrangements to hospitals) the tenderers should be asked to quote rates for the various makes they undertake to supply and to specify those makes.

Cases may arise, however, where inspite of the facts that tenderers have been asked to quote rate for the various makes of specialised articles they undertake to supply, some tenderers do not give full particulars of the 'Makes' for which they quote rates. In these cases, the authority competent to accept the tender has a discretion to reject such tenders.

Reasons for rejecting the lowest tender are required to be recorded on the register of tenders which is treated as confidential record. This register should be produced for inspection and seen by the Inspecting Officer.

**3.5.2** Normally tenders are called for the execution of all works and repairs intended to be given out on contract. Should, however, specific circumstances render it impossible to invite tenders in any particular case, it should be seen that the Officer concerned has recorded reasons and obtained written approval of immediate superior officer before taking further action. A note or orders authorizing the execution of works without the formality of inviting tenders should be attached to the agreement concerned.

### **3.6 Contracts/Agreements**

(a) The general principles laid down for the guidance of authorities for execution of agreements involving expenditure from the Consolidated Fund or the Public Accounts of the State are contained in Rules 18 and 19 of the Rajasthan General Financial and Accounts Rules (GF&AR). It should be seen that they are observed in actual practice.

(b) In addition to the checks laid down in Rule 18 and 19 of the GF&AR mentioned above the following points should also be examined:

(i) Whether the method of calling tenders was appropriate or not, that is to say whether open tenders were called where necessary, by giving adequate

publicity. The time given in the notice should be scrutinized to see that it was in accordance with the time schedule laid down in the decision under para 331 of the PWF&AR.

(ii) Whether specification, designs and drawings, where required, were indicated in the tender?

(iii) Whether the performance of the contract has been according to the terms and conditions e.g. observance of agreed time schedule for delivery/work execution etc. and where it is not whether penal clauses have been invoked or not?

(iv) Where any particular tender other than lowest was accepted in consideration of delivery time, whether extension has been granted without the full justification?

(v) Whether in case of contracts where materials are issued by the department, tenders are invited for finished items of work inclusive of cost of materials?

(vi) Whether agreements have been executed by competent authority before the liability is incurred?

(vii) Whether corrections in agreement are attested by both the parties?

(viii) Whether the rates entered in the original agreements are the same as tendered rates in the case of works for which tenders are called for? and

(ix) Whether agreements are not revised on the score that market rates have risen after the agreements are accepted?

(x) Whether, so far as can be ascertained from the purchase files, demands received from other indenting officers received at the relevant time were consolidated and bulked as far as possible to secure the advantage of lower prices for bulk supplies and, if so, whether the aggregate of the quantities ordered for the individual indentors in the contracts entered into for the purpose was in excess of quantities actually indented consolidated.

(xi) Availability of sanction of the competent authority for effecting purchases on the basis of a single tender or negotiations and of recorded reasons for resorting to this method of purchase.

- (xii) Opening of all tenders on the due date and their authentication by the designated officer numbered and initialled with date by the officer opening them.
- (xiii) Availability on record of the comparative statement and whether it was verified with reference to the original tenders.
- (xiv) Whether any tender received belatedly after the stipulated date had been included in the comparative statement and considered, and whether orders of the competent authority were obtained for doing so.
- (xv) Whether the lowest offer was accepted in each case. In case this was not done, whether adequate justification/ reasons had been provided in writing for rejecting the lowest offer should be examined; the difference between the lowest offer and that accepted should also be quantified.
- (xvi) In case where more favourable or advantageous offers were rejected on the ground that the firms were untried, it should be examined whether the feasibility of placing a trial order on the firms was considered with a view to achieving economies and appropriate action taken.
- (xvii) Whether the successful tenderer had indirectly derived an advantage over the other tenderers because of the insertion of certain special conditions; it should be particularly examined whether acceptance of these special conditions resulted in any increase over the prices actually quoted.
- (xviii) Whether the difference between the purchase price finally accepted and that estimated in the tender is within the limits prescribed; if not, it should be examined whether confirmation about the availability of additional funds was obtained.
- (xix) Whether the contract was placed on a registered firm; in case this was not done, whether sanction of the competent authority was obtained and obtaining appropriate security, guarantees, etc. were insisted upon for adequately safeguarding government's interests.
- (xx) Whether, in the case of contracts placed directly on firms in the United Kingdom, payments in advance linked to progressive deliveries had been

agreed to and, if so, this was done only after ascertaining the practice followed by the India Stores Department (India Supply Mission), London.

(xxi) Whether the accepted rates/ prices had been modified or revised in any case after the conclusion of the contract and, if so, whether this was done with the approval of the competent authority, and the reasons justifying the revision were adequate.

(xxii) In case any supplementary contract had been negotiated or payments authorized for any additional services required of the supplier subsequent to the acceptance of tender, the appropriateness thereof should be examined from the competency and proprietary angles.

(xxiii) Whether the interests of Govt. were adequately safeguarded and protected in arbitration proceedings by the officers concerned with the defence of cases.

### **3.7 Interpretation of certain clauses of the Offices/Units of ES-II standard contracts agreements**

**3.7.1** Clauses 2 and 3 of the standard conditions of contract as prescribed in Appendix-XI of PWF&ARs Part-II (IV Edition) lay down the conditions for imposition of "Compensation of delay" maximum up to 10 *per cent* of tendered cost and remaining work to be executed at the risk and cost of original agency by other agency respectively. These clauses correspond to clause 2 and 3 of the Government of India, CPWD contract form No. PWD-3. In a particular case referred to him, the Legal Remembrancer (L&R) to West Bengal had opined that both these clauses of the West Bengal contract form were not complementary but only alternative to each other and could not be enforced concurrently, although the AG, West Bengal had brought to his notice that the Solicitor to the Government of India had expressed that action under clause 3 of the CPWD Form of Agreement could be taken even when action under clause 2 had been taken.

The matter having been referred by the CAG of India, the Government of India, Ministry of Law have expressed that action under clause 3 of the contract can be taken even when action under clause 2 of the contract has already taken and that when work is entrusted to another agency under clause

3 of contract and there is delay on the part of that agency the original contractor is not responsible for that delay.

*(Comptroller and Audit General's letter No. I/378 Admn.II/498 dated 2.8.1955)*

The view of treating the two clauses independent was supported by the State Law Department also as conveyed vide letter No. F.2(20)AG/I/Cell/SC/1173 dated 12.3.1981 of the Dy. Secretary to the Government and TA to the Chief Engineer, Irrigation, Rajasthan, Jaipur addressed to the Additional Chief Engineer, Irrigation, Udaipur.

**3.7.2** Clause 45 of the Standard conditions of contract envisages inter-alia that if during the progress of contract, the price of any material incorporated in the work and/or wages of labour increases or decreases, the amount payable to the contractor for the work shall also be increased or decreased.

The amended clause 45 regarding price variation as substituted in place of the old one by Government of Rajasthan is reproduced in **Annexure-I** of this Chapter. The payments for escalation charges should be examined in view of the above clause.

### **3.8 Sale of Tender Forms**

Receipts in respect of sale of tender forms need not be issued. The following instructions should carefully be observed in connection with their sale:

- (i) The forms are to be bound in books of 100 forms each and machine numbered.
- (ii) These forms are to be issued to contractors on payment of the prescribed cost for each form and a note "sold for cash" should be recorded on the form at the time to sale under the dated initials of the official responsible for the sale of these forms, in the sub-division/ divisional office.
- (iii) An account of the receipt and issue and the balance of form in stock should be kept in suitable form.

(iv) Daily totals of the sale proceeds should be entered in the Cash Book and verified daily or as soon as possible with the cash book by the sub-divisional officer/divisional officers and the entries in both of these documents initialed by them in token of their checks.

*Note: For Building and Roads, it should be seen that instructions in para 12 of Section I of Chapter-III of Buildings and Roads Manual are followed.*

(v) At the end of the month, the Register of receipt and issues should be properly closed and a certificate recorded as under :

"Value of forms sold during the months has been verified and the entries in Cash Book duly initialed by me"

**Signature :**

**Sub-Divisional Officer**

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**Divisional Officer/Head of Office**

### **3.8.1 Procedure of E-Tendering**

All tender costing more than Rs. 50 lakhs for civil works (building, roads and other works) and costing more than Rs. 5 lakhs for electrical works in the department public works shall be henceforth subjected to E-Tendering only.

(Ref. F.7, circular/Sec.II/10-11/D-cir-I dated 28-10-2010 of Chief Engineer & Additional Secretary, P.W.D., Rajasthan, Jaipur)

### **3.9 Selection of tenderers**

(i) As per rule 334(A) of the PWF&AR, the selection of tenderer should be made only from among the registered contractors of the department and from reputed firms who tender for the work. For this purpose a register should be kept in the Divisional Office.

(ii) The authorities charged with the responsibility of accepting tenders should verify whether all firms/contractors who submitted tenders are genuine and are on the approved list of the contractors.

### **3.10 Scrutiny of tenders**

As provided in Rule 336 of PWF&AR it should be seen whether the tender accepting authorities have carefully observed the following points:

(i) The high rates against any item in item rate contract is justified by reliable data.

- (ii) The monopoly of works by any one or a few contractors in a circle or in a project is not encouraged.
- (iii) Whether the lowest tender was accepted or not and if not, were there adequate reasons on record for the same? If negotiations were resorted to, whether or not the negotiations were, unless provided otherwise, made with all the tenderers.
- (iv) The specifications in tenders are not changed after issue of tender notices and that if a change become really necessary equal opportunity to all contractors to tender for the revised specifications is given.
- (v) Where any particular tender other than the lowest was accepted on consideration of delivery time, whether extension has been granted without adequate justification.
- (vi) Total requirement has not been split into tenders of small value to avoid sanction of the competent authority;
- (vii) Limited tenders have not been called without sufficient ground; such tenders are invited only in exceptional circumstances with the consent of the appropriate authority;
- (viii) Comparative statements have been properly made and common conditions drawn and brought to a comparable basis.
- (ix) Technical aspect considered for selecting technically responsive tender may be adequately scrutinized. This is very critical area where both the parties do lots of manipulations.
- (x) Tenders evaluations are done with due regard to financial interest.
- (xi) While checking tender evaluation statement (comparative statement) particularly in respect of bulk purchases, audit may come across that unreasonably low price has been quoted for particular items requirement of which has been shown very large but factually this item was not supplied/required. On the other hand, unreasonably higher price has been quoted for a

major item requirement of which is very few number. In this process overall tendered value has been reduced. This is a kind of manipulation of tender.

(xii) Recommendation of the tender evaluation committee may also be seen.

### **3.11 Remission of Abatement**

**3.11.1** The grant to contractors of remissions of abatement whether by way of compensation for alleged difficulties in the execution of work or by way of reward for good work should be challenged in audit. Such remissions are liable to abuse and to induce prospective contractors to tender low in the hope of eventual partial and wholesale remission and so to undermine the utility of the system of public tender.

It was decided by Government that except with their previous sanction, no payments should be made to contractors in respect of claims due to certain expenses having been omitted from a contract, since, if Government were to accept responsibility as a matter of course for expenses omitted from a contract, it would be impossible to foresee Government's responsibility on any particular project and there would be the risk of a tender being accepted which may appear cheaper but prove to be more expensive than others in the end.

**3.11.2** Contracts containing any unusual conditions or in which subsequent material variation may have been made should not be sanctioned without the approval of the Finance Department as per note 1 below Rule 331(c) of PWF&AR Vol-I(IV Edition).

### **3.12 Payment of compensation to contractors**

Payment of compensation to contractor requires the sanction of Government in the Finance Department and should be challenged in audit unless supported by such sanction.

### **3.13 Cash Book**

**3.13.1** In addition to the checks prescribed in para 40 of the Memorandum of instructions regarding the extent of audit it should be seen that:

- (1) the cash book is posted in accordance with the instructions of Public Works Account Form-1 (Cash Book);
- (2) all cash recoveries are paid into the treasury promptly and duly acknowledged in the treasury remittance book or challan, undue delay in remittance being pointed out;
- (3) there is no habitual or undue delays in the submission of sub-divisional imprest account alongwith all vouchers to the Divisional Office;
- (4) there is evidence in the Cash Book of verification of all entries of receipts and the actual balance of cash in chest and that any deficit or surplus in the actual cash balance as compared with the book balance is accounted for;
- (5) vouchers taken from the Audit Office agree with the entries in the Divisional and sub-divisional imprest account;
- (6) there is no tendency to keep an unduly large cash balance in hand;
- (7) in the case of time barred, lost and cancelled cheques, the correct procedure is followed;
- (8) copies of remittance slips are received in the Divisional Office from the Sectional Officers whenever revenue collected by a Sectional Officer is remitted by him to the Sub Divisional Officer or other superior officer having a Cash Book;
- (9) monthly statements containing full particulars of amount collected and remitted by Sectional Officer during the month are received in the Sub Divisional Office and that these statements are verified with reference to the entries in the Cash Book and prompt and efficient action taken in regard to discrepancies, if any;
- (10) cheques are not drawn and deposited in the Cash Chest at the close of the year for the purpose of showing the full amount of grant as utilised;
- (11) the cash balance with the subordinates are checked occasionally by the Sub Divisional Officer.

**3.13.2** It should be particularly seen that whenever the balance pertaining to a Cash Book is accounted, a simultaneous account of all cash balances (with relevant account) in charge of the disbursing officer or other custodian of the charge of the disbursing officer or other custodian of the Cash Chest is made. A note of the count specifying the amount both in words and figures should be made in the Cash Book or account concerned.

The Comptroller and Auditor General has approved the accounting of temporary advance in all the PWD divisions direct in the Cash Book of the Divisional or Sub Divisional Officer as the case may be, instead of through in imprest account as required by article 88 of the Account Code Vol.III.

### **3.14 Imprest Account**

It should be seen that:

- (i) imprests are recouped punctually before the cash book for the account month concerned is closed and that the amounts of imprest are not unduly excessive; and that they are closed when not required;
- (ii) there are no avoidable delays in the adjustment of temporary advances;
- (iii) no imprest beyond the monetary limit and competency, as prescribed in Rule 125 of PWF&AR has been sanctioned;
- (iv) the Assistant Engineers do not enhance or permanently reduce or close imprests without the orders of the Divisional Officer;
- (v) certificate of counts of cash balances in the imprest account are given after actual count;
- (vi) receipts from the imprest holders for imprests outstanding on the 31st March of each year have been obtained and filed; and
- (vii) the payments from imprest holder's private cash is not made for Government liabilities of charges before the imprest cheque is cashed.

### 3.15 Revenue Receipts

In conducting the audit of Government revenue receipts the principles laid down in paras 2.3.2 to 2.3.13 of the MSO (Audit) should be particularly borne in mind.

It should be seen that suitable record and accounts to ensure punctual assessment and realization of revenue of other recoveries are properly maintained.

It should also be ensured that cases of Revenue Receipts were checked by Internal Audit Party. Following points need close scrutiny during test check:

1. Area covered by the Internal Audit Organisation.
2. No.of cases audited by them.
3. No. of cases in which mistakes were detected.
4. Total amount of Tax under assessed/over assessed..
5. Out of (4) above, no. of cases in which tax effect in each case exceeded Rs 10,000.
6. Important law points, negligence and fraud, evasion etc.

*(Group Order No. 23 dated 30.3.2003)*

The inspecting officer while conducting review of agreements should ensure that stamp duty, as effective from 1.4.2000 is levied on contractors in terms of Government Order No. F.2(4)FD/X-III/99/15.1.2001 as per amendment incorporated in Rule 340 of PWF&ARs (Vol.I)IV Edition.

*(Group Order No. 14/2002-03)*

A register of all Government properties yielding produce available for sale or for lease should be maintained in all divisions of the Irrigation Department according to the instructions printed on its fly leaf. The register should be further examined to see that all fruit gardens belonging to the division are actually borne on the Register of Properties yielding produce available for sale or lease and that they, as well as all grazing areas on canal bank, except those reaches where plantations have to be preserved from cattle are regularly leased out and that the revenue derived from them is promptly recovered and accounted for. A comparison of the amount realized during the current year

under review with that of previous year might be made with a view to see whether the revenue from this source is increasing or decreasing.

*Note: A distinction obviously exists between a fruit garden, i.e. an orchard and a few fruit trees planted in a rest house compound and the decision lies with the SE, as to what is an orchard and what is not an orchard.*

### **3.16 Check of foils and paid cheques**

(a) The foils of paid cheques of the selected month should be checked in detail with the cash book and vouchers with a view to see that payments have actually been made to the persons entitled for them.

(b) In scrutinising the paid cheques, the endorsements thereon should be connected with the acquittance on the voucher or vouchers and it should be seen inter-alia that no divisional employee figures in them.

(c) The fact of the above check having been effected should be recorded in the office notes relating to the inspection. Cheques which have been paid by the treasuries of another accounts circle need not be obtained for the purpose of scrutiny laid down in this paragraph unless the Group Officer directs otherwise.

### **3.17(a) Register of private cheques received in the division**

When Government agrees to accept cheques of private individuals in payment of Government dues, these should be treated as cash for all purposes and entered in cash book in the ordinary way first like other cash transactions.

### **(b) Cheques and Receipt books**

In addition to the checks of foils of cheque as mentioned in para 3.16 above it should be seen that :-

- (1) the corrections, if any on the counter-foils or the memoranda of balances on their back do not disclose any financial irregularity or over-drawal;
- (2) the counter foils of used cheques are returned promptly to the Divisional Office for record and bear the certificate of check of the Divisional Accountant;
- (3) no receipt is signed and granted before the receipt of the money has been recorded in the Cash Book or by an officer not authorized in this behalf;

- (4) the limitation on the drawings by the subordinate officers is properly watched; and
- (5) the stock of blank cheque books and receipt books is maintained correctly.

### **3.18 Works Accounts**

**3.18.1** The points to be generally looked into in the examination of these accounts are enumerated in para 44 of the Memorandum of instructions regarding the extent of audit. In addition to these, the following should also receive attention from the audit point of view:

- (i) Ex-gratia payments to contractors for arranging labour, for rapid execution of works for damages sustained by floods or fire etc.
- (ii) Compensation to contractors for departmental delay in starting a work or its abandonment or for variation from the estimate.
- (iii) Payments for clearance of site or for water required for construction when these are not specifically provided in the contract.
- (iv) Any extra ordinary charges to works.

**3.18.2** The amount shown in the register of works under the sub-head "Suspense Accounts" relating to contractors and labourers should be analysed to trace out the details:

- (a) In the work abstract concerned and the contractors ledger as regards arrears due to or from contractors.
- (b) In the work abstracts, muster rolls, acquittance rolls and the connected record of unpaid wages of labourers and work charged establishment as regards balance shown under the suspense column 'labourers'.
- (c) Ascertain, if possible whether there are any surplus materials at site of completed works and any balance "due to/from contractor" etc.

**3.18.3** The following additional checks should also be exercised in respect of register of works:

(a) Checking of entries of estimates etc. in this register excluding works relating to a project which costs Rs 25 lakh or more and for non project work costing Rs 10 lakh or more.

(i) In the case of all works on which expenditure has been incurred without or in excess of the sanctioned estimates/allotments etc.

(ii) In case of 25 per cent of all other works.

(b) Checking of progressive expenditure on individual works excluding works relating to a project which costs Rs 25 lakh or more and for non project works costing Rs 10 lakh or more. The progressive expenditure and figures of sanctioned estimates allotments etc. in respect of individual works given in the half yearly comprehensive schedule of expenditure should be checked with the register of works to the following extent:

(i) In the case of September Schedule 50 *per cent*.

(ii) In the case of March Supplementary Schedule 100 *per cent* and a para should be included in the IR mentioning the number of works and amounts involved. Outstanding under various categories of objections viz. (a) want of Technical Estimates (b) excess over technical estimates (c) want of allotment (d) excess over allotment (e) want of administrative approval (f) Excess over Administrative approval as shown in the schedule of works expenditure for the aforesaid months..

### **3.19 Contractor's Ledger**

**3.19.1** It should be seen that :

(i) adequate reasons exist for delay in adjusting secured advances outstanding over six months;

(ii) action has been taken in case of old outstanding accounts for submission of a subsequent running bills as appearing from entries to column 10 of the ledger not bearing the initials of the Divisional Accountant;

(iii) the Divisional Accountant has effected agreement month by month between the balances detailed in the work abstracts and the corresponding balances of the accounts in the ledger; and

(iv) debits for value of stock supplied are posted from the original receipts given by the contractors which should agree with the entries in the monthly abstract of stock issues.

**3.19.2** During the local audit the contractors ledger may itself be subjected to cent per cent check in respect of one selected month in a year from vouchers, TEs and Stock Accounts.

### **3.20(a) Register of Contractor's Bills**

It should be seen that :

- (1) It is reviewed by the Divisional Officer at frequent intervals;
- (2) there are no undue delays in the disposal of the bills;
- (3) every bill received in the Divisional Office for pre-audit is accompanied by Measurement Books concerned and is systematically checked by the Divisional Accountant with the agreement;
- (4) payment of bills for works done is not delayed for want of approved agreement, sanction to the revised estimates or work slip or similar reasons and;
- (5) a tabular statement showing the maximum intervals permissible at the several stages between the measurement of a work and the payment of the bills, as fixed by the SE is hung in the room of Divisional Accountant for his reference and compliance of the orders.

### **(b) Scrutiny of Running and Final bills of Contractors**

The points to be seen have been detailed in **Annexure – 2** to this chapter.

### **3.21 Measurement Book**

It should be seen that :

- (1) Books outstanding for two years from the date of issue are duly called for record in Divisional office.

- (2) Sanction of the CE is forthcoming for missing measurement books.
- (3) The stock of unused measurement books agrees with the book balance;
- (4) The fact of destruction of measurement books of over ten years is recorded in the register of measurement books.
- (5) Measurement books are generally reviewed to see that the entries are made in accordance with the instructions on the flyleaf of the measurement books and that no entries are made by officers other than those empowered to do so.
- (6) Acknowledgements are taken from responsible persons wherever measurement books change hands.
- (7) Remarks made by the Sub Divisional Officer or the Divisional Officer and corrections in rates made after check measurements do not indicate that irregular and incorrect measurements, worthy of serious consideration have been made.
- (8) Works liable to submersion such as closing branches, clearing silt and brush wood filling in river margin, are check measured in time by Sub Divisional Officers and that reasons in exceptional cases are given concisely and clearly in the remarks column of the measurement book by the Sub Divisional Officers.
- (9) The dates of measurement of any outstation works are correctly traceable in the progress reports and Travelling Allowances bills of the officials concerned.
- (10) By comparing the date of measurement with the date of payment it should be ensured that inevitable payments are not postponed at the end of the year with a view to avoiding excess over appropriation.
- (11) In the case of cancelled measurements, the cancellation is supported by the dated initials of the officer ordering the cancellation and also full reasons for the same are given.

(12) Check measurements are conducted with discretion and methodically and that the items of works easily susceptible of fraud or which would most seriously affect that total amount of the bill, if recorded inaccurate, are selected for check measurement.

(13) Measurements are recorded and signed by the Senior Officer when measurements are taken jointly by two or more officers.

(14) The pages containing detailed measurements are scored out by a diagonal line in red ink and that the abstract of measurements bears a reference to the number and date of vouchers of payment.

(15) Genuineness of some entries in the measurement book should be verified by comparison in respect of dates and other particulars with TA Journals of the subordinates concerned which should contain all journeys both within and beyond 8 kilometer radius, performed in connection with the measurements of works.

(16) One of the points frequently brought to notice by the Inspecting Officers in their reports on the Accounts of PW Divisional Offices relates to excess measurements which were taken in the first instance by subordinates but which were subsequently reduced by the Sub Divisional Officers on check measurements. The validity of such reductions is unquestionable but particular care should be taken not to challenge each correction unless the differences are important and indicate more or less deliberate excess measurement as against genuine mistakes.

(17) If the same contractor's work has been persistently short or excess measured, this should be specially brought to notice.

(18) In the large size measurement books, when used for heavy Irrigation construction works, pages if desired can be reserved for different reaches.

(19) Record of check measurements by the Assistant Engineer and Executive Engineer is noted in the index at the end of the measurement book

and percentage of check measurement are worked out as may have been directed by the Chief Engineer in local instructions of manuals.

(20) All measurement books are properly accounted in the register of Measurement Books.

### **3.22 Loss of Measurement Books**

**3.22.1** The Inspecting Officer should investigate cases of measurement books lost since last inspection and report the result of his investigation to the Central Office with comments as regards adequacy of the action taken against the person responsible for the loss in case it was not merely accidental.

**3.22.2** In case of lost measurement books, it should be seen that :

- (1) The Assistant Engineer has prepared a list of all claims for works or supplies in the locality concerned which are then outstanding;
- (2) the list is verified by him by reference to bill book or bills and office copies of bills, works abstracts petty vouchers, muster rolls or cash book to ascertain that none of the claims entered therein have already been paid for;
- (3) a certificate to this effect has been recorded by the Assistant Engineer on the list; and
- (4) after the above verification, the works not paid for, have been re-measured and entered in the fresh measurement book for payment as usual.

### **3.23 Deduction for shrinkage on account of settlement of certain materials**

It should be verified that deduction for shrinkage on account of settlement and voids is made at the rates specified in the detailed specifications of the department:

### **3.24 Standard Measurement Books**

The Standard measurement books on the basis of which either estimates for annual repairs, etc. are prepared or payments are made should be examined to see that:

- (1) they are duly certified as fully checked by some responsible officer; and
- (2) they are brought up to date from time to time and that additions and alterations in the books are approved by a responsible officer.

### **3.25 Muster Rolls**

In addition to the checks prescribed in paragraphs 43 of the memorandum of instructions regarding the extent of audit it should be seen that:

- (1) a few muster rolls paid in the test audit month, selected at random by the Inspecting Officer are checked arithmetically;
- (2) Muster Rolls are maintained in accordance with Rules 405 and 406 of the PWF&AR under which no fresh persons on muster rolls/task rolls shall be employed by any authority without prior permission of Finance Department;
- (3) they do not include payments to permanent or temporary employees of the category of clerks, Junior Engineer, Eengineers, etc. whose pay is chargeable to the head "Establishment" or members of the workcharged establishment;
- (4) payment of labour engaged through contractor is not made or authorized on a muster roll as in such cases the use of the muster rolls is not permissible;
- (5) there are no unusual delays in payment;
- (6) a systematic record is maintained of the unpaid wages and their payment and that wages remaining unpaid for months are regularly reported to the Divisional Officer and are not paid without his special orders or treated by him as lapsed;
- (7) casual labour rolls, if any, are maintained only in exceptional and urgent cases and the payments on them are made only by a Gazetted Officer or an upper subordinate;

- (8) duplicate copies of muster rolls are not prepared and that separate rolls exist for the period of each payment;
- (9) attendance is taken daily and the record of attendance is checked, at intervals, by responsible officers of the sub-division.
- (10) disbursement and certification of disbursement, is not entrusted, as a rule, to officials of low standing;
- (11) progress of work done is shown and that the cost is not so largely in excess of its value at current rates as to indicate either loss to Government or need for closer financial control;
- (12) Part-III progress is properly filled and measurements are test checked by the Assistant Engineer and EE to the prescribed extent.

### **3.26 Transfer Entries**

All transfer entries involving rectification of errors should be examined to see that they do not indicate any defect in the system of accounting or any of the following irregularities:

- (1) Expenditure is deliberately charged to a wrong estimate, because the correct estimate has not been sanctioned.
- (2) Materials are issued unnecessarily to works merely to utilize grants and transferred to stock later on.
- (3) To hide excesses over estimate.
- (4) To conceal the fact that certain materials have been lying for long period at the site of a work without being used. Transfer entries of March Supplementary should be scrutinized with special care.

### **3.27 Indent Books**

It should be seen that:

- (1) references to invoices are given on the back of respective counterfoils of indents of the Divisional Office and of the Sub Division whose accounts are test audited and that payments and debits are also similarly noted, so as to avoid double payments and debits; and

(2) there is evidence of the lists of surplus stores in the division having been referred to before indents are placed for articles.

### **3.28 Register of Buildings and Lands**

It should be seen that :

- (1) the register is kept in proper form and corrected up-to-date;
- (2) the value of the land is shown separately from that of the building or buildings thereon and that the value of each separate structure is also shown separately;
- (3) the cost of residential buildings in the register agrees with that shown in the last Capital and Revenue Account except in the case of incomplete works; and
- (4) the additions and alterations to each buildings are duly noted in the register.

### **3.29 Miscellaneous Properties Register**

It should be seen that:

- (1) the registers are submitted monthly to the Divisional Officer for review and when not submitted the reasons for non-submission is recorded in the register against the month under the signature of the Sub Divisional Officer;
- (2) all properties included therein have been duly leased;
- (3) lease agreements, where required, exist in all cases;
- (4) realizations are made on due dates and that there are no outstanding dues;
- (5) adequate reasons are on record for short realizations or fall in revenue as compared with the previous years;
- (6) no items of revenue due to Government are written off without the orders of competent authority;

- (7) in case of the Sub Division selected for test audit, recoveries as noted in this register are traceable in the Cash Book;
- (8) in the case of water taken for industrial purposes, the scale of rates and recoveries made are in order;
- (9) the amount in the column 'Amount realisable' has been correctly filled in as per sale lists and approved lease agreements; and
- (10) the right to collect tolls on Government roads is leased out by public auction or by inviting sealed tenders and that special sanction of CE exists if proposed to run departmentally BOT/MOT basis.

### **3.30 Deposit Register**

**3.30.1** It should be seen that:

- (1) reference to agreements of security deposits is quoted in the deposit register;
- (2) there are no avoidable delays in the adjustment of long outstanding items;
- (3) the Deposit Registers are properly maintained, correctly posted and reviewed monthly/yearly and unclaimed lapsed deposits, credited to Government revenue in accordance with the relevant rules;
- (4) notes regarding refunds are duly made to avoid double refunds; and
- (5) the Registers are closed at the end of each month and balance tally with the schedule sent with monthly accounts.

The detailed check should be done in respect of one month in each half year.

### **3.31 Register of Interest Bearing Securities**

It should be seen that :

- (1) Saving bank pass books are in the name of the depositors and hypothecated to the Divisional Officers;

- (2) these are required to be sent to the post office/bank etc., as soon as possible, after the 15th June to have the interest written up-to-date;
- (3) security as determined by the CE in each case has been furnished by stores clerks, cashiers and other officials incharge of Cash and Stores;
- (4) security deposits are covered by a proper bond or agreement setting forth the conditions under which the security is held and that reference to such agreements is given in the register;
- (5) the security bonds/post office saving banks pass books etc. are kept in the custody of the officer to whom they are pledged;
- (6) in the case of security recovered in instalments and deposited in the post office saving bank, no entries are made in respect of it in the register until the security has been fully paid up;
- (7) such recoveries by instalments are watched through the register of recoveries;
- (8) recoveries on account of security deposits of employees are made in cash when their pay is disbursed and credited in the Cash Book and then remitted into the Post Office; and
- (9) Government valuable document rendered as security is taken at its face value or market price whichever is less at the time of deposit and in the event of its subsequent appreciation or depreciation in value, a readjustment is made.

### **3.32 Schedule of Rates**

It should be seen that:

- (1) there is an up-to-date schedule of rates sanctioned by the SE, or officer competent for this purpose;
- (2) it is supported by detailed data (analysis of rates); and
- (3) the rates paid in the month of test audit in bills not covered by agreements and muster rolls do not exceed the schedule rates.

An intelligent test audit of the rates paid in the division with reference to authorized schedule of rates and comparative examination of the latter (Schedule of Rates) in accordance with the instructions laid down in para 2.2.10 and 6.1.3 of the MSO (Audit) should also be done to see whether the arrangement is satisfactory as to secure economical results.

Certain number of items of through rates allowed by the Executive Engineer to contractor should be analysed to see that the component rates of which the through rate is made up are not in excess of Basic Schedule of Rates.

(4) When two or more Divisional Offices are situated at one place, a comparison of the rates prevalent in the various divisions for the same items of works may be carried out. This may disclose that the rates paid by a division are exorbitant.

### **3.33 Register of Stock**

**3.33.1** Stock Register for quantity account are maintained at sub-division level where as value accounts are maintained at Divisional level. Receipt and issue of material are maintained in the Register of stock Form RPWA 8 Material should be issued only on receipt of an indent (Form RPWA-7) in triplicate signed by the Divisional or the Sub-Divisional Officer. Simultaneously issue note (Form RPWA-7B) will be prepared in quadruplicate.

The receipt and issue transactions of the entire sub-division should be abstracted monthly in a single "Abstract of Stock Receipts" (Form RPWA-9) and in a single "Abstract of Stock Issues" (Form RPWA-10) from Register of Stock Receipt and Issue in respect of quantities only. The Quantity Accounts of a particular month show all quantities received or issued in that month but the corresponding each payment, cash recovery or other adjustment may not always appear in the divisional accounts of the same month. To secure agreement between the quantity and value accounts of receipts and issues, the value of which can not be adjusted in the accounts of the month in which the actual transactions take place should be accounted for in the abstracts under the heads 8658 - Suspense Accounts 'Material Purchase Settlement Suspense

Account' and Miscellaneous Works Advances under the Major Head concerned respectively.

After completing posting of all quantities of receipts and issues of the half year in Half Yearly Balances Return (Form RPWA-11), it should be transmitted to Divisional Officer for value accounts where the closing balance of quantities as shown in column 21 of Form RPWA-11 may be multiplied by current issue rate as ascertained from the Rates Register (Form 12A) and value at current issue rate may be shown in column 22. Similarly values at Market Rates and value at Future Issue Rate may be shown in column 23 and 24 respectively against every item in Form RPWA-11 itself. Future Issue Rate will normally be the same as Market rates unless the Divisional Officer decides to prescribe a different Future Issue Rate for any particular Item.

At the close of financial year the net amount of annual excess or short fall of all Sub Head of Stock representing the difference in value column 6 of Form RPWA 12 should be worked out on proforma basis and credited to Revenue or charged off to write off losses as the case maybe.

**3.33.2** In addition to the above checks the following points should receive attention:

- (1) See that the previous audited register is also made available with it and is found to be complete in all respects and that no entries in it have been tempered with.
- (2) Check 10 *per cent* of the closing balances of the previous half year as selected by the Inspecting Officer with the opening balance of the next register.
- (3) See that the future issue rates (Col. 24) are within the 'Market Rates' as shown in Col.23 and that the amounts and adjusting entries noted in Col.24 under 'Value at future issue rates' are correctly worked out.
- (4) See that the aggregate of value balances in Col.21 of Part-I is correctly carried over to the column 'Book Value' in part-II (Summary) of the register

and that the 'Book Value' noted in the 'General abstract' of Part-II is correct and agrees with the closing balances against items 1,2,3 and 5 of Part-I of the Stock account form PWA 12 for the last months of the half year.

(5) See that there is record of stock having been taken within the previous 12 months by some responsible officials whose names and designations are specified.

(6) See that no defect or irregularity in mode of keeping the detailed value accounts of stock is indicated either by any of the important discrepancies in the rates for individual articles, or by the surpluses and deficits under the total value of the sub-heads of stock. For this purpose, the future issue rates of articles should be compared not only with the current issue rate but also with the 'Market Rates'.

(7) See that the shortages (if any) are not large and there is no undue delay in their adjustment.

(8) See that the balances under the sub-head 'Storage' do not indicate any defect or irregularity in the system of calculating storage charges.

**3.33.3** Inspection Officers should scrutinize the accounts of stores as carefully as other accounts and bring to notice cases of irregularities connected with the purchase, disposal and custody of stores and maintenance of initial records by departmental officers, e.g.

(1) Non-verification of stores.

(2) Purchase of materials in anticipation of orders or in advance of or in excess of requirements (collection of materials in excess involves unnecessary blocking up of capital and risk of loss to government).

(3) Purchase of stores at excessive or at different rates as compared with the rates in similarly situated areas or the rates published in catalogues of Engineering firms, if available.

(4) Irregularities in the purchase of stores by not inviting tenders or not accepting lowest tender. Liquidated damaged recovered as per rules for delayed supplies.

(5) Losses or shortage of stores should be examined locally with reference to the reports of verification of stock to analyse any unusual circumstances connected with any item.

**3.33.4** Whenever shortage of stores are noticed the following points should be examined:

- (i) When the shortages were noticed.
- (ii) Whether there has been any failure to conduct an annual stock-taking regularly.
- (iii) Whether there has been any negligence on the part of any of the officials or lacunae in the procedure that led to the shortage.
- (iv) Whether the shortages were reported to the specified higher authority as required in the financial and other rules.
- (v) What action has been taken by that authority on the above report.
- (vi) Whether a report of the shortage noticed was sent to the Accountant General as required under rules.
- (vii) Was there any delay in fixing responsibility or initiating disciplinary proceedings; and
- (viii) Was the shortage due to any fraud perpetuated by falsifying any entries or preparing any wrong documents of issue of articles.

**3.33.5 (a)** According to article 98 of the Account Code Vol.III, carriage and other incidental charges actually incurred on the acquisition and delivery of the stores at the godown should not be debited to the Stock Sub head 'Storage' but to individual articles of stocks. If it is not possible to locate such charges to individual articles these can be initially booked under the head

'Carriage and incidental charges" and later on charged to individual articles on suitable percentage basis. Any charges incurred after the acquisition of stores on work charged establishment employed on handling and keeping initial accounts, the custody of stock and the maintenance of the store godown or yards etc. should be debited to the sub-head 'Storage' of the stock account. It should be seen that these charges are being correctly classified in accounts.

(b) As regards maintenance charges of stores, godowns store yards and the buildings which are being used in connection with stores may be grouped into four classes:

- (1) Government buildings used exclusively for stores.
- (2) Government buildings used both for offices and stores.
- (3) Hired buildings used exclusively for stores.
- (4) Hired buildings used both for office and stores.

It should be seen that maintenance charges on account of item (1) above and rent of item (3) above is charged to sub-head 'Storage'. As regards item (2) and (4) maintenance charges and rent of such buildings are distributed between the two heads 'Storage' and 'Office Contingencies' according to the plinth area of the structure occupied by stores and office respectively.

### **3.34 Register of Purchases**

The register should be checked yearly in respect of one selected month.

### **3.35 Register of Tools and Plants**

(a) It should be seen that:

- (1) in part-I of the Register the articles are correctly grouped under the sub-head prescribed in Rule 207 of the PWF&AR;
- (2) in part-II, the entries are made separately for each contractor or other person to whom the articles are lent or sent out for repairs, etc;
- (3) if any shortages come to notice, they are brought out and dealt with in part-III instructions relating to which are given in Rule 220 of PWF&AR; and

(4) deficiencies and surpluses are dealt with in accordance with orders in Rule 218 and 220 of the PWF&AR.

(b) Besides the above the following points should also receive attention:

(1) see that the previous audited register is found to be complete in all respects and that no entries in it have been tampered with.

(2) Check 10 *per cent* of the closing balances of the previous register as selected by the Inspecting Officer with the opening balance of the next register;

(3) check two months transaction in the year with the forms RPWA 13 & 14;

(4) see that the closing balances are correct.

(5) see that there is a record of stock having been taken within the previous twelve months, by some responsible officials whose names and designations are specified;

(6) see that there is a certificate by a responsible official, not below the rank of Sub-Divisional Officer, that the balances in part-II actually represent articles lent or sent out for repairs; and

(7) see that the shortages (if any) noted in part-III are not large and that there is no undue delay in their adjustment.

### **3.36 Tools and Plant Returns**

It should be seen that :

(i) there are no undue delays in the submission of Sub Divisional/Divisional Store Returns to the Divisional Office;

(ii) the divisional and sub-divisional accounts of receipts and issues are posted up-to-date and that a few entries in these accounts are traced into the annual returns;

- (iii) the divisional and sub divisional registers for the current year are posted up-to-date;
- (iv) all works abstracts for new supplies of tools and plant for the period of inspection and the relative vouchers not submitted to audit are scrutinised to ensure that all items of receipts are traceable in the monthly returns;
- (v) check two months transactions in the year with RPWA Form 13 and 14;
- (vi) the closing balances are correct;
- (vii) there is record of stock having been taken with the previous twelve months, by some responsible officials whose names and designations are specified;
- (viii) there is a certificate by a responsible official not below the rank of sub-divisional officer that the balances in part-II actually represents, articles lent or sent out for repairs; and
- (ix) the shortages (if any) noted in part-III are not large and that there is no undue delay in their adjustment.

### **3.37 Road Metal**

In Road Metal, returns should be subjected to a test check to see that these have been properly maintained mile by mile for each road, the receipt of materials duly entered and issued is accounted for and balance struck.

Ascertain, if possible, whether there are any surplus materials at site of completed works it should at once be brought on to quantity account. Deficit, if any should not be removed from the quantity accounts until recovery of its value or receipt of sanction to write off is not received.

### **3.38 Register of Plant and Machinery**

It should be seen that the "Register of Plant and Machinery" is properly maintained with full particulars of cost, make, life and rate per hour etc. and depreciation charges if any, worked out correctly.

### **3.39 Treasury Remittance Books**

It should be seen that:

- (1) there are no undue delays in sending the remittance books to the treasury and their return;
- (2) the monthly certificates of agreement prescribed in Rule 724 of the PWF&AR have been signed by the Divisional Officer; and
- (3) the identity and the amounts of the cheques entered as cashed in the Treasury Remittance Books are examined by the Divisional Accountant and the remittance book initialed (and dated) by him in token of this check (Note - 1 below Rule 724 of the PWF&AR).

### **3.40 Special Scrutiny of Important Records**

Where important initial records e.g. Cash Book, Pass Book and Security Registers, etc., are not maintained properly, it will not be sufficient for the Inspecting Officer simply to state in the Test Audit Note or in the Draft Inspection Report that such records were not maintained properly. Improper maintenance or non-maintenance of important initial records having direct bearing on cash transactions should specially be scrutinised and besides mentioning the technical defects and shortcomings in keeping the account registers etc., he should also make an intelligent probe to see if the defective maintenance or non-maintenance is camouflaged during a period covered by local audit in which it had failed to detect.

### **3.41 Work Charged Establishment**

**3.41.1** The register of Work Charged Establishment, engaged before 1.4.94, in the Division should be reviewed in general and checked with reference to sanctions and vouchers for one selected month in each year to see that:

- (a) proper sanction exists for each post;

(b) provision for the purpose has been made in separate sub-head of the sanctioned estimates;

(c) the pay of no such post exceeds the prescribed rates in cases where such rates have been definitely prescribed by a higher authority for particular classes of posts; and

(d) work charged establishment is entertained strictly in accordance with the rules and that the pay of members of regular establishment entertained in excess of sanctioned scale is not charged to works.

(2) Paid vouchers for payments made in the test audit month to work charged establishment sanctioned by the Divisional Officer should be specially scrutinised to see that:

(a) a register is maintained as indicated in Rule 438 of the PWF&AR for wages remaining unpaid on the monthly bills;

(b) arrear payments and traveling allowances claims are made on hand receipts;

(c) the pay of a mistry is not charged to a work when no work has been done and paid for;

(d) no traveling allowance is paid to the members of work charged establishment except as provided in Rule 439 of the PWF&AR.

**3.41.2** Government of Rajasthan vide order No. F.1(1)FD/Exp.III/93 dated 28.2.1994 followed by circular No. F.1(1)FD/Exp.III/93 dated 29.3.1994 had discontinued the system of engaging workers under Work Charged Employees Service Rules 1964 as well as under Departmental Standing Orders, completely with effect from 1.4.1994. In this perspective, the regularization of work charged establishment as prescribed in Rule 650 and 651 of RPWF&AR provides that:

(i) There will be no further recruitment on work charged basis/ daily wages basis/ muster roll basis or through any other method. The erstwhile work charged employees/those engaged under Standing Orders, in a phased manner, shall be absorbed as regular Government employees.

(ii) As the cheque powers of all departments stands withdrawn on this account, therefore, the pay & allowances of erstwhile work charged establishments already in existence will be drawn by respective Head of Offices on establishment bills through respective treasuries chargeable initially to Sub head '(iii) Execution' below the Minor Head Direction and Administration and will be transferred through monthly accounts to specific works.

(iii) Such employees will be governed under the service rules as applicable to regular government servants and change of mode of drawal of their pay and allowances shall not affect in any way their duties as being regulated under direction of the Sub Divisional/Divisional Officer hither tofore.

(iv) In cases of emergency to execute the work departmentally specific prior sanction of the Finance Department for engaging such employees would be necessary. PW inspection parties should, therefore, examine during local inspection such regulation of work charged establishment accordingly.

### **3.42 Register of Manufacture**

It should be seen that:

(1) Separate detailed account in Form RPWA 42 is maintained for expenditure on each manufacture (either for stock or for specific work) and for the quantities and values of the products in 2 sections known as the operation and outturn accounts;

(2) an outturn account is attached monthly to the works abstract;

(3) the rates for valuing manufacturing articles are fixed to represent as accurately as possible the actual cost of manufacture per unit but not exceeding the market rates;

(4) the accounts are closed as soon as the operations are closed or at least once a year and that before doing so, the difference between the operation and the outturn is adjusted under the orders of competent authority;

(5) in case of a loss, the causes are duly investigated and reported to the competent authority;

(6) the charges under "Land and Kilns, etc." in connection with each manufacturing operation extending over more than one season are adjusted by debit to manufacture account in suitable instalments as fixed by the authority sanctioning the initial charges; and

(7) the aggregate of differences between outlay and outturn on all manufacturing operations as per register of manufacture agrees with the net debit to manufacture in part-I of the Stock Account.

### **3.43 Check against double payment**

See that :

(a) the rates in bills are duly checked in Divisional Office with work orders and agreements under the supervision of the Divisional Accountant;

(b) a note of all payments whether running or final is recorded on the copy of the work order or agreement in the Divisional Office;

(c) it should invariably be checked whether amount payable since previous bill column tallies also with amount derived to be paid in column of progressive/up-to-date total amount less amount paid upto previous bill.

### **3.44 Account of motor-lorries, other heavy machinery, trucks, tractors and launchers etc. used for works of touring purposes**

In order to exercise control over the working of motor vehicles, etc. for carriage of materials for works or otherwise under the rules, suitable accounts and log books should be maintained for them. In the examination of these accounts, among other points, it should be particularly seen that the consumptions of stores purchased and replacement of parts and other maintenance charges are reasonable and recorded in the relevant parts of the Log Books and the recoveries in connection with them wherever necessary are correctly made in accordance with the rules.

### **3.45 Schedules of rents of buildings and furniture**

The schedules for the month of test audit should be checked to see that there exist proper rent statements and the amount of rent as entered in Form-75B is correctly arrived at and is according to the rent sanctioned by competent authority.

**3.46 Works executed for Civil Departments or other Governments or Supplies made to them**

If there are any transactions on behalf of other departments or Governments it should be seen that proper authority or requisition from the other department/Government exists in the division before executing the work or supplying the material and payment received.

**3.47 Visitors Book for Dak Bungalows**

This should be reviewed to see that rules on that behalf are being followed and revenue collected has been accounted for in the divisional accounts.

**3.48 Examination of accounts of any month in which there has been exceptionally heavy expenditure**

The possible irregularities, cropped up from exceptionally heavy expenditure which usually occurs in March are:

- (i) unreal payments, i.e. payments charged off in the accounts but not actually made to the parties concerned at the same time; and
- (ii) Payments for the works or services due to be performed made in advance of their actual performance or rendition.

**(2) Unreal payment**

(i) This irregularity can be easily detected in the audit office by noting instances in which acquittances are not received with the accounts analysing the causes, which lead to the delay in their submission. The facts ascertained should, as far as possible, be verified at the time of inspection e.g. if it is alleged that a contractor was not present at the station for receiving payment, his ledger account may be consulted and it may be seen if payments for any other works were made during the same period. If in such a test check it is found that there was an attempt to hold over the payment deliberately it should be seen (as described in subsequent paragraph) if the work was really carried out before the cheque was drawn.

(ii) In some cases stamped bills are sent by firms in advance of the despatch of stores but Bank Drafts are sent to them long afterwards the stores are actually received. An inspection of the local records connected with the procuring of bank drafts will reveal such irregularities.

**(3) Payment for work done**

The schedule of expenditure against grant shows the expenditure in March and for the whole year. For this, a list should be made of all items in which proportionate expenditure in March has been unduly high. The high expenditure may be either due to cash or stock expenditure. The analysis of abnormally high expenditure may lead to some unreal payment or fictitious issue of stock to work.

**(4) Stock**

During the inspection it should be seen that the original record of stock transactions in the accounts are bonafide. The indents for the stores issued should be inspected so as to ascertain the dates of issue of the indents from stores. The actual date of receipt of material at site can be ascertained from the entry made in the issue column of stock register and the date of entries of cartage made in measurement book. Such a check may bring to light all cases in which stock is shown as issued for the purpose of working up to grants.

**(5) Authenticity of measurement**

A comparison of the travelling allowance bills with the measurements recorded in MBs should be made locally in the case of lower subordinate and other officers for whom journals do not come to the audit office.

This will show if there is a tendency to make an unduly large number of measurements towards the end of March. If the tendency be found, the fact that the measuring officer was in the days specified at the particular place should be verified with the travelling allowance bills and journals. If it appears that the same officer is shown as having measured a disproportionately large number of works in a given time, this fact should also be brought to notice.

The work shown as measured should also be verified, as far as possible, with the progress reports locally.

**(6) Payments for Materials**

Cash payments may also be made for materials procured for works. The materials may be kept at 'Site; and a regular material-at-site account maintained. In this regard the following points may be seen :-

(i) The material at site accounts should be scrutinised to see when the materials were actually used. In some cases actual loss (especially) of perishable stores may be noted in these accounts, such instances should be pointed out.

(ii) If the articles have not been received and the payment were made to contractors for supply of materials in anticipation of their receipt, subsequent measurement books should be looked into to see when the materials were actually received.

(iii) In the case of materials purchased it should also be seen if these were provided for in the estimates. Instances are not uncommon in which the saving of works was utilized to purchase the material not required for them but debited to them temporarily for subsequent transfer to other works.

(iv) The rates at which these heavy payments are made should be scrutinised locally to see that higher rates than are justified are not paid e.g. the higher rate provided for teakwood should not be allowed for other inferior quality of wood supplied by a supplier/ contractor.

(v) In the case of large workshop debits, the facts concerning the dates on which the order was placed with the shops and the articles were actually manufactured and dispatched should be verified from local records. This may bring to light adjustments made in anticipation of supply with a view to working upto grants.

(7) **General** : Besides the above, the following checks should be applied:

(i) At inspection the date of closing of the divisional and sub-divisional accounts should be verified. The causes of any delay in the submission of the sub-divisional cash or stock accounts should be enquired into; and

(ii) It is also an ordinary device to omit the usual percentage deductions on account of security from March bills or to keep the deductions in deposits by debit to works. Such devices can be detected in auditing the accounts as well as during the inspection.

(iii) Whenever the Inspecting Officer has to comment in his reports on the rush of cash expenditure in March as against that in the preceding eleven months of the financial year, he should give specific instances of expenditure incurred in March which would normally have been liquidated in the following months.

(iv) As rush of expenditure in March may sometimes be due to late allotment of funds, such cases should be examined with a view to see how far the rush can be accounted for by this cause.

### **3.49 Establishment**

In addition to the examination of the various works accounts/ schedules and documents quoted above, the Inspection party should also devote his attention towards the examination of the following documents connected with the establishment:

#### **(1) Acquittance Rolls of Establishment**

These should be examined to see that there is proper acquittance for each amount disbursed, that the amounts have been disbursed to the persons entitled to receive them and that the arrangements for keeping a proper watch over undisbursed amounts are satisfactory.

#### **(2) Audit of Contingent Vouchers**

It should be seen that :

(i) The sub vouchers available contain pay orders signed by competent authority and they are supported by payee's acknowledgement with dates of payment.

(ii) The details given in the sub vouchers agree with the entries in other register e.g. the number of days for which watermen are paid should agree with the number of days of their attendance as shown in the relevant attendance register and the stores purchased with the stores ledgers, etc.

(iii) The details worked out upto totals and the totals are in words as well as in figures.

(iv) Revenue stamps have been affixed to the payee's receipts in all vouchers for sums over Rs 5000 and they have been defaced.

*Note : All cash memoranda that do not contain an acknowledgement or the receipt of money from the persons named therein are not receipts within the meaning of Section 2(23) of the Indian Stamp Act (Act.II of 1899) as the mere writing of the purchasers name and address on a cash memorandum for delivery purposes does not transform it into an acknowledgement of the purchaser that the money has been paid. Cash memoranda is not required to be stamped when the amount exceeds Rs 5000 and they should not be regarded as sub vouchers, in audit, unless they contain an acknowledgment of the receipt of money from the persons named (with stamp affixed when the amount exceeds Rs 5000) voucher.*

### **(3) Audit of the Contingent Register**

The entries in the contingent register should be checked with the sub vouchers where available, and the propriety of the expenditure scrutinised with reference to rules and orders. It should be seen that:

- (i) each entry is initialled by the drawing officer;
- (ii) these are correctly classified in the head under which the expenditure falls;
- (iii) the total of the entries of the sub vouchers agrees with the total of the contingent bill drawn;
- (iv) the total expenditure during the year under each head of classification does not exceed the allotment noted at the top of the respective column; and
- (v) the details of stores and other articles purchased, as shown in the entries made in this register, for which no sub vouchers are available, agree with the entries in the stock books or other registers or records maintained in the office.

### **(4) Service Books**

The service books should be examined generally to see that :

- (i) a service book is maintained for every Government servant and a service roll for each class IV servant;
- (ii) entries of all events, in the official career of a Government servant are made in the service book and attested by a competent authority;

- (iii) no alteration is made in the date of birth without the sanction of competent authority;
- (iv) entries on the first page are re-attested every five year;
- (v) by a comparison of a few entries of pay and allowances in the service books with those in salary bills, they are found to agree with each other; and
- (vi) the service verification certificate is recorded annually and attested by the competent authority.

#### **(5) Check of Leave Accounts**

The inspecting staff should examine leave accounts and service books of the non-gazetted staff of the offices or institution visited by them to ensure that they are kept in a satisfactory manner. A percentage of the leave accounts of non-gazetted staff particularly of those persons who are likely to retire before next inspection has to be checked by them.

- (6) For other instructions relating to establishment audit during local inspection, refer also to para 2.8.2(39) of this manual.

### **3.50 Miscellaneous**

**3.50.1** Strength of Accounts Branch of the divisional offices; see that the clerical establishment of the divisional office is neither below nor in excess of requirements and that the Divisional Accountant is recognized as the senior member of the office establishment of the division, though his position is analogous to that of a Sub Divisional officer, Rule 48(c) of the PWF&AR.

**3.50.2** It is primarily responsibility of Administration to examine the staff requirements with reference to the standards prescribed, if any. However, if on careful investigation of the causes, it is found that the unsatisfactory state of initial account is clearly and unquestionably due to the inadequacy of staff the same should be pointed out to the administration for remedying the position. The inspecting officers should not make a mention to this effect in the IRs but should convey their observations to the Headquarters office

through a confidential note to be sent with the IR. The Headquarters office shall, if necessary, take up the matter with the administrative authorities after obtaining the orders of the Principal Accountant General. Such references to the heads of departments or Secretary to the Government shall be issued under the signature of Principal Accountant General/Senior Deputy Accountant General.

*(CAG's letter No. 1966 Admn.II/358-53 dated 31.10.1963)*

### **3.51 Service Stamps**

- (1) Verify balances of service stamps in hand.
- (2) See whether the last two or three purchases of stamps, as per requisitions for the same, are correctly brought to account in the Stamps Account Register.
- (3) See that payments for telegrams by service stamps are supported by the telegraphs receipts.
- (4) See that the divisional and sub divisional officers check and sign the Stamp Account Register not less than once a month and certify correctness of the balance in hand on the date of inspection.

### **3.52 Books of Reference**

See that the copies of the following books to be used in the office are in order and kept corrected or completed to date:

- (i) Rajasthan PW Financial and Accounts Rules
- (ii) Rajasthan Service Regulations.
- (iii) Fundamental Rules.
- (iv) Rajasthan General Financial and Accounts Rules and Account Code Vol.III.
- (v) Rajasthan Government Circulars.
- (vi) Principal Accountant General's Circulars.
- (vii) TA Rules.
- (viii) Manual of Government Orders.

**3.53 Stationery and Forms**

It should be seen that a proper account of receipts, issues and balances of articles of stationery and forms is kept. Their stock is verified annually and the certificate of verification is recorded in the register of stationery over the signature of a gazetted or other responsible officer.

**ANNEXURE - I****(Refer to para 3.7.2)****Clause 45 of the Standard Conditions of Contract - Price Variation Clause**

If during the progress of the contract of value exceeding Rs 50 lakh (accepted tendered amount minus cost of material supplied by the department) and where stipulated completion period is more than 3 months (both the conditions should be fulfilled), the price of any materials/bitumen/diesel and petrol/steel/cement incorporated in the works (not being materials to be supplied by the department) and/or wages of labour increases or decreases, as compared to the price and/or wages prevailing at the date of opening of tender or date of negotiations for the work, the amounts payable to contractors for the work shall be adjusted for increase or decrease in the rates of materials (except those materials supplied by the department)/labour/bitumen/ diesel and petrol/steel/cement. If negotiated rates have been accepted, prices as on the date of negotiation shall be considered for price adjustment. Similarly, if rates received on the date of opening of tenders have been accepted, then prices on the date of opening of tender shall be considered for price adjustment.

Increase or decrease in the cost of labour/material/bitumen/diesel/petrol/steel/cement shall be calculated quarterly in accordance with the following formula:

**(A) Labour**

$$V_L = 0.75 \times \frac{P_L}{100} \times R \times \frac{(I_{L1} - I_{L0})}{I_{L0}}$$

$V_L$ = Increase or decrease in the cost of work during the quarter under consideration due to change in rates of labour.

$R$ = The value of the work done in rupees during the quarter under consideration excluding the cost of materials supplies by the department and excluding other items as mentioned in this clause.

$I_{L0}$ = The average consumer price index for industrial workers (whole - sale prices) for the quarter in which tenders were opened/negotiated (as published in Reserve Bank of India Journal/Labour Bureau Shimla, for the area).

$I_{L1}$  = The average consumer price index for industrial workers (whole - sale prices) for the quarter of calendar year under consideration (as published in Reserve Bank of India Journal/Labour Bureau Shimla, for the area).

$P_L$  = Percentage of labour components.

Note: In case of revision of minimum wages by the Government or other competent authority, nothing extra would be payable except the price escalation permissible under this clause.

**(B) Material** (excluding material supplied by the department)

$$V_M = 0.75 \times \frac{P_M}{100} \times R \frac{(L_{M1} - L_{M0})}{L_{M0}}$$

$V_M$  = Increase or decrease in the cost during the quarter under consideration due to change in the rates of material.

$R$  = The value of the work done in rupees during the quarter under consideration excluding the cost of materials supplied by the department and excluding other items as mentioned in this clause.

$L_{M0}$  = The average wholesale price index (all commodities) for the quarter in which tenders were opened/negotiated (as published in Reserve Bank of India Journal/Economic Adviser to Government of India, Ministry of Industries, for the area).

$L_{M1}$  = The average wholesale price index (all commodities) for the quarter under consideration (as published in Reserve Bank of India Journal/Economic Adviser to Government of India, Ministry of Industries, for the area).

**(C) Bitumen**

$$V_b = 0.85 \times \frac{P_b}{100} \times R \frac{(B_i - B_o)}{B_o}$$

$V_b$  = Increase or decrease in the cost of the work during the quarter under consideration due to changes in the rate for bitumen.

$R$  = The value of the work done in rupees during the quarter under consideration excluding the cost of materials supplied by the department and excluding other items as mentioned in the this clause.

$B_0$  = The official retail price of bitumen at the IOC depot at nearest center on the day 28 days prior to date of opening of Bids.

$B_i$  = The official retail price of bitumen of IOC depot at nearest center for the 15<sup>th</sup> day of the month under consideration.

$P_b$  = Percentage of bitumen component of the work.

#### (D) Petroleum

$$V_f = 0.75 \times \frac{P_f}{100} \times R \times \frac{(F_i - F_0)}{F_0}$$

$V_f$  = Increase or decrease in the cost of the work during the quarter under consideration due to changes in the rate for fuel and lubricants.

$R$  = The value of the work done in rupees during the quarter under consideration excluding the cost of materials supplied by the department and excluding other items as mentioned in this clause.

$F_0$  = The average wholesale price index of High Speed Diesel (HSD) as published by the Economic Adviser to the Government of India, Ministry of Industry on the day of opening of tender/negotiations.

$F_i$  = The average wholesale price index of HSD for the quarter under consideration as published weekly by the Economic Adviser to the Government of India, Ministry of Industry for the quarter under consideration.

$P_f$  = Percentage of fuel and lubricants component excluding fuel and lubricants supplied by the Department (Specified in the sanctioned estimate for the work).

$R$  = Total work done during the quarter as prescribed under this clause.

*Note : For application of this clause price of HSD is chosen to indicate fuel and lubricant component.*

#### (E) Cement

$$V_c = 0.75 \times \frac{P_c}{100} \times R \times \frac{(L_{c1} - F_{c0})}{L_{c0}}$$

$V_c$  = Increase or decrease in the cost of the work during the quarter under consideration due to change in the rates of cement.

R = The value of the work done in rupees during the quarter under consideration excluding the cost of cement supplied by the department and excluding other items as mentioned in this clause.

L<sub>CO</sub> = The average wholesale price index for the quarter in which tenders were opened/negotiated (as published by the Economic Adviser to Government of India, Ministry of Industries).

L<sub>CI</sub> = The average wholesale price index for the quarter under consideration (as published by the Economic Advisor to Government of India, Ministry of Industries).

P<sub>C</sub> = Percentage of cement components (excluding cement supplied by the Department).

**(F) Steel**

$$V_S = 0.75 \times \frac{P_S}{100} \times R \frac{(L_{SI} - L_{SO})}{L_{SO}}$$

V<sub>S</sub> = Increase or decrease in the cost of the work during the quarter under consideration due to change in the rates of steel.

R = The value of the work done in rupees during the quarter under consideration excluding the cost of steel supplied by the department and excluding other items as mentioned in this clause.

L<sub>SO</sub> = The average wholesale price index for the quarter in which tenders were opened/negotiated (as published by the Economic Advisor to Government of India, Ministry of Industries).

L<sub>SI</sub> = The average wholesale price index for the quarter under consideration (as published by the Economic Advisor to Government of India, Ministry of Industries).

P<sub>S</sub> = Percentage of steel components (excluding steel supplied by the Department)].

**Clause 45A Price variation in installation of elevators, supply/installation of Centrally Air Conditioning and Central Evaporating Cooling Works**

In all cases of contracts for installation of elevators, supply/installation of Central Air Conditioning and Central Evaporating Cooling Works, the price quoted shall be based on the Indian Electrical and Electronic Manufacturers Association (IEEMA) price variation clause based on the cost of raw materials/components and labour cost as on the date of quotation/tender, and the same is deemed to be related to wholesale price index number of metal products and All India Average consumer price index number of industrial workers as specified below. In case of any variation in these index numbers, the prices shall be subject to adjustment up or down in accordance with following formula.

$$P = \frac{P_0}{100} (15+55 \frac{MP}{MP_0} + 15 \frac{W_0(D)}{W_0} + 15 \frac{W_0(1)}{W_0})$$

Where:

P = Price payable as adjusted in accordance with the above price variation formula.

P<sub>0</sub> = Price quoted/confirmed.

MP<sub>0</sub> = Wholesale Price Index Number for metal products as published by the office of the Economic Advisor, Ministry of Industry, Government of India, in their weekly bulletin, Revised Index Number of Wholesale Prices (Base : 1981-82=100) for the week ending first Saturday of the relevant calendar month. The relevant month shall be that in which price was offered or negotiated whichever is later.

W<sub>0</sub> = All India Average Consumer Price Index Number for Industrial workers (Base : 1982 = 100), as published by Labour Bureau, Ministry of Labour, Government of India, for relevant calendar month. The relevant month shall be that in which price was offered or negotiated whichever is later.

The above index number MP<sub>0</sub> and W<sub>0</sub> are those published by IEEMA as prevailing on the first working day of the calendar month FOUR months prior to the date of tendering.

MP = Wholesale Price Index Number of Metal Products as published by the office of Economic Advisor, Ministry of Industry, Government of India, in their weekly bulletin Revised Index Number of wholesale prices (Base : 1981-82 = 100). The applicable wholesale price index number for Metal products as prevailing on 1st Saturday of the month covering the date FOUR months prior to the date of delivery and would be as published by IEEMA.

W<sub>0</sub>(D)=All India average consumer Price Index Number for Industrial workers prevailing for the month covering the date FOUR months prior to the date of delivery of manufactured material and would be as published by IEEMA.

W<sub>0</sub>(1)=All India average consumer Price Index Number for Industrial Workers (Base : 1982 = 100) as published by Labour Bureau, Ministry of Labour, Government of India. The applicable All India Consumer Price Index Number of Industrial workers prevailing for the FOUR months prior to the date of completion of installation/progress parts of installation and would be as published by IEEMA. The date of delivery shall be the date on which the manufactured material is actually supplied at site. The date of completion of installation (or progress part of installation shall be the date on which the work is notified as being completed and is available for inspection/duly tested. In the absence of such notification, the date of completion is not intimated, such completion shall be considered by the Engineer-in-charge which shall be final.

*Note 1: The Wholesale Price Index Number for Metal Products is published weekly by the office of the Economic Advisor, but if there are any changes, the same are incorporated in the issue appearing in the following week. For the purpose of this Price Variation Clause, the final index figures shall apply.*

2. *The sole purpose of the above stipulation is to arrive at the entire contract under the various situations. The above stipulation does not indicate any intentions to sell materials under this contract as movables.*

3. *The indices MP & W<sub>0</sub> are regularly published by IEEMA in monthly basic price circulars based on information bulletins from the authorities mentioned. These will be used for determining price variation and only IEEMA Circulars will be shown as evidence, if required.*

### **General Conditions for admissibility of Escalation**

1. The exact percentage of labour/material (excluding materials to be supplied by the department)/bitumen/diesel and petrol component and

labour component for the work shall be approved by the authority while sanctioning the detailed estimates.

2. The break up of components of labour/material (excluding materials to be supplied by the department)/bitumen/diesel and petrol as indicated in Clause 45 have been predetermined as below:

(a)	Labour	percent
(b)	Material	percent
(c)	Bitumen	percent
(d)	Diesel and Petrol	percent
(e)	Cement	percent
(f)	Steel	percent
	Total	100 per cent

3. While allowing price escalation the following shall be deducted from the value of work done (R) :

- (a) Cost of material supplied by the Department.
- (b) Cost of services rendered as per clause 34.
- (c) Secured Advance/any advance added earlier but deducted now after work is measured.
- (d) Cost of extra items, the rates for which have been worked out based on market rates/mutually agreed rates.

4. The first statement of escalation shall be prepared at the end of three months in which the work was awarded and the work done from the date of start to the end of this period shall be taken into account. For subsequent statement, cost of work done during every quarter shall be taken into account. At the completion of work, the work done during the last quarter or fraction, thereof, shall be taken into account.

5. For the purpose of reckoning the work done during any period, the bills prepared during the period shall be considered. The dates of recording measurements in the Measurement Book by the Assistant Engineer shall be the guiding factor to decide the bills relevant to any period. The date of completion, as finally recorded by the competent authority in the Measurement Book, shall be the criterion.

6. The index relevant to any quarter, for which such compensation is paid, shall be the arithmetical average of the indices relevant of the calendar month.

- 7.** Price adjustment clause shall be applicable only for the work that is carried out within the stipulated time, or extension thereof, as are not attributable to the contractor.
- 8.** If during the progress in respect of contract works stipulated to cost Rs 50 lakh or less, the value of work actually done excluding cost of material supplied by the Department, exceeds Rs 50 lakh and completion period is more than 3 months, then escalation would be payable only in respect of value of work in excess over Rs 50 lakh from the date of satisfying both the conditions.
- 9.** Where originally stipulated period is 3 months or less but actual period of execution exceeds beyond 3 months on account of reasons not attributable to contractor, escalation amount would be payable only in respect of extended period if amount of work is more than Rs 50 lakh.
- 10.** In case, if contractor does not make prorata progress in the first or another time span and the short fall in progress is covered up by him during subsequent time span within original stipulated period then the price escalation of such work expected to be done in the previous time span shall be notionally given based upon the price index of that quarter in which such work was required to be done.
- 11.** No claims for price adjustment other than those provided herein, shall be entertained.
- 12.** If the period of completion including extended period attributable to Government exceeds twelve months but cost does not exceeds more than Rs 50 lakh, no escalation is admissible.
- 13.** Similarly, if cost of work increases more than Rs 50 lakh but completion period including extended period attributable to government is less than 3 months, no escalation is admissible.
- 14.** No provisional escalation is payable on the basis of indices of the previous quarter in absence of non publication of indices for concerned quarter by the RBI.
- 15.** Escalation is always payable quarterly and no provisional escalation is payable monthly or fortnightly.
- 16.** In case at the time of executing agreement, both the conditions (completion period 3 months and amount of work Rs 50 lakh) for admissibility of price escalation are not fulfilled and subsequently due to additional work and extension of time attributable to Government, both the conditions become fulfilled, in that case the escalation shall be payable from the date of satisfying

both the conditions and only for work done beyond Rs 50 lakh and in period of work beyond 3 months.

**17.** The contractor shall for the purpose of this conditions keep such books of account and other documents as are necessary to show the amount of any increase climbed or reduction available and shall allow inspection of the same by a duly authorized representative of Government and further shall at the request of the Engineer-in-charge furnish, verified in such a manner as the Engineer-in-charge may require any documents so kept and such other information as the Engineer-in-charge may require.

**18.** Price variation clause shall be applicable in case of lump sum contracts estimated to more than Rs. 100 crore with stipulated completion period of more than 18 months.

**19.** The component of operation and maintenance (O&M) cost included in the contract price shall not be subject to price variations. The price may be adjusted by the use of prescribed formula (or formulae) which breaks down the total price into components.

**20.** The amount of price variation in case of lump sum contracts will be made by adding or deducting, as the case may be, from the payments made at the stages of work specified in the contract document.

**ANNEXURE - 2**

(Referred to in para 3.20 (b))

**Scrutiny of Running and Final Bills****(A) Running Bills :**

The following points should, inter-alia, be seen while checking contractor's running bills :-

- (i) The work is covered by an estimate. Each item of the bill should be compared with the corresponding item in the estimates to see that the expenditure is not in excess of the provision.
- (ii) If there is no estimate, it should be seen that the sanction of the Competent Authority to incur expenditure without sanctioned estimate exists.
- (iii) The claim is covered by an agreement, each item of the bill should be checked with reference to the corresponding item in the agreement to see that the rates paid and quantities executed are correct.
- (iv) If there is any item not covered by the agreement, it should be seen that extra item slip has been sanctioned for it by the Competent Authority.
- (v) The classification recorded on the bill is correct.
- (vi) The bill should be checked arithmetically.
- (vii) The quantities billed should correspond to the measurements recorded in the measurement book.
- (viii) The recoveries are made in accordance with the agreement.
- (ix) The previous advances are adjusted.
- (x) The bill has been passed by the competent Authority.
- (xi) The Asstt. Engineer/ Executive Engineer has recorded the required certificates on the bill.

**(b) Final Bills :**

In addition to above, the following points should be seen :-

- (i) The Contractor has signed the bill and measurement book and the payment is in full and final settlement.
- (ii) The check measurement has been exercised to the required extent.
- (iii) The expenditure on the work does not exceed the amount of sanctioned estimate by an amount which would require sanction of a revised estimate.
- (iv) The work has been completed within the stipulated period or the sanction to extension in time limit has been accorded by the competent authority in case the same was not completed as scheduled.
- (v) The deviations in the quantities as proposed to be executed and as actually executed have been suitably explained.
- (vi) In case of work involving material, the bill should be checked with reference to the material-at-site account.
- (vii) The work has been executed according to the departmental design and specifications.

**PART - II****CHAPTER - 4****4.1 INSPECTION OF FOREST OFFICES**

**4.1.1** The work relating to the drawing up of inspection programme and issue of notice for the inspection to the various offices of the Forest Department is dealt with by the 'Works Miscellaneous' section under intimation to Works Inspection Section.

**4.1.2** The local inspection of expenditure alongwith revenue and receipts of the various offices of the Forest Department is conducted by the Field Audit Parties of Works Wing. Separate inspection reports are to be prepared for revenue and expenditure. The report relating to expenditure transactions is to be sent to the Works Inspection Section by the Inspection parties, and the report relating to Revenue and Receipt is to be sent to Revenue Audit Wing.

**4.1.3** The work relating to the following items of work expenditure is dealt with in the Works Inspection section (ES-II):

- (a) Selection of the particular month/months the accounts of which are to be test audited.
- (b) Issue of the Inspection Reports.
- (c) The pursuance and disposal of the Inspection Reports.

**4.1.4** The general instructions regarding the following items of work as contained in chapter 2 and 3 of this manual as well as in the manual of Outside Audit Department (Civil Wing) apply mutatis mutandis to the inspection of various offices of the Forest Department :-

- (a) scope and procedure to be adopted for local audit.
- (b) selection of the particular month/months, the accounts of which are to be test audited;
- (c) documents to be supplied to the inspection staff by the headquarters office;
- (d) the manner in which objections are raised, settled and pursued;
- (e) preparation of inspection reports and test audit notes;
- (f) discussion of the results of audit with the head of office inspected;
- (g) issue of the inspection reports and test audit notes; and

(h) the pursuance and disposal of the inspection reports.

**4.2** With regard to the documents to be supplied to the inspection staff referred to in item (c) in the foregoing para it should be seen that, in addition to the previous inspection reports and audited vouchers for the selected month, the following documents are also supplied to the inspection staff:

- (i) foils of the paid cheques of the selected month;
- (ii) outstanding audit objections raised in central audit;
- (iii) list of outstanding remittances transaction;
- (iv) list of outstanding deposit transactions;
- (v) important points, if any, noticed by the CASS (ES-II) section to be looked into at the time of local inspection.

### **4.3 Documents to be Reviewed**

Alongwith the issue of notice mentioned in para 4.1.1 the various officers of the Forest Department should also be furnished with a list of the documents generally required to be seen in the inspection of the Forest Division as given in **Annexure-I** to this chapter.

### **4.4 Process of Audit**

(a) The points to be examined, in connection with the following documents which are almost common to all departments are contained in the Manual of the outside Audit Department (Civil Wing) and should be looked into in the course of Forest Inspection also.

- (i) Cash Account.
- (ii) Contingent Registers and Vouchers.
- (iii) Stores and Stock Account.
- (iv) Service Books and Leave Account.
- (v) Acquittance Rolls.

(b) The special points peculiar to the Forest Department, which should be seen in the examination of certain documents during the inspection of the Forest Offices are described in the succeeding paragraphs.

#### **4.5 Range Cash Sheets**

The Cash sheets of every range (Form No. FA-1) for the month selected for test audit be taken up one by one and checked to see that :

- (a) the opening balance agrees with the closing balances of the previous months cash sheet;
- (b) the cash sheet is written up in the standard form, and that the entries contains sufficient details;
- (c) all advances made to the Ranger by the Divisional Forest Officer as shown in his Cash Book have been brought on to the cash sheets without delay;
- (d) the items of revenue on receipt side are supported either by receipts or by permits or by the necessary entries in the statements or in the abstract from the stock register of permits or by sale list etc.
- (e) the advance transactions have been properly recorded as required by the rules and are otherwise correct;
- (f) the transactions of permit issuing officers have been duly incorporated in the cash sheet;
- (g) un-remitted revenue, if any, is shown in the Divisional Forest Officers cash book as an advance to the Range Officer and is remitted by the later early in the subsequent month;
- (h) collection made by Range Officer and by the permit issuing officers are remitted into the treasury without undue delay; and
- (i) the average un-remitted collections of the permit issuing officers do not un-usually exceed the security furnished by them.

The correctness of the Range transaction incorporated in the Divisional Forest Officers cash book should also be verified. It should also be seen if the Range accounts bear evidence of having been properly checked in Divisional Forest Office before incorporation in the division accounts.

#### **4.6 Cash Book of the Divisional Forest Officer**

The cash balance with the Divisional Forest Officer and the Head clerk on the date of audit should be verified and it should be seen that the prescribed certificates are recorded in the books concerned. The transactions in the Divisional Forest Officers cash book should then be examined in detail for the selected month with reference to the connected records, receipts, etc. and

generally for the whole period under audit. The following points should be borne in mind in this connection:

- (i) The opening and closing balance are same as those reported in the classified Abstract in Form No. FA-5 submitted to the Pr. Accountant General (A&E).
- (ii) The cash balance always tallies with that advised to the Pr. Accountant General(A&E) in the appendices to the Classified Abstract.
- (iii) The cash book is written up in detail and the entries made correctly?
- (iv) Cases in which a large cash balance remained in the hands of the Divisional Forest Officer at the close of a month?
- (v) The advances made and recoveries effected have been correctly noted in the ledger with their respective credit and debit item number as per the cash book?

*Note : For the purpose of this check the detailed entries in the ledger should be examined.*

The Head clerk's and the camp clerk's cash book should be examined for the selected month to see:

- (i) Whether the advances made by the Divisional Forest Officer have been duly brought to account; and
- (ii) whether the head and camp clerk incur any expenses other than those authorized by the rules.

The total should then be checked for the month, the entries traced into the posting registers, and the adjustments as noted in the Divisional Forest Officers cash book and ledger verified.

#### **4.7 Revenue from Timber and Other Forest Produce (cutting, Collection and removal from Forest by Consumers or Purchasers)**

It should be checked that :

- (i) the arithmetical calculations are correct;
- (ii) revenue not realised is taken to the register of outstanding revenue;

- (iii) revenue realized is correctly classified and credited in the monthly cash account; and
- (iv) credit sales are not allowed except in the case of leases.

#### **4.8 Outstanding on account of revenue**

Audit should see 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, fines and forfeitures and rents of forest residential buildings etc. are duly recorded in this return;
- (iii) the realizations of outstanding revenue are credited in the monthly cash account; and
- (iv) the closing balance is correctly struck;

*Note: 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 realized in the month are traceable in the range cash sheet, or in the Divisional Forest Officer's cash book.*

#### **4.9 Earnest Money Deposits**

The Inspecting Officer should review the list of earnest money deposits with the treasury receipts retained by the Divisional Forest Officer to see that the outstanding items of deposits are supported by treasury receipts and that there is no undue delay in adjusting deposits to revenue. The cash books in form No. FA-I should also be checked to see that there has been no undue delay in crediting earnest money deposits into the treasury in cases in which they are not immediately returned to unsuccessful bidders.

#### **4.10 Sale of Forest Produce**

The bulk of forest produce in Rajasthan is sold through public auctions notified according to a scheduled programme. The produce is divided into coupes and such of the coupes as have to be sold during a year according to the working plan are listed range wise and these lists are submitted to the

departmental authorities competent to sanction their sale. In examining the auction proceeds and lease deeds, it should be seen:

- (i) Whether auction in each case was notified in the most open and public manner;
- (ii) whether all the leases have been duly let out as per notification;
- (iii) whether requisite earnest money was deposited by the intending contractors and the first instalment of the auction money was received in advance from the highest bidder in accordance with the terms laid down;
- (iv) whether the contracts have been executed in the prescribed form for the due fulfilment of the lease deeds by the departmental authorities competent to execute such deeds.
- (v) whether the lease amounts for the remaining instalments have also been recovered in advance as per conditions of the contract and credited into the treasury without delay; and
- (vi) whether penal interest has been levied, whenever necessary for defaults in payments.

#### **4.11 Drawal of Money from Treasuries**

Unlike the civil officers who draw their requirements through bills presented at the treasuries, the Forest Officers draw their requirements from the authorized treasury by cheques. The foils of paid cheques taken from this office for the selected month should be examined to see that :

- (i) payments have actually been made to the person entitled to them;
- (ii) the endorsements thereon are connected with the acquittances on the vouchers to ensure that no divisional employee figures in them; and
- (iii) the correction, if any, on the counter-foils or on the memoranda of balance on their back do not disclose any financial irregularity or overdrawal.

#### **4.12 Register of Free Grants**

A percentage of the entries in this register should be tested with the sanctions and it should be generally examined to see that the free grants are not in excess of those authorized by the rules vide section 60 of the Forest Act.

### **4.13 Stores and Stock Account**

The stores and stock accounts (both in quantity and value accounts) will be maintained in each forest division in accordance with the provisions contained in Chapter-I of Rajasthan GF&ARs Part-II. The transactions connected with the purchases, receipts, sales, balances etc. will be audited at local inspection as per instructions contained in Para 2.4.3 of the MSO (Audit) and objection relating to expenditure will be pointed out and pursued in the manner followed in the audit of expenditure conducted in Central Audit.

Serious irregularities noticed (uneconomical purchases, losses, etc.) should receive special attention.

The State Government has agreed to the inclusion of the Stores accounts of the Forest Department in the Appropriation Account and Audit Report thereon. For this purpose the store accounts kept in each division will be called for by the Chief Conservator of Forest in time and a consolidated account prepared in his office. This Consolidated Stores Account will be locally audited in the office of the Chief Conservator of Forest according to a Scheduled programme and furnished to the FAS (ES-II) with necessary Audit Certificates and audit comments, if any, for onward transmission to the Report Section for inclusion in the Appropriation Account.

#### **4.13.1 Register of Stores, Tools and Plant**

The purchase of stores, tools and plant will be test checked in the course of audit of the range cash accounts. It should be seen that:

1. There is proper sanction for the purchase of stores etc. and that the store etc. is not excessive.
2. Whether the authority is quoted in all cases in support of stores written off.
3. Whether in the case of unserviceable articles, sales were effected after their write off by competent authority and if so, whether credits are traceable for the amounts realized.
4. Whether the periodical verification is done by some responsible officer and the certificate of verification is recorded.
5. Whether the register is kept range wise and whether the receipts are acknowledged by the Range Officer concerned.

6. Whether there is any evidence of the stock with the Range Officers having been verified by the Divisional Forest Officer during the year under audit and

7. Whether in the case of differences between the account balance and the actual stock with the Range Officers, any action has been taken by the Divisional Forest Officer to reconcile them or whether proper explanations are forthcoming.

#### **4.13.2 Stock Register of Permits**

The register should be examined to see:

1. Whether the receipts and issues are properly recorded and supported by the acknowledgement of the officers to whom permits were supplied;
2. whether there is any evidence to stock having been periodically verified by the Divisional Forest Officer; and
3. whether the stock of permits is kept in proper custody.

#### **4.14 Record of sanctioned works Form No. FA-3**

The examination of this register need only be cursory one, as the expenditure is audited in the Central Audit with reference to copies of sanctions.

It will suffice if it is seen that:

- (a) the headings are properly filled in;
- (b) the expenditure is recorded month wise;
- (c) the totals are made and the date of submission of completion reports filled in;
- (d) the entries relating to each completed work are signed by the Divisional Forest Officer at the foot of the page;
- (e) the rates for various classes of works sanctioned by the Divisional Forest Officer are not in excess of the rates already approved by the higher authority;
- (f) the more important works have been paid for after check measurements by the Divisional Forest Officer; and
- (g) the progress of expenditure on the works is steady and systematic.

**4.15 Measurement Books**

1. Check the rates, quantities and amounts paid for different items of a few selected works from the measurement books (from which the bills for works are drawn up) with those in the agreement of accepted tender;
2. Check the amount of bills drawn with the contractor's ledger;
3. See whether the measurement books are checked by a superior officer and those entries for which bills have been drawn are cancelled; and
4. See that the pages have been machine numbered and all corrections have been attested by a responsible officer.

**4.16 Security Deposit Register**

It should be examined:

- (i) whether all the pass books or other securities (except cash) shown in this register are forthcoming;
- (ii) whether securities have been obtained from all permit issuing clerks and others in accordance with the rules in force from time to time;
- (iii) whether acknowledgements are obtained and filed in support of all securities returned;
- (iv) whether in the case of forest revenue deposited by the contractors, any appreciable delay occurred in remitting the amount to the treasury;
- (v) whether the register is maintained neatly and correctly and has been checked by the Divisional Forest Officer; and
- (vi) whether the pass books etc. are either retained in the personal custody of the Divisional Forest Officer or kept in the treasury in a separate box, its key being retained by the Divisional Forest Officer.

**4.17 Contractors and Disburser's Ledger**

In examining this register it should be seen:

1. whether the account of the several disbursers and contractors have been balanced and signed by the Divisional Forest Officer at the close of each month in which any transaction occurred;
2. whether the balances shown in the ledger agree exactly;

3. whether the balances appearing against the several disbursers agree with those shown in their cash sheets; and
4. whether the register is neatly and correctly written up.

#### **4.18 Register of Forest Offences**

In this case the Inspecting Officer should:

1. examine the entries with the offence reports and see whether the register has been examined by the Divisional Forest Officer;
2. see whether there are any undue delays in settling cases or in recording compounding fee;
3. verify that during the month selected for test audit all properties shown as confiscated in reports have been included in the register.
4. see that the disposals of confiscated property are supported by proper authority and that there are receipt of the parties concerned for the property shown as released; and
5. see that in the case of property confiscated and disposed off by sale, the credits are traceable in the range cash sheet. Original receipts obtained in the Divisional Forest Office are promptly paid by the Divisional Forest Officer into the treasury.

#### **4.19 Uniform Register**

See that the cost of uniform supplied to forest subordinates is in accordance with the scale and see that the cloths for uniforms has been purchased after inviting tenders and the recipients have given acknowledgements for issues to them.

#### **4.20 Plantation journal**

It should be seen that evaluation of 2 to 5 years plantation is done invariably. Lapses on the part of divisional staff observed if any, may be incorporated in Inspection Reports (*Group Order No. 6/1998-99*).

- 4.21 In respect of other documents not specifically mentioned, it should be seen that:
  - (a) voucher for Rs 1000 and below other than those sent to the Accountant General (A&E) Office are invariably obtained and properly cancelled;

- (b) the signature of each recipient including subordinate employees is taken on pay bills submitted by Rangers with the range accounts;
- (c) payments on account of establishment and travelling allowance for which the original receipts are obtained in the Divisional Forest Office are promptly made by the Divisional Forest Officer;
- (d) a systematic watch is kept over the recoveries of all advances of pay and travelling allowance granted to subordinates.

**4.22** In addition to above, audit should see and review the records relating to:

- (i) Total Forest area (reserved/protected/un-reserved) under the jurisdiction of the division.
- (ii) Any increase/decrease in the Forest area and reasons for such increase/decrease. Whether compensatory forestation done as per norms fixed and compensation recovered for deforestation.
- (iii) Development and maintenance activities undertaken by the divisions and review the related records prescribed under the norms/orders issued by department.
- (iv) Total area of wild life sanctuaries falls under the jurisdiction of the division.
- (v) Any decrease/increase in the wild life area.
- (vi) Protection/conservation activities undertaken by the division in respect of wild life area.
- (vii) Permits issued for saw machines.

**ANNEXURE-I**  
**List of Documents to be seen during forest inspection**  
**(Referred to in Paragraph 4.3)**

1. Agreement contracts documents.
2. Fees for shooting fishing and other licences.
3. Rent on trees etc. for which pattas are issued.
4. Rent raised by the Revenue Department, if any.
5. Minor produce lease.
6. Miscellaneous sale of old materials.
7. Compounding fees.
8. Range accounts of one month.
9. Receipt book.
10. Cheque books used and current.
11. Register of cheque/receipt book.
12. Measurement book, if any.
13. Range cash book.
14. Cash book of Divisional Forest Officer, Head Clerk and Camp Clerk.
15. Stock register of permits.
16. Register of free grants.
17. Register of tools and plant.
18. Stock register of provisions.
19. Record of sanctioned work.
20. Security Deposit register.
21. Contractors and disbursements ledger.
22. Register of Forest offences.
23. Register of leaves.
24. Register of Miscellaneous demand.
25. Service books and acquittance rolls.
26. Contract Journals.
27. Muster rolls.
28. Register showing the receipt and distribution of uniforms in Range.
29. Monthly returns of sale form.
30. Revenue from timber and other Forest produce cut collected and removed in forest by consumers or purchasers.
31. Outstanding on account of revenue.

32. Forest money deposits.
33. Voucher below Rs 1000 not submitted to audit.
34. Acquaintance rolls.
35. Register of contractors.
36. Log book.
37. Treasury pass book.
38. Treasury remittances book.
39. Inspection of ranges by Divisional Forest Officer.
40. Inspection Reports of office by the Conservator of Forest/Chief Conservator of Forest.
41. Records relating to Forest area (Reserved Forest/Protected/Un-reserved Forest) under the jurisdiction of division.

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**PART - III**  
**CHAPTER - V**  
**AUDIT OF WORLD BANK AND OTHER EXTERNALLY**  
**ASSISTED PROJECTS**

**5.1** As envisaged in Chapter 17 of Section-III of the MSO(Audit) audit is responsible for reporting to the funding agencies whether the implementing agencies have incurred expenditure on the scheme in accordance with the pattern specified in the staff appraisal report. With a view to issue Audit Certificate for such expenditure, it is essential to scrutinize the following documents:

- (i) Loan/Development Credit Agreement
- (ii) Staff Appraisal Report
- (iii) Statement of expenditure
- (iv) Supporting vouchers
- (v) Reconciliation Statement
- (vi) Inspection report of local/central audit for inclusion of any serious financial irregularities pointed out in audit.

It should be ensured that the expenditure is incurred for the purpose it is meant and conforms to the procedure and terms and conditions of agreement. All objections raised during local audit should also be mentioned in the audit certificate. A sample of Audit certificate is enclosed as **Annexure I** to this chapter.

**5.2** As per direction in para 3.17.21 of the MSO (Audit) following are the items which qualify or do not qualify for reimbursement:

- (i) Amount recovered towards Security Deposit (SD) is not eligible. However, release of SD to the agencies is claimable.
- (ii) Secured Advance paid on material is not reimbursable.
- (iii) Mobilisation advance paid to the agency is reimbursable.
- (iv) Income Tax/Sales Tax recovered from contractor is claimable for civil work but not for supplies.
- (v) Foreign exchange freight charges are eligible for reimbursement.

(vi) Insurance premiums paid in foreign exchange are eligible for Bank financing, Self Insurance and Premiums paid in local currency are ineligible unless explicitly provided in the loan agreement.

(vii) Local transportation charges are not reimbursable.

(viii) The Bank does not finance custom duties and other taxes imposed by borrowing country.

(ix) All payment to consultants are made in accordance with contract provisions which normally specify currencies and mode of payment.

(x) Income Tax and other duties paid to the consultant are not reimbursable unless specifically provided in the contracts.

**5.3** Following items are not reimbursable in audit of projects assisted by Japan Banks

(i) General Office/Admn. Expenses

(ii) Taxes and Duties

(iii) Purchase of land and other accrued land

(iv) Compensation

(v) Other indirect items

**5.4** The above points are to be kept in mind for audit certification for reimbursement and are to be pointed out during local audit.

**ANNEXURE-I**  
**(Referred to in paragraph 5.1)**

**AUDIT CERTIFICATE**

It is certified that a fund of Rs. NIL has granted during the Year 2005-2006 on account of other receipts provided by the World Food Programme under project No. 2600 and credited under the Head 8342 – Other Deposit, World Food Project No. 2600 as per accounts enclosed.

It is certified that the expenditure of Rs.25,55,543/- (Twenty Five Lakh Fifty Five Thousand Five Hundred Forty Three only) (Annexure – A) was booked in respect of World Food Programme Project No. 2600 (Food Assistance to labour working on the Indira Gandhi Nahar Project) during the Year 2005-2006 under the following budget :-

4705	Capital outlay on Command Area Development	Rs.25,55,543/-
101	Development of Indira Gandhi Nahar Area.	
008	Through the Agency of Regional Development Commissioner.	
009	World Food Programme Project No.2600	

It is certified that the expenditure of Rs. 25,55,543/- incurred during the Year 2005-2006 has been examined and scrutinized as per prescribed rules and regulations and found correct subject to the following observations :-

**1. Final adjustment of Rs. 18,974/- in accounts without making actual expenditure.**

During the audit of accounts of for the year 2005-06 of office of the Commissioner, CAD, IGNP, Bikaner, it was gathered that Dy. Director (Statistics) has shown expenditure in annual accounts as below :-

S.No.	Voucher No.	Date	Amount (Rs.)
1.	30	05.07.2005	11650
2.	46	26.08.2005	15000
3.	83	19.12.2005	15000
4.	55	23.09.2005	42986
<b>Total</b>			<b>84636</b>

On review it was found that amount at Sr. no. 2 Rs. 15,000 was deposited back vide Challan no. 6 dated 27.10.05 and at Sr. no. 3 Rs 3974/- was deposited back out of total amount vide Challan No. 8 dated 7.2.06. Thus

out of Rs.84,636/- actual expenditure of Rs.65,662/- was made, but Rs.84,636/- was shown in annual accounts as expenditure. In reply, the Department informed that amount once drawn was treated as final expenditure and the amount deposited vide Challan was treated as receipt. This is not proper, because the amount actually incurred was Rs. 65,662/- only.

This matter is brought to the notice of Commissioner CAD, IGNP for needful under intimation to audit.

**2. Infertuous expenditure on construction of school buildings Rs. 1,94,580/-.**

In compliance to the decisions taken by the State Level Co-ordination Committee (Agenda item No. 2&3) on 29.6.04 for the construction of three nos. of new Rajeev Gandhi School buildings a sanction no. 4(26)/Vikhaka/2600/371 dated 25.8.04 was issued; according to which these buildings were to be constructed through Executive Engineer, Building Construction Division CAD, IGNP, Bikaner.

The tender of Chuna Ram Bhanwarlal Construction Company was accepted and the work 'construction of Rajeev Gandhi School Building Chak 183 C.W.B' was allotted to him vide work order No. 5545 dated 20.1.05. As per work order, the work was to be completed within three month for a total payment of Rs. 2,51,770/-. The payment of first running bill Rs. 1,94,586/- was made vide Vr. No. 215 dated 31.3.05. The work was not completed till 7/2006 by the Contractor and noticed many deficiencies in the executed work.

As the deficiencies noticed by the Division (Executive Engineer, B.C. division, Bikaner) in construction work were not rectified by the Contractor even after repeated reminders and final notice, the building is not being utilized for more than one year for the purpose to which it was meant for. Hence, the expenditure made (Rs. 1,94,580) treated as infertuous. The latest position of the work may be intimated to audit. The matter is brought to the notice of The Commissioner CAD, IGNP, Bikaner for needful.

**APPENDIX - II**  
**List of Documents to be seen during forest inspection**  
**(Referred to in Paragraph 4.3)**

1. Agreement contracts documents.
2. Fees for shooting fishing and other licences.
3. Rent on trees etc. for which pattas are issued.
4. Rent raised by the Revenue Department, if any.
5. Minor produce lease.
6. Miscellaneous sale of old materials.
7. Compounding fees.
8. Range accounts of one month.
9. Receipt book.
10. Cheque books used and current.
11. Register of cheque/receipt book.
12. Measurement book, if any.
13. Range cash book.
14. Cash book of Divisional Forest Officer, Head Clerk and Camp Clerk.
15. Stock register of permits.
16. Register of free grants.
17. Register of tools and plant.
18. Stock register of provisions.
19. Record of sanctioned work.
20. Security Deposit register.
21. Contractors and disbursements ledger.
22. Register of Forest offences.
23. Register of leaves.
24. Register of Miscellaneous demand.
25. Service books and acquittance rolls.
26. Contract Journals.
27. Muster rolls.
28. Register showing the receipt and distribution of uniforms in Range.
29. Monthly returns of sale form.
30. Revenue from timber and other Forest produce cut collected and removed in forest by consumers or purchasers.
31. Outstanding on account of revenue.

32. Forest money deposits.
33. Voucher below Rs 1000 not submitted to audit.
34. Acquaintance rolls.
35. Register of contractors.
36. Log book.
37. Treasury pass book.
38. Treasury remittances book.
39. Inspection of ranges by Divisional Forest Officer.
40. Inspection Reports of office by the Conservator of Forest/Chief Conservator of Forest.
41. Records relating to Forest area (Reserved Forest/Protected/Un-reserved Forest) under the jurisdiction of division.

**APPENDIX-  
CALENDER OF RETURNS (W.M. SECTION)  
(Referred to para 1.9)**

**ANNUAL PART-I: Returns due to outside Authorities To CAG**

S.No.	Name of returns	To whom due	When due	Authority
1	2	3	4	5
1	Statistics to serve as fair index of work done in Audit Office	CAG (through CCS)	20 <sup>th</sup> August of each year	TM/B-C/215 dated 16.8.1963
2	Withdrawal of funds in advance of requirement except in cases of pay and allowances whether delay in disbursement has not been unreasonable	Through Report by DP Cell(W) and Project	30 <sup>th</sup> June of every year	Report/A-12011/96 dated 6.2.1996
3	Material for inclusion in the Report of the CAG of India for the year ..... (Civil) Government of Rajsathan	Through Report by DP Cell(W) & Project	31 <sup>st</sup> May	Para 15/N file WM/Report 85-86
4	Material for para on delay in receipt of replies to DP/Reviews	Through Report by ECPA(W)	30 <sup>th</sup> October	CAG No. 1890-Rep/180/918 dated 21/26.12.1981
5	Factual Statement of Financial results of Major Irrigation Works	Through Report by DP Cell (Works/ Project)	30 <sup>th</sup> June	CAG No. 919-Rep/ 80-82 dated 11/21.06.1982
6	Material for para delay in investigation of cases arising out of audit comments	Report by ECPA(W) and DP Cell	-do-	Hqrs Circular No. 17 vide letter no. 943-Rep(S)/7-97 dated 16.09.1997
7	Material for DP on corrective/ remedial action taken on matters reported in previous Audit Report	Through Report by ECPA(W)	-do-	CAG's letter no. 01-Rep(S)/95 dated 8.2.1995
8	In depth analysis of OB items and outstanding IRs to point out system deficiencies. It	Through Report by Works Inspection	30 <sup>th</sup> June	Hqrs letter no. 699-Rep(S)/90-99 dated 16.07.1999

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	should also include the over all outstanding position in respect of all the department besides analysis of some selected department.			
9	Para on stores and stock detailed analysis of procedure and material management system in respect of one or two major store holding department.	DP Cell (W)/Project	-do-	No. 1204 Rep(S)/78-82 dated 30 July 1982.
10	Review on store and stock of at least on civil and one Project/Work department for inclusion in Chapter-III of Audit Report.	Report by ECPA(W)	-do-	Hqrs circular no. 2 issued vide No. 114-Rep(S)/2-97 dated 31.01.1997 and Hqrs No. 1140-Rep(S)/180-99 dated 13.11.1999.
11	Major cases of defalcations and misappropriations noticed/scrutinised during audit and result thereof be intimated for inclusion in the Audit Report (Civil)	Report by DP Cell(W)/Project	-do-	Report/A-17011/(I)/2005/24.01.2005 circular No. 1
12	Detailed review to compare the position during ..... when inventory was allowed with the situation during ..... after inventory was disallowed.	Report by ECPA(W)	31st May	Report/A-17011/(I)/2005/24.01.2005 circular No. 1
13	Cases of serious irregularities noticed during physical verification of cash balances in the	Report by DP Cell(W) and Project	30th June	Hqrs Circular No. 4000-Rep(S)/92-95 dated 26.04.1999/ 15.10.1999.

	office of DDO of the Department.			
<b>PART-II</b>				
<b>RETURNS DUE TO GAZETTED OFFICERS AND OTHER SECTION (WITHIN THE OFFICE)</b>				
<b>ANNUAL</b>				
1	Register of Books	G.D/Library	15th January	Para 3.5.5 of the Manual of General Procedure Part-I
2	Maintenance of record of good and bad work	Sr. DAG(W)	31st March	TM/TR-710/68 dated 6.4.1971
3	Certificate regarding yearly consignment of old records to the record room to be recorded in MAR	Sr.DAG(W)	5th July through MAR	TM/67C dated 18.3.69
4	Annual Skelton Programme of PW and Forest Inspection (Audit Plan)	AG(Au)I	12th February	As per PWD Manual Para 607
5	Register of Digest of Important Cases	Sr.AO	5th July	G1(6)WAD/65-66/ECPA/Spl/TR-III/121 dated 1.6.79
6	Audit Plan	CCS	15th February	CAG No.Aud/Plg/97/54/Aud/Plg/94 dt. 24.1.97
<b>HALF YEARLY</b>				
1	Half yearly audit objection - O.B. Items	CCS	10th February & 10th August	WM-I/48/71-72
2	Register of suggestion to stop extravagant expenditure (NIL - Report need not be sent)	Sr.DAG(W)	15th July & 15th January	
3	Register of digest of important cases noted in Audit Review	Sr.AO	25th May & 25th November	F(6)WAD/65-66/ECPA/SPI/TR-VI/21 dt. 1.6.79
<b>QUARTERLY</b>				
1	Quarterly arrear report	CCS	5th April 5th July 5th October 5th January	TM/405/VII(2) Admn-I/R-11072 dt.24.4.86.
2	Material for inclusion in Audit Bulletin	CCS	2nd April 2nd July 2nd October 2nd January	TM/687/54 dt. 16.4.68
3	Report on use of Hindi	Raj Bhasha Section	9th April 9th July	OE-II/IC/UP/68-69/Vol-II/323 dt. 2.12.69

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			9th October 9th January	
4	Key register of Auditors	Sr.AO	15th April 15th July 15th October 15th January	TM/164c/240 dt. 15.10.64 RTM/361 dt. 18.6.80
5	Maintenance of Guard file/circular file	Sr.AO	10th April 10th July 10th October 10th January	TM/7/C/122 dt.3.1.71
6	Statement showing the position of civil suits/writ petition file by State Government employees other than IA&AD	Admn-I	3rd April 3rd July 3rd October 3rd January	CAG No/405/IC/171-86/57 dt. 18.7.86
7	Material for quarterly DO to CAG of India	CCS	5th April 5th July 5th October 5th January	AG(Au) Sectt.
8	Meeting of audit committees regarding settlement of IRs/Paras through Q.AR	CCS	1st April 1st July 1st October 1st January	WM/Order/30/13012/89-90/484 dt. 19.12.89
9	Monitoring of complaints received from retired as well as serving employees of the Department	Welfare Officer	1st April 1st July 1st October 1st January	WC/W/160/6171/88-89 dt. 12.7.89
10	Register of important and interesting cases	Sr.DAG(W)	15th April 15th July 15th October 15th January	TM/64/162 dt. 17.2.63
11	Information relating to unit/vouchers audit in a quarter	CCS	5th April 5th July 5th October 5th January	CCS/R-11011/Au/95-96/161 TR-II/214 dt. 28.6.95
12	Follow up reports on tour record supervision of PWI parties by Group Officer	Sr.DAG(W) CCS	5th April 5th July 5th October 5th January	CAG No. 353/Audit/Mon/236-95 dt. 20.7.95 CCS/R-11071/TR-II-149 dt. 27.4.98
13	Progress report of Revision/ Updation of Local Manuals.	CCS	5th of January, April, July, October	CCS/ Au-I/Y-12014/12/ 2004-05/TR-I-538 dated 13.09.2004
<b>MONTHLY</b>				
1	Monthly arrear report	Sr.DAG(W)	5th of each month	347/TM/XII/(i)/55-56/4646 dt. 24.10.97
2	Closing of	Sr.AO	-do-	Para 2.4 of GD Manual

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	attendance register	(WM)		
3	Register of suggestion to stop extravagant expenditure	Sr.AO & Sr.DAG(W)	15th July 15th January	Para 18.3 WAD(M)/TM/72-0 dt. 20.8.72
4	Register/Report of Inspection through MAR	Sr.AO/ITAS	5th of each month	347/TM/XII(i)/55-B/4696 dt. 24.10.95
5	Certificate of Review conducted in respect of the work done by the typist	GD-II	5th of each month	CAG/No/CR/AG(I&V)/95/447/Au/1240 dt. 8.9.95
6	Report showing monthly statistics of work	Sr.AO/ITAS	7th of each month	347/TM/XII(i)/5557/4696 dt 24.10.95
7	Follow up report on tour records supervision of PWI parties	Sr.DAG(W) CCS	10th of each month	DO/CCS/R-11011/98-99/TR-II-610 dt. 4.2.99
8	Register of Books	Branch Officer	10th of each month	TM/63-6 dt. 19.11.63
9	Register regarding permanent and reliable statistics	Sr.AO(WM)	20th of each month	Para N(v) of GD Manual
10	Despatch Register	Sr.AO/WM	26th of each month	Apps/XI-B of GD Manual
11	Report regarding working and sanctioned strength	Admn-I	5th of each month	Para 18.3 of WAD Manual
12	Information on the action taken by the Group/Section on the recommendation of the workshop of Civil Audit held in New Delhi 2/2000	CCS	1st of each month	CCS/R-11011/Au/I/1/TR-I/2B dt. 22.5.2000 CAG DO No.616 Rep(8) 69-99 dt. 3.5.2000
13	Register of Regular leave	AO/WM	Last day of the month	
14	Report of index Sheet Point	CCS/AP Cell	5th of each month	
<b>FORTNIGHTLY</b>				
1	Email message received from headquarters office LANEMI	AO/CCS	1st and 16th of each month	CAG/No001/2001/ LAN Email/4 dated 24.01.2001 R-CCS/Au-I/R-11011/21/2000-01/TR-I-267 dated 09-02-2001
2	Register of Outstanding IRs/ Paras in respect of all the reports settled in Audit Committee during	DAG (Works)	5th and 25th of each month	Item No. 14 DAG dated 21.11.1989 WM order No. 13012/89/90/4814 dated 09.12.1989 O&M No. Ac/86-88/TR-II/434 to 438 dated

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	the month			14.12.1987.
<b>WEEKLY DIARIES</b>				
1A	Calendar of Returns	Sr.AO	Every Tuesday	GD Manual F-18/ dated 28.12.1956
1B		Sr.DAG (W)	Third Tuesday	O.O. No. TM-I/53-60 dated 18-04-1963 TR/726/27/12.11.1974 Para 4.21(V) G.D. Manual
2	Internal Diary	Sr.AO	Every Tuesday	2N-39 Ist G.D. Manual
3	Hindi Diary	Sr.AO	Every Tuesday	2N-39 Ist G.D. Manual
4	General Diary	Sr.AO	Every Tuesday	2N-39 Ist G.D. Manual
5	IR diary	Sr.AO	Every Tuesday	2N-39 Ist G.D. Manual
6	TA Bill Diary	Sr.AO	Every Tuesday	2N-39 Ist G.D. Manual
<b>HALF WEEKLY DIARIES</b>				
1	Urgent Diary	Sr.AO	Every Tuesday and Friday	2N-39 Ist G.D. Manual
2	CAG Diary	Sr.AO	Every Tuesday and Friday	2N-39 Ist G.D. Manual

## Annexure -vi

## Profile of Audited Office

(Take Reference of Para 1.10.1 (1))

Code/Name of Section	Team No.	V.L.C Code	Name of Dept.	Code of Office	Name of Office	Addresses	District	Place	Telephone no. with S.T.D. Code	Email Addresses
1	2	3	4	5	6	7	8	9	10	11

PIN Code	Fax No.	Treasury	Last Survey	Article through which to be audited	Allotted Day	Total cost of last three Years			Class-wise Working Staff till 31 march	
									sanctioned	working
12	13	14	15	16	17	18			19	

Annexure -vii

(Take Reference of Para 1.10.1 (1))

Entry Talk Form

Local Audit Survey of ..... office of the year .....

Points/projects/aspects/records to be examined by the audit team during local Audit Survey	
Other suggested pending aspects to be circulated during audit survey by the chairman of the office during local audit	

Sr.AO/AO/AAO

Office Chairman of the audited office  
(Signature and Seal)

Annexure -viii

(Take Reference of Para 1.10.1 (3))

Exit Talk Form

Exit Talk Form of ..... office of the year .....

S.N	Para No.	Subject	Reply of the audited office
1	2	3	4

Sr.AO/AO/AAO

Office Chairman of the audited office  
(Signature and Seal)

## Annexure -ix

(Take Reference of Para 1.10.1 (4))

## Checklist for Audit and Survey Reports

(To be filled at vetting time by the Vetting Dept.)

S.N	Particulars
1	Name of the unit
2	Was the unit included in the audit project?
3	Date of audit
4	Was the information sent earlier?
5	Has the report been discussed?
6	Date of report receipt to the Head Office
7	Scheduled date of report receipt to the Head Office
8	Was the work divided on the very first day?
9	Were all the pieces of allotted work completed?
10	Were the dealing months selected on the basis of contribution and cost data
11	Was the month of detailed audit and AA survey selected
12	Were all the contributions of the month surveyed and attached the essential documental evidence in the survey report
13	Was the scheduled audit done
14	Were the draw particulars of the treasuries received and verified and the certificate was given for the mentioned month
15	Was the dispatch particular from the office received and verified and given the certificate

16	Was the particular of the allotted budget and cost sum received
17	Was the survey completed given in the manual of the related departmental audit
18	Were the audit memorandums prepared appropriately and issued to the department
19	Final disposal of the audit memorandums
20	Are free evidences available in the audit reports
21	Is the inspection officer acquainted to the primary work and did he contribute the material
22	Was the competent officer of the report discussed
23	Were the major areas of the audited unit domain recognized and included in the audit
24	Vetting date of the Head Office report
25	Has the register of the points to be verified during the next audit been maintained and sent to the regional teams
26	Has the related file of the marked points by group officer such as AA surveys, segments, works etc been sent to the regional teams
27	Have the objections been included in the objection-book

Sr.AO

Sr. Dupty Accountant/Dupty Accountant