

**MANUAL OF THE REVENUE SECTOR  
AUDIT HEADQUARTERS SECTIONS**

**ISSUED BY THE ACCOUNTANT GENERAL (E & RSA), KERALA**

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## **Preface**

This Manual is meant to provide general directions and detailed instructions for the performance of work in RSA (HQ) Sections. The instructions in the Manual are only supplementary to those contained in the Codes and Manuals issued by the Comptroller and Auditor General of India and other Authorities.

Detailed instructions regarding the audit checks to be exercised by the field parties on the levy, assessment, collections and allocation of the State Revenue under the principal heads of account are embodied in the respective Revenue Sector Audit Manuals. The Assistant Audit Officers of the RSA (HQ) Section concerned is responsible for keeping the Manual pertaining to his Section upto date. He should propose draft corrections to the Manual as and when the rules and orders necessitating and amendment comes to notice.

The provisions of the Manual shall not be quoted as authority in any correspondence outside this Office.

Thiruvananthapuram

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## **SECTION I ORGANISATIONAL SET UP**

### **CHAPTER I INTRODUCTION**

The Comptroller and Auditor General of India derives his powers in so far as they relate to the audit of the Receipts of the Union and the States by virtue of Article 151 of the Constitution of India and Section 16 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (Central Act 6 of 1971). Accordingly the audit of Receipts under the principal heads of revenue of the State Government was taken up by the Comptroller and Auditor General of India as follows:-

Sales Tax <sup>1</sup> from 1963-64

Other Revenue Receipts 1973-74.

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<sup>1</sup> Prior to 1/7/17 it read as Commercial Taxes and wef 1/7/17 Goods and Services Tax

## **CHAPTER 2**

### **CONSTITUTION AND STRENGTH**

2.1 The Revenue Sector Audit Wing<sup>2</sup> has been constituted for the purpose of conducting local audit and inspection of the transactions of various Government offices responsible for the levy, assessment and collection of revenues of the State Government under the principal heads of account viz. Goods and Services Tax, Agricultural Income Tax, Motor Vehicle Tax, Stamps and Registration, Land Revenue, State Excise Duties, Electricity Duty, State Lotteries and Mining and Geology and for reporting the results of the local audit and inspection. The wing comprises of the following Sections.

1. RSA (HQ) I - Dealing with all general matters, co-ordination among various RSA (HQ) Sections, dealing with the audit of receipts and refunds, inspection of accounts and registers of offices under the departments Motor Vehicles, Power (Electrical Inspectorates)
2. RSA (HQ) II - Dealing with the audit of receipts and refunds, inspection of accounts and registers of offices under the Kerala State Goods and Services Tax Department
3. RSA (HQ) III - Dealing with the audit of receipts and refunds, inspection of accounts and registers of offices under the departments State Lotteries, State Excise and Agricultural Income Tax
4. RSA (HQ) IV - Dealing with the audit of receipts and refunds, inspection of accounts and registers of offices under the departments Revenue and Disaster Management, Mining and Geology and Autonomous bodies viz. Traders Welfare Board, Kerala State Disaster Management, Kerala Land Information Mission (Bhoomikeralam Project)
5. RSA (HQ) V - Dealing with the audit of receipts and refunds, inspection of accounts and registers of offices under the Registration Department
6. Report (RS)<sup>3</sup> - Dealing with the processing of Draft paragraphs, preparation of the Audit Report (Revenue Sector), discussions in the PAC and follow-up action on PAC

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<sup>2</sup> Prior to 11/11/15 it read as State Receipt Audit

<sup>3</sup> Prior to 11/11/15 it read as (RR) - vide orders of PAG (ERSA) dated 6/11/15

7. RSA Field Parties                      recommendations  
Conducting local audit and inspection of  
the Government offices

2.2 The RSA Wing is in the charge of the Deputy Accountant General (Admn & RS). He is assisted at the Headquarters by four Audit Officers. In the supervision of field parties also he is assisted by Audit Officers. RSA Sections at the Headquarters and RSA field parties are in charge of Assistant Audit Officers. The Assistant Audit Officers are assisted by Auditors/Senior Auditors.

## **CHAPTER 3**

### **Duties of RSA (HQrs) Sections**

#### **3.1 The main duties of the RSA (HQrs) Sections are:**

- (i) to edit the inspection reports received from the RSA field parties and submit them for the approval of the Group Officer, through the respective Audit Officer.
- (ii) to scrutinise the replies to the Inspection reports, issue further remarks, if any or take any further action on them until all the points raised in the report are finally settled.
- (iii) to process Draft Paragraphs and pass them on to the Report (Revenue Sector) Section with the approval of DAG (Admn &RS) for further action along with keys to the paragraphs containing all relevant data and copies of all relevant rules, orders, circulars etc. necessary to substantiate them.
- (iv) to maintain a Register of Correction slips on the subjects dealt with in the concerned section and submit it quarterly to the Accountant General as required in para 5.10.2 of the Manual of General Procedure. Each RSA (HQ) Section is to maintain for this purpose a guard file and record there in copies of amendments to Acts/Rules etc. and other important decisions/orders of the State Government/this office.

[Circular No. SRA (Manual) MISC./78-79, dated 21-3-1979]

- (v) to complete the action based on orders of the Group Officer on the edition memo and on draft inspection report within the prescribed time limit. In no case the files are to be sent for action in other sections without completing the orders of the Group Officer unless specifically ordered so by the Branch Officer concerned. Files for action in other sections are to be sent only through transit registers and their return is to be watched closely.

[Circular No. SRA (HQ)I/83, dated 24-12-1975.]

- (vi) (a) to prepare quarterly statements of Inspection Reports for which first replies have not been received from the concerned departments at the end of each quarter i.e., last day of June/September/December/March and to send them to the Secretary to Government, Finance Department with copies thereof to the Heads of Departments and Secretaries to Government in the Administrative Department concerned.
- (b) To prepare a statement of objections in respect of which even first replies have not been received within six month of the issue of the LARs (i.e. LARs issued upto the end of the preceding 31<sup>st</sup> March) in Form XI (a) and send it to the Heads of Department/Secretary to the Govt. in the Administrative Department concerned by 15<sup>th</sup> of October of every year. Two copies of these annual statements should be given by each RSA(HQ) section to RSA(HQ) I section for consolidation and communication to the Secretary to Government in the Finance Department /C&AG of India by 31<sup>st</sup> October of every year.

[S.O. No. 1457/SRA(HQ)I/2-93/Vol. IX/84-85]

(vii) To prepare a half-yearly statement of items in the inspection reports outstanding for more than six months at the end of September (Covering items upto the preceding March) and at the end of March (Covering items upto the preceding September) in Form XII and sent it to the Head of Departments / Secretary to the Government in the Administrative Departments concerned by 1<sup>st</sup> November and 1<sup>st</sup> May. Two copies of these half-yearly statements should be given by each RSA(HQ) Section to RSA(HQ)I for consolidation and communication to the Secretary to Government in the Finance Department by 15<sup>th</sup> November and 15<sup>th</sup> May with one copy of this consolidated statement being sent to the CAG of India at least once a year not later than 15<sup>th</sup> May.

[S.O No. SRA(HQ)I/237/75-76, dated 7-2-76, and CAG's Circular No. 25/84 dated 9-8-84 and also S.O. No. 145/SRA(HQ)I/2-96, vol. IX/84-85.]

(viii) to endorse a copy of each letter of commendation/appreciation recorded by the DAG (Admn & RS) / AG on the inspection reports, Draft paragraphs etc. to the Report (RS) Section as and when such commendation /application are communicated to the members working in RSA Parties/Sections. The Report (RS) Section will maintain a continuous record of all such cases in a register which should be submitted to the DAG (Admn &RS) on every 10<sup>th</sup> of the month.

[Circular SRA Report I/21-3/74-75, dated 7-4-75]

(ix) to maintain the registers prescribed for the Sections (as detailed in Annexure I) in addition to the general registers required to be maintained otherwise.

(x) to review the outstanding paragraphs in inspection report at the prescribed intervals.

(xi) to collect the notes submitted by the field parties regarding delay in answering objections and returning the audit query statements, by the Heads of the Offices inspected and to report them to the Finance Department.

(xii) to mail previous inspection report and other points to be verified during local audit to the field parties.

### **3.2 Additional duties of RSA (HQ) Section I**

Additional duties entrusted to RSA(HQ) I Section are

- (i) to prepare tour programmes of RSA field parties and inspecting officers;
- (ii) to issue intimation to the offices concerned
- (iii) to collect, consolidated and send information on RSA required by the Headquarters Office.
- (iv) to dispose of all general questions relating to Revenue Sector Audit.
- (v) to examine the weekly diaries of RSA parties.
- (vi) to verify the TA bills of the members of RSA parties and the Inspecting Officers with reference to their tour programmes, diaries etc. and pass them to the OE (Entt.) OE (Cash) Section.

- (vii) to maintain the registers prescribed for the Section in addition to the general registers required to be maintained otherwise. (as detailed in annexure I).
- (viii) to co-ordinate to the work of RSA HQ Sections.
- (ix) to keep the accounts of CL and RH availed of by the members of the RSA field parties and inspection officers.
- (x) to arrange for the distribution of office orders circulars etc. to the field parties.
- (xi) to report delays in the disposal of inspection reports by Heads of Offices, to the Finance Department.
- (xii) to collect the intimations regarding difficulties experienced by the field parties in obtaining the documents required for audit from Heads of Offices and to report such instances to the departmental higher authorities /Government.
- (xiii) To prepare a Monthly Arrear Report (form XVII due to CAG of India on 15<sup>th</sup> of every month. The details required for the preparation of this report are to be furnished to RSA (HQ) I by each RSA(HQ) section /Report (RS) on 5<sup>th</sup> every month.
- (xiv) To prepare Quarterly progress Report of Revenue Sector Audit (Form XVI) due to CAG for the quarter ending 30<sup>th</sup> June on 1<sup>st</sup> August, 30<sup>th</sup> September on 1<sup>st</sup> November, 31<sup>st</sup> December on 1<sup>st</sup> February, 31<sup>st</sup> March on 1<sup>st</sup> May. The details required for the preparation of these reports are to be furnished to RSA(HQ) I by each RSA(HQ) section respectively on 15<sup>th</sup> July/ 15<sup>th</sup> October/15<sup>th</sup> January/15<sup>th</sup> March.

[Vide CAG's Circular No. 25/84, dt 9-8-84 and S.O. No. 145/RSA HQ-I/2-96/Vol. IX/84-85]

### 3.3 Programme of audit for the RSA parties

The programme of local audit for the next financial year should be reviewed and drawn up early in January each year. In drawing up the programme the following instructions should be kept in view:-

(i) List of Audit

A comprehensive list of all offices of the State Government to be subjected to local audit should be drawn up and maintained by RSA (HQ)I. This should be reviewed every year to keep it upto-date.

(ii) Annual Audit Plan

Annual Audit Plan has to be prepared and sent for the approval of Accountant General by 10<sup>th</sup> January every year. Frequency of audit of the unit is made on the basis of the risk analysis by considering the parameters viz revenue, expenditure, functions, major irregularities, other important irregularities during the last three audits, paras featured in the Audit Report, Medial reports, misappropriation, poor response in the follow up of audit observations etc. The Audit universe is categorised as Apex Auditable Entity, Audit Units and Implementing Units.

Category	Frequency of audit	Duration	of
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		audit
Apex Auditable Entity	Annual	3 days
Audit Units	Biennial	5 to 9 days
Implementing units	Annual/Biennial/Triennial/ Quinquennial based on the risk analysis	5 to 16 days

(iii) Frequency and duration of local audit

A list of offices showing the periodicity and duration of local audit against each, that is considered adequate and desirable shall be prepared. This should be reviewed every 3<sup>rd</sup> year in order to ensure that the time allowed is adequate and not more than adequate. While this periodicity and duration are considered sufficient under normal condition the Accountant General may vary these if special circumstances in the offices inspected justify such variation.

When a new office is established, the details of the institutions is posted both in the Register of Institutions on receipt of Treasury Authorisation issued by the AG(A&E).

(iv) Forecast

Keeping in view the principles regarding periodicity and duration of local audit, a forecast of audit for the next year has to be prepared. The programme for inspection of the various offices should also be drawn up so that every office may come under local audit in rotation and with due consideration of the availability of the requisite and duly qualified staff for the purpose.

The forecast of the inspection for the coming year i.e. the final list of institutions selected for local audit, should then be prepared and put up to the DAG by the first week of March. Copies of the finalised list should be sent to the Administrative Departments by the 15<sup>th</sup> March.

[CAG's D.O No. 2675-Admn. I/702-55, dated 31-12-1955.]

(v) Review of Frequency, duration etc; of local audit

In order to facilitate review of the frequency, duration etc. of local audit, the Inspecting Officers and Assistant Audit Officers should record in a separate report their impressions regarding the State of accounts and documents connected with the levy, assessment and collection of revenues and make suggestions for increasing the extent of the local audit of the offices inspected by them. This report should invariably accompany the inspection reports sent by the field parties.

(vi) Procedure for drawing up programmes

A quarterly programme of each RSA party will then be framed not later than 15<sup>th</sup> of the last month of the previous quarter on the basis of the list of audits approved by the Accountant General.

The quarterly programme will show the offices to be inspected by each RSA field party and dates of commencement and termination of the audit. For parties touring outside headquarters, the programme will provide for periods

of transit from one station to another when the distance between two duty points is more than 250 Km for places connected by rail, when the distance between two duty points is more than 150 Km for places not connected by rail and when the total distance between two places of duty is more than 200 Km and it necessitates minimum 50 Km unavoidable road journey<sup>4</sup>. The following points should be borne in mind while drawing up the programme.-

(a) An inspection should not be taken up before the records to be audited are made ready. Wherever possible a previous enquiry should be made as to the readiness of the records before fixing up the inspection of the respective offices.

(b) The programmes should be drawn up in such a manner that the same stations are not visited by a number of audit parties during the same periods of the year except in very unavoidable circumstances.

(c) A copy of the approved programme should be supplied to the respective Assistant Audit Officers, the Audit Officers who supervise the audit, the concerned RSA(HQ) Sections and their Branch Officers, OE(A), OE(Bills), OE(Entt.) and OE(Cash) Sections.

(vii) Intimation regarding taking up of audit –

Intimation of the dates of inspection of the institution to be audited by the inspection staff will be issued from RSA (HQ) I Section to the heads of offices concerned, 14 days before the commencement of inspection.

(viii) Tour Programme of Group Supervising Officers / Audit Officers

(a) It has been decided by the Comptroller and Auditor General of India that the Group Supervising Officer of Outside Audit Department in the Office of the Accountant General (Audit), whether civil, commercial or revenue audit should do an average a minimum of 7 days' inspection in a month. Supervision of field units by Group Officer should be enforced strictly and his own contribution during tour should be mentioned in a tour note. A minimum of 5 days must be spent by the Group Officer for each audit and the practice of a day's tour should be discouraged. (No. 425-Rep(S)/69-99 dated 27-3-2000 of CAG). The average minimum may however, be relaxed by the Accountants General (Audit) in respect of supervisory officers who hold dual or extra charges in their offices or are working under abnormal conditions.

[CAG.s Cir. No. 171-TA 11/120-82 dated 16/2/1983, Para 2.04 (a) of OAD Manual]

(b) The tour programme of the Audit Officers supervising the field parties is approved by the DAG (Admn & RS). Copies of the approved programme should be supplied to the Audit Officers concerned.

As far as possible the local audit of the various offices conducted by the Assistant Audit Officers of RSA Wing should be supervised by Audit Officer at the closing stages at least, the report finalised on the spot and discussed with the head of office.

[CAG's confidential letter No. 234-Admn. 1/79-58, dated 30-1-78.]

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<sup>4</sup> O/o the PAG (G & SSA) Kerala Circular No. 19 dated 19/11/13

(ix) Divisions from tour programme –

The RSA (HQ) I Section shall maintain a register for recording all cases of deviation from approved programme and put up the register monthly to the DAG (Admn & RS)

### **3.4 Expenditure Audit by RSA Parties**

RSA Parties are also entrusted with the audit of expenditure of offices whose receipts are audited by them.

As regards the expenditure audit of the offices inspected by the RSA Parties the instructions contained in the Manual of Outside Audit Department issued by this office will be followed by the RSA Parties. Detailed instructions regarding the audit procedure to be followed in the case of each department are given in respective Revenue Sector Audit Manuals.

### **3.5 Calendar of Returns**

A calendar of Returns shall be maintained by the Assistant Audit Officers in the form prescribed in Appendix I to this Manual in order to observe the due dates prescribed for the various items of work. The actual date on which the work is completed should be filled in by the Assistant Audit Officers and the Calendar of Returns submitted to the Branch Officer every Tuesday and to the DAG (Admn & RS) on 7<sup>th</sup> of each month along with the Monthly Arrear Report.

**SECTION II**  
**CHAPTER 4**  
**AUDIT OF REVENUE IN GENERAL**

- 4.1 The general principles relating to the audit of receipts are laid down in Chapter 4 of Section II of the COMPTROLLER AND AUDITOR GENERAL'S Manual of standing orders (Tech) and the provisions of the respective Revenue Audit Manuals. Even in respect of department where the detailed audit has not been taken up, it should be verified in audit in so far as this is possible from the accounts rendered for audit that
- (a) Sums due are regularly recovered and checked against demand, and
  - (b) Sums received are duly brought to credit in the accounts.
- It should always be borne in mind that the basic purpose of audit would be to ensure that the moneys which are due to Government have been properly assessed, collected and accounted for and that the executive does not grant unjustified or unauthorised remission or exemptions to the tax payers.
- 4.2 Audit of revenues differ from audit of expenditure in that –
- (i) attention must be given not only to examining the records of accounts actually received but also to ascertaining that adequate precautions are taken to ensure that all amounts received or due to be received in the period of account are properly and promptly brought to account, and
  - (ii) since the laws under which the revenue is collected provide for judicial remedy or judicial interpretation the activity of audit should be limited to those matters which are not subjected to judicial processes.
- 4.3 It is the primary responsibility of departmental authorities to see that all revenues due to Government which have to be brought into account are correctly and promptly assessed, realised and credited to Government account. The most important function of audit is to see that adequate regulations and procedures have been framed by the Revenue Department to secure an effective check on the assessment, collection and proper allocation of taxes/duties and to satisfy itself that such regulations or procedures are actually being carried out. Audit should also make such examination as it thinks fit with respect to correctness of the sum being brought to account.
- 4.4 The Audit Department should not in any way substitute itself for the revenue authorities in the performance of their statutory duties, but Audit should satisfy itself in general that the departmental machinery is sufficiently safeguarded against error and fraud and that so far as can be judged, the procedure is calculated to give effect to the requirements of the law.
- 4.5 Audit does not consider it the main part of its duties to review the judgements exercised or the decision taken in individual cases by officers entrusted with those duties, but it must be recognised that an examination of such cases may be an important factor in judging the effectiveness of the assessment procedure. Where, for example, the information received in any individual case is insufficient to enable audit to see how the requirement of law has been

complied with, Audit may consider its duty to ask for further information to enable it to form the judgement required of it to the effectiveness of the system. It is, however, towards forming a general judgement rather than to the detection of individual errors that the audit enquiries should be directed. The detection of individual errors should only be incidental to audit, rather than becoming the object of audit. For this purpose the members of the Audit Department will have access to the relevant records and papers of the Revenue Department, but they should observe secrecy in the same way as the officers of the Revenue Department.

## **CHAPTER 5**

### **SCOPE OF AUDIT**

- 5.1 The Audit of Revenues which is an important branch of Audit is inherent in the powers vested in the Comptroller and Auditor General of India, by Article 151 of the Constitution of India. Article 151 *ibid* lays down that the reports of the CAG of India relating to the accounts of the Union and the State shall be submitted to the President or the Governor of the State as the case may be, who shall cause them to be laid down before the House of Parliament or the Legislature. Thus the audit reports must relate to the totality of the Accounts of the Union or a State and this totality would include all receipts including the revenues of the Union and of the State.
- 5.2 The duties and powers of the Comptroller and Auditor General of India in relation to the audit of Receipts of the Union or of the States have been further defined in Section 16 of the CAG's (Duties, Powers and Condition of Service) Act, 1971 (Act 6 of 1971). Section 16 of the said Act states that "it shall be the duty of the CAG to audit all receipts which are payable into the Consolidated Fund of India and of each State and of each Union Territory having a Legislature Assembly and to satisfy himself that the Rules and Procedures framed in that behalf are designed to secure an effective check on the assessments, collection and proper allocation of revenue, and are being duly observed and to make for this purpose such examination of the accounts as he thinks fit and report thereon".
- 5.3 Prior to the enactment of the CAG (DPC) Act, 1971 the audit of Receipts was confined to the Receipts of the major departments of the Union viz., the Customs Department, the Income Tax Department and the Central Excise Department. As regards the audit of the revenues of the State, the audit of Sales Tax <sup>5</sup> was taken up from 1<sup>st</sup> July 1963. After the enactment of CAG's (DPC) Act 1971 audit of the revenues of the State relating to the following tax receipts was also taken up from 1<sup>st</sup> 1971.
1. Additional Entertainment Tax <sup>6</sup>
  2. Motor Vehicle Tax
  3. Stamps and Registration
  4. Land Revenue
  5. Agricultural Income Tax
  6. State Excise Duties
  7. Electricity Duties
  8. State Lotteries
- Audit of revenue of the following departments was taken up from 2018-19
1. Mining and Geology
  2. Traders Welfare Board
  3. Kerala State Disaster Management Authority

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<sup>5</sup> The Sales Tax department is renamed as Goods and Services Tax wef 1/7/17

<sup>6</sup> The entertainment tax is being collected by the local authorities and its audit is conducted by the LBA Section.

4. Institute of Land and Disaster Management
5. Kerala Land Information Mission (Bhoomikeralam Project)

#### **5.4 Non-Tax Receipts**

The various departmental receipts are now subjected to audit only with the audit of expenditure of the department/Scheme. It has been emphasised by the Comptroller and Auditor General of India (Vide D.O Letter No. 813-Rec.A.IV/74-75, dated 3-11-1976-Circular No.23/1976 from A.P Ranga, Deputy C & AG., New Delhi addressed to the Accountant General, Kerala, Trivandrum) that in order to make the audit of the departmental receipts effective, such receipts should be subjected to some of the detailed checks which are exercised in the audit of a tax-receipts as well. Each inspection report should be drawn into two parts viz. one part for expenditure audit and the other part for receipt audit.

Detailed instructions for the guidance of audit of the non-tax receipts will be issued from time to time by the Deputy Accountant General (ES II).

## **CHAPTER 6**

### **GENERAL PRINCIPLES OF AUDIT**

- 6.1 The general rules regarding the audit of receipts are given in paras 2.3.1 to 2.3.16 of MSO (Audit) Second Edition-2002. The various processes and stages of collection and accounting of receipts should be intelligently examined in order to ensure that there are no weak points in the system which may lead to leakage of receipts or commission of irregularities. It should also be seen that
- (a) Adequate regulations and procedure have been framed to secure an effective check on the assessment, collection and proper allocation of revenue
  - (b) Such regulations and procedure are being observed;
  - (c) Where any financial rule or order prescribes the scale or periodicity of recoveries, there is no deviation from such scale or periodicity without proper authority;
  - (d) A register of all recurring and non-recurring demands is kept in accordance with the rules, and collections watched against it;
  - (e) Arrangements for collection are satisfactory and there are no arrears requiring special notice.
  - (f) Payees are invariably granted machine-numbered receipts in the prescribed form, a proper stock account is kept of all receipt books, the stock thereof is periodically verified and a certificate of actual count of receipt forms in a receipt book recorded before a Receipt Book is issued from stock;
  - (g) Moneys received are brought to account immediately and ordinarily there is no undue delay in their remittance into treasury;
  - (h) The return of the counterfoils of used receipt books is properly watched and the counterfoils are recorded after check so as to avoid delay or omission in bringing the receipts to account; and
  - (i) The responsibility of conducting the internal checks on the lines of (d) to (h) above is held by some responsible official with recorded evidence to that effect.

[Para 4.02 of OAD Manual]

#### **6.2 Audit of Demand Registers**

- (i) The demand Register should be examined to see that :
  - (a) All demands have been correctly noted in the register;
  - (b) All sums due are received and checked against demands,
  - (c) The demands are realised punctually and fully.
- (ii) It should be examined whether the names of all persons from whom taxes, fees or other revenue are due have been noted in the demand register. The register should therefore, be checked with other registers, roll or other records maintained. It should further be seen that the closing balances of the previous demands have been correctly brought forward, and all amounts shown in the counterfoils of the receipts granted to the parties have been noted in the demand register and credited in the Cash Book.

[Para 4.03 of OAD Manual.]

### **6.3 Audit of Receipt Book**

The stock account of receipt books and the duplicate carbon copies or counterfoils of used receipt books should be examined to see that :-

- (a) the number of receipt books received agrees with the indent or requisition made for them and that all such receipt books kept under lock and key by a responsible officer.
- (b) only one book is issued to an individual officer on return of the previous used up receipt book.
- (c) the number of receipt forms contained in each book is recorded on the covering page under the signature of a responsible officer and all the forms are machine numbered.
- (d) the issue of a receipt book and the return of a used up book are duly acknowledged.
- (e) for cancelled receipt forms there should be both the original and the duplicate or counterfoil in the receipt book, and
- (f) the closing balance in the stock account is verified by the head of office by actually counting the number of receipt books in hand at the prescribed intervals and a certificate to that effect is recorded in the stock account.

[Para 4.04 of OAD Manual]

### **6.4 Cash Accounts**

- (i) The arrangements for the withdrawal of cash from treasury and/ or its realisation from other sources, its custody, payment and accounting should be examined to see that they are in conformity with the prescribed rules.
- (ii) The cash books should be examined to see that
  - (a) All entries relating to the months(s) selected for detailed check regarding receipt of cash as shown in the counterfoils of receipt books as well as cash received from the treasury on bills, cheques, cash orders, or Reserve Bank drafts are traceable under proper dates and with correct particulars
  - (b) Cash which should be remitted into the treasury are remitted without delay and the remittances supported by the chalans are acknowledged by the treasury officer, or the bank or by the treasury pass book. It should be seen that all entries in the treasury pass book have been initialled by the Treasury Officer
  - (c) All payments are supported by proper vouchers, acquittance rolls etc. which are complete in all respects
  - (d) The totals are correct and the balance correctly worked out
  - (e) Private cash is not mixed with the cash balance of Government
  - (f) The cash book is closed and balanced on the prescribed dates
  - (g) There are no erasures or interpolations and errors are rectified properly
  - (h) There is no tendency to keep an unduly large cash balance in hand and the cash in hand with the Cashier and others does not exceed the amount of security taken from them;

- (i) There is evidence in the cash book of the verification of all entries made therein regarding receipts, payments and balances, and the balance of cash in chest has been counted at least once a month and duly certified by the head of the office concerned
- (j) The expenditure shown in the permanent advance column, justifies the full amount of the permanent advance
- (k) Expenditure has not been incurred in excess of the permanent advance by spending from the departmental receipts, except when specifically, authorised
- (iii) It is one of the important duties of audit to see that all departmental revenue has been remitted in time to the treasury to the credit of Government. With a view to ensuring that all the remittances to the treasury have gone to the credit of Government the audit staff should verify the credit entries in treasury records. In this connection, the instructions contained in Para 23 of the Secret Memorandum of Instructions may also be borne in mind.

NOTE : The verification with treasury records should be conducted even if the treasury is located beyond 8 Kms. from the place of inspection. Details of journey, if any, undertaken for the purpose should be reported to RSA (HQ) I for regulating TA claim.

- (iv) Where important initial records such as cash books, pass books security registers, etc. are not maintained properly, it will not be sufficient to state in the inspection report that such records are not maintained properly. Improper maintenance or non-maintenance of important initial records having a direct bearing on cash transactions will prima facie indicate irregularities in cash transactions. In such cases the Audit Officer, besides mentioning the technical defects and shortcomings noticed in keeping accounts, registers etc. should also make an intelligent probe to see if the defective maintenance or non-maintenance of accounts, registers and other initial records is a cover for any fraud or misappropriation.
- (v) The cash book should be checked up-to-date.  
While doing this, the Inspecting Officer should try to get all the facts and explanations on the spot. If satisfactory explanation for any irregularity detected is not forthcoming, he should collect all the relevant facts and make a special report for pursuing the point with higher authorities.
- (vi) Objection, if any, taken on checking of Cash Account should be explained in sufficient details to enable the Central Office to find out whether the defects mentioned disclose any technical defect or serious irregularity. Audit parties should examine specially the adequacy of the procedure followed by various authorities for the receipt, custody and disposal of cash and other valuables, and defects, if any in this regard, should be commented upon in the report.
- (vii) All irregularities relating to the accounting of cash whether technical or material should be mentioned invariably in Part II of the Inspection Report.

- (viii) In cases where the cash book is maintained properly and the rules observed correctly, the Supervising Officer/AAO of the OAD Party should mention the fact specifically in the letter forwarding the inspection report.

[Para 4.14 of OAD Manual]

## **6.5 Cash verification**

- (i) The supervising officer or when the party is unsupervised, the AAO should ensure that physical verification of cash as per the records is done by the Drawing and Disbursing Officer in his presence and include comments, if any, arising from such verification in the Inspection Report which should comprise the following.
- (a) The opening cash balance as on date
  - (b) Cash receipts / disbursements during the day till the time of verification;
  - (c) Closing cash balance
  - (d) Actual cash balance found on physical verification
  - (e) An analysis of the difference between the cash balance and the balance found on physical verification indicating whether the difference was due to
    - Misappropriation i.e. unexplained shortage of cash
    - Unadjusted advances given from un-disbursed cash or
    - Unadjusted voucher specifying disbursements on account of item for which there are no allotment or sanction.
  - (f) Cases of retention of heavy cash balances.

[Circular No.5, OA(HQ)/GI/2003-04/68 dated 6-8-2003 and  
Annexure to Para 6.1.7 of M.S.O.Audit Second Edition. 2002]

It should be seen in audit that the Government Safe contains nothing but Government money and other Government Valuables.

- (ii) Whenever cash is verified it should be seen that the cash book is written upto date and all entries should be vouched to the date of verification. The composition of the balance in hand so verified, i.e. cheques, notes, coins, etc. should be recorded in the verification report also.
- (iii) If the cash balance pertaining to the cash book is counted, it is desirable to have simultaneous count of all cash balances in the same office, with relevant accounts in charge of the disbursing officer or other custodian of the cash chest. This verification of cash should preferably be done at a time when the officer-in-charge is present.
- (iv) The above instructions apply also to surprise inspection of cash undertaken when temporary misappropriation is suspected

[Vide CAG's D.O.No. 70/Admn. I/54 dated 26-7-1974, Para 4.15 of OAD Manual]

## **6.6 Accounting of Non-Government Money**

Where under any special sanction, a Government Servant deals with both Government and non Government money in his official capacity, it should be seen that the provisions of Kerala Treasury Code Vol. I are observed.

[Para 4.16 of OAD Manual]

## **6.7 Audit of Expenditure**

General Principles and process of audit of expenditure is described in Chapter 4 and 5 of OAD Manual.

## **CHAPTER 7**

### **PROCEDURE OF AUDIT**

- 7.1 An intelligent and proper audit requires a careful and thorough study of the Laws, Rules, Notifications etc, under which the taxation is imposed. The inspection staff should prior to taking up the audit of any institution make themselves conversant with the nature of transactions, the system of assessment and collection of the revenue, the account books prescribed, the budget, departmental manuals, administration reports etc. in order to obtain a correct perspective of the revenue collection made by the institution audited by them. In such and similar ways they should make their audit both intelligent and useful instead of allowing it to become merely a process of checking some register and assessment files in mechanical way.
- 7.2 In conducting the audit of accounts, the auditors should deal only with matters which have a financial bearing. Points which come under the principles of audit as also cases of infringements of the rules and orders on taxation issued by Government should be investigated. But the auditors should be careful never to interfere in executive matters nor to take up question of administration which have nothing to do with the audit of accounts or which are otherwise outside the scope of legitimate enquiry of audit.
- 7.3 When an auditor proposes to raise a question in audit, on a subject, which is predominantly administrative or technical in character he should make sure that he has been able to ascertain and properly grasp the facts and the principles behind them and that raising of the question or its pursuit is a legitimate duty of audit and likely to serve some practical purpose. It is desirable to consult the Inspecting Officer on the spot or the DAG (Admn & RS) before taking up or pursuing questions which are likely to take an awkward turn.
- 7.4 The value of audit depends largely on the intelligence and thoroughness which is brought to bear on it. Sometimes routine and format objections, if pursued properly, lead to detection of serious irregularities, or of a defect of system liable to lead to fraud. Auditors should always be alive to this and never exercise the prescribed routine checks perfunctorily. When a member of the inspecting party feels that he has touched on a matter which may require investigation he should go into it with an exhaustiveness which will leave no details undiscovered, and he must take nothing for granted during such an investigation.
- 7.5 It is most undesirable that in local inspection, the check of the important initial records should be neglected in favour of material required for other purpose. In a case of embezzlement of money by a clerk in an office, it was found on investigation that a comparison of entries in the cash book with the counterfoils of receipts granted and the treasury remittance book would have enabled audit to detect the fraud. The inspection party however devoted most of their time to the examination of executive financial orders, service book etc. and the important initial record viz. cash book was not examined at all. In the zeal for finding material for higher audit by examining such cases etc. the

examination of the initial accounts which is the primary object of local audit did not receive sufficient attention. The CAG has emphasised the fact that the primary duty of the IA & AD is to secure the correctness of accounts and not criticism of the executive work of a department.

[Auditor General's letter No. 31-Admn. I/205-36, dated 15-1-1937].

- 7.6 In auditing accounts all entries should be ticked or cross ticked by the auditors and all chalan etc. examined by them should be initialled. The auditors and AAOs will also record on the last page of every document checked by them during local audit the word "Test Checked" under the dated initials. When a document checked by the auditor is reviewed by the AAO, he should record against the auditor's entry the word "Reviewed" under the dated initials.

The members of the local audit party should not make notes, corrections or remarks in any of the registers or on any documents of the Office which they are auditing. They should not take any registers, files or other documents to their residence.

- 7.7 Power to make independent enquiries

While auditing the accounts of Government institutions and offices, auditors should not make any enquiries from the tax payers or the general public, as such action amounts to an encroachment on the functions of the Administration. Audit should confine itself to calling upon the Executive to furnish necessary information and in case of difficulty, it should confer with the Executive as to the best means of obtaining the evidence which it requires [ Para 2.1.10 of the MSO(Audit ) Second Edition-2002]. Auditors should not also, while auditing the accounts of a public or quasi-public body, be permitted to make independent enquiries of tax payers or of the public at large unless such a procedure is expressly authorised by statutory regulations or executive orders. If there are suspicious circumstances in the accounts, the Inspecting Officer should report the fact to the DAG (Admn & RS).

- 7.8 Period to be covered during audit and quantum of detailed check

The period of account to be audited by the Inspecting Staff should cover transactions following between the date of last inspection and the date preceding the date on which the inspection takes place. In respect of first audit, the audit party should conduct a general scrutiny of the accounts and other documents of the entire period from the inception of the office supplemented by detailed audit of the selected months. The local audit and inspection should be complete and thorough in respect of the transactions, assessments etc. covered by them. Any failure to bring to light serious irregularities and defalcations which are later discovered by other agencies bring the whole Audit Department into disrepute.

- 7.9 The test audit of the accounts of the selected month would include the checking of entries in the cash book relating to the receipts and its arithmetical accuracy in addition to the verification of remittances into the treasury during the months selected for detailed check. In so far as the check of Cash Book is concerned in addition to the detailed check of one month, the arithmetical

accuracy of the Cash Book should be checked by the Audit Party for one or more months selected at random. In the case of biennial or triennial audit, checking of arithmetical accuracy should be in respect of two months.

#### 7.10 Papers to be taken for Audit

For inspecting the accounts and other documents of the offices audited by the RSA Parties, the parties should be equipped with the following documents.

1. All outstanding inspection reports
2. The statement of points, if any, to be examined at the inspection furnished by the RSA (HQ) Sections.
3. Necessary reference books, Act, Manuals etc.
4. All important rules and orders issued by the Government on the receipt items levied, assessed and collected in the office inspected.

#### 7.11 Register of documents sent to local audit Parties

A Register in Form VII of this manual should be maintained by RSA (HQ) Sections for watching the prompt mailing of the previous IRs, statement of points to be verified in local audit etc. While closing the registers, the following details may be brought out.

- i) Number of paras communicated
- ii) Out of i) number of paras settled
- iii) Number of paras pending clearance

#### 7.12 Supervising officer's duties

In the case of supervised inspections, the Inspecting officer should make it a point to call on the head of the office and ascertain from him whether he has any suggestion for investigation either of any portion of the initial accounts maintained in his office about which he entertains any doubt of irregularity or of the process of these accounts for reducing clerical or accounts work. The inspecting officer will examine such suggestions and also any other matters which come to his notice. Before the conclusion of the inspection he will personally discuss with the head of the office, the result of his examination and then embody them in a note which will be submitted to the DAG (Admn & RS) for suitable further action.

#### 7.13 An inspecting officer is expected to guide his staff and do a certain amount of original work and examine personally with reference to the initial documents, all important points raised by his staff. He should make an intelligent probe into the initial records to see whether the defective maintenance or non-maintenance of the records is a camouflage to hide fraud or misappropriation.

It is essential that in the case of supervised audit, the Inspection Report should be drafted by the Inspecting Officer himself.

The items of work attended to by the Inspecting Officer should be stated in the title sheet. The Report should be drafted by the inspecting officer in such a manner that it can be issued without further editing.

[Circular No. OA I/17, dated 7-4-1967]

- 7.14 The Inspecting Officer should distribute the work between the AAOs and the auditors in the party and also indicate the items of work that he has done personally. The distribution of work should be recorded in the inspection file. The AAOs and auditors should record a certificate that they have completed the work assigned to them. Full details regarding the nature of work allotted to each member of the party should be included in the Title sheet so that the responsibility for the failure of audit can be fixed at a later date if necessary.

[C.A.G.'s letter No. 3010/Admn. I/463-60, dated 2-11-1962 in Case No. OAI/4-1/62-63]

- 7.15 The Inspecting Officer's work of supervision consists in seeing that all the accounts, Registers, Assessment files etc. required to be audited by the Inspecting Staff have been audited by them and that the necessary process of audit has been carried out by them. He should bear in mind the general instruction laid down in paragraph 768 to 773 of M.S.O (T) and see that no point of importance has escaped attention during the audit. He will also discuss the important points noticed during audit with the head of the office and endeavour to settle on the spot as many objections raised during audit as possible as well as the outstanding points from the previous inspection reports.
- 7.16 It should be recognised as one of the first duties of the inspecting officer to report to the Accountant General separately and immediately anything really serious or really important which comes to light in the course of his inspection without waiting to include them in the Inspection Report. Such interim reports may be shown in the first instance to head of the office for his comments if any.
- 7.17 Certain instances of defalcation of money were brought to light in the accounts of an institution being the fines and licence fees realised in some cases. On investigation, it was noticed that the defalcation were rendered possible not due to any defect in the rules, but only for want of supervision and check of the accounts. The amounts realised should have found a place in the connected registers, but it was noticed that the registers were not page numbered and certified to that effect as required by rules and the sheets were torn. If the registers had been page numbered and certified, it would not have rendered the defalcation possible. The Inspecting Officers should therefore see that the rules regarding maintenance of registers and other records are strictly observed by the offices they inspect.

[Office Order No. TM 5-133/104, dated 23-3-1956 and  
T.M Endorsement No. 5-133/1924, dated 10-11-1956]

- 7.18 It is very essential for audit to comment on the state of records maintained in the offices inspected. Defective records may conceal embezzlement or may permit serious misappropriation of funds or may prevent the department from taking timely action to recover the amounts due to Government.
- 7.19 Documents connected with defalcation and fraud
- When cases of fraud, defalcation etc. come to notice during local audit, the procedure prescribed in secret Note No. TM V/13.201 (GL) 345 dated 21-11-63 should be followed by the Inspecting Officer/Assistant Audit Officer.

The Comptroller and Auditor General of India has instructed that the total amount of misappropriation and loss of revenue receipts may continue to be featured in the Civil Audit Report, but individual cases with high money value or which may be considered to be important or interesting may be highlighted in the Revenue Sector Audit Report. All cases of misappropriation and loss of revenue receipts whether tax revenue or non-tax revenue reported to this office by the Treasury Officers, Departmental Officers and the local audit parties or coming to notice in Central Audit should be communicated to Report (RS). Report (RS) will note these cases in a defalcation register and pursue correspondence with the concerned authorities till finalisation of the cases.

Materials regarding defalcation and loss of revenue receipts required for inclusion in the Civil Audit Report will be furnished by Report (RS) to Report (Civil) on the dates to be fixed every year with reference to circulars issued by Report Section.

- 7.20 As soon as the audit of an institution is taken up, a convenient time on the last day of audit for the discussion of the report may be fixed with the head of office. If he is out of station and Inspection Officer/Assistant Audit Officer of the party feels that there are important points to be discussed with him, he may do so on the return of the officer to Head Quarters if the party happens to be in the same station. In cases where the draft reports are not discussed with the head of office, the reason thereof should be furnished in the title sheet of the Inspection Report.
- 7.21 Inspecting Officers should not however make suggestions asking the officers to maintain registers and records other than those prescribed or to dispense with any prescribed registers. They should not also hold out any assurance of their own to the offices inspected. They should be more circumspect when discussing the objections with the departmental officers and should advise only in minor cases where no detailed examination of the issue is necessary. Substances of the advise so tendered should be included as a brief note in the Inspection Report for the information of the Head Quarters.

[Para 3.28 of OAD Manual]

- 7.22 Correlation of information regarding assessment of a Tax/Duty under the relevant Act with the assessment of Tax/Duty under a different Act is often found to be useful in Receipt Audit. A few such instances where correlation of details is desirable are given below for the guidance of RSA Parties.
- (i) Assessment of tax under the Kerala Plantation Tax Act, 1960 and those under the Kerala Agricultural Income Tax Act 1950 even though done by different authorities, in both cases the basic data for assessments are the same viz. assessable area of land/number of plants & trees/yield etc. The same plantation/agricultural holdings is evaluated by the independent authorities of the purpose of assessments under two enactments. An exchange of information in the case of the same plantation/agricultural holdings might yield valuable information as regards the reliability of the data for assessment and might even bring out inconsistencies and contradictions in the evaluation by two different authorities.

- (ii) Information regarding transfer of immovable property in certain cases are required to be furnished to the Income Tax Department by the Registering Officers under Section 269 of the Income Tax Act. Details regarding the transfer of properties would be useful for the ITRA Audit Parties while going into the under valuation if any, made in the documents.
- (iii) While conducting audit of stamps and Registration Receipts, it may be necessary to see whether the transfer of some property for which Deed was registered and stamped is also not assessable to Gift Tax or Capital gains, and if so, whether such assessments have been made. RSA Parties auditing Receipts under Stamps and Registration may examine such aspects.
- (iv) In examining the VAT/GST assessment cases, it might be necessary to consult the Income Tax Audit Party to check up whether in a case where assessment has been made on best judgement basis, the turn over assessed has been duly reflected in the accounts submitted by the assessee for assessment to Income Tax.

#### 7.23 Objection and Audit Enquiries

Before an objection is raised, the connected papers relating to the transactions/assessments, which form the subject of the objection available in the office inspected should be pursued. A study of these papers will help in the drafting of the objections with a proper emphasis on different aspects of the transaction/ assessments. As far as possible enquiry slips should be avoided for getting information from the office, which can be obtained personally. Full particulars should be gathered before the issue of audit memorandum so that there may not be such difference in material between the audit memorandum (which should be self-contained) and the final paragraphs which will vary from the audit memorandum to the extent they are affected by the replies of the department. The work of the Assistant Audit Officer will be judged by the number of final paragraphs and not by the objection slip issued.

- 7.24 The preliminary enquiries and objections should not contain instruction to be followed in future. Instructions wherever necessary should be embroiled in the Inspection Report or audit note after examining the explanation given for omissions, errors and lapses.
- 7.25 If a really flagrant case of irregularity is detected in audit, it should be investigated with the utmost care and set out in such detail as to ensure that the gravity of the breach of rule is clearly brought to the notice of the superior authority so that the audit office may be in a position to press the matter for proper action.
- 7.26 The enquiries and objections raised by the auditors of the Inspection Party should be submitted with the connected papers to the Assistant Audit Officers of the party for scrutiny and issue. If the work is supervised by Audit Officer, the Assistant Audit Officer's observations should be checked by him and issued only under his signature. The replies to enquiries received from the office inspected should always be examined by the highest official in charge of the party, so that the paragraphs in the Inspection Reports are properly

drafted. The Inspection Reports should be drafted by the Inspection Officer himself if he is present at the conclusion of the inspection.

7.27 Issue of audit memorandum<sup>7</sup>

The Assistant Audit Officer will record all objections as disclosed by audit on the prescribed audit memorandum. The audit memorandum should be prepared in duplicate. The top copy should be issued by the Assistant Audit Officer from day-to-day and not in lump after several days or towards the close of the inspection. As each memorandum is completed, it should be numbered serially and made over to the head of the office or the Chief Ministerial Officer subordinate to him and his/her acknowledgement taken on the duplicate.

7.28 Every effort should be made to get promptly the replies of the head of office to the audit memoranda. The Draft Inspection Reports should in no case be delayed due to non-receipt of replies to the audit memoranda issued to the departmental officers at the time of inspection. The audit memorandum issued to the departmental officers are mainly intended to convey the defects/irregularities etc. observed by the audit party and to give an opportunity for the head of the office to offer a reasonable explanation for the omissions and lapses. There is no point for the audit party waiting for the reply from the departmental officer for drafting the report as it is primarily the responsibility of the departmental officer to satisfy audit by furnishing replies to the audit memoranda and if they fail, the points find a place in the report and the department has to give a reply later. The audit party should impress this on the heads of offices at the outset and tell them to furnish replies to audit memoranda as and when received. Audit Officers in the course of their inspection should also impress upon the heads of offices, the necessity of replying the audit memoranda on the same or the next day. If the replies are not received promptly the fact should be brought to the notice of the head of the office and the result reported to the DAG (Admn & RS) in a separate note along with the draft inspection report. The DAG (Admn & RS) will report the matter to the Secretary to Government in the Department concerned and Secretary to Government, Finance Department, if he considers necessary.

7.29 Whenever satisfactory explanation is not forthcoming and the Inspecting Officer feels that the points raised in audit are so important that they may ultimately find a place in the Audit Report (Revenue Sector), he should take particular care to collect all relevant information and also to take attested copies of those documents which are likely to be useful in pursuing the matter with the higher authorities.

7.30 While editing draft paragraphs for the Annual Audit Report (Revenue Sector) the Head Quarters often finds itself at a loss because of the missing links in the facts and arguments set forth in the original inspection report on which the paragraphs are based. The information which is wanting cannot be obtained except by a reference to local records and the inevitable consequence is that

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<sup>7</sup> Prior to 17/7/18 it read as enquiries

the draft paragraphs have either to be abandoned or their reconsideration postponed for an indefinite period. Such a situation will not arise, if the inspecting officers play their parts faithfully. Inspecting Officers should specially consider this aspect while drafting Inspection Reports.

- 7.31 No objection should be dropped without the specific written orders of the officer-in-charge of the audit party. The office in charge of the party should not accept replies such as 'noted', 'being attended to', etc. from the office inspected. He should encourage the head of office to give suitable explanation for omissions and errors so that they are rectified as far as possible at the time of inspection.
- 7.32 If the replies to the audit memoranda are incomplete or inadequate, such replies should be made over to the local officer who furnished the reply with a request for their immediate return with further remarks to clarify the points, adequately and completely.
- 7.33 In settling minor audit queries and objections during the course of inspection the inspecting officer should hand over to the head of office the duplicate copy of the objection statements to enable the latter to keep a record of his replies and a note of the action that he should take.
- 7.34 Departmental Inspection Reports and their utilisation

As the reports of the departmental officers, will give the inspection parties an idea of the defects and irregularities noticed by the department and the instructions issued by the department from time to time, the RSA parties should scrutinise these reports at the time of the audit of such institutions and utilise the information after verification, for the purpose of their audit. No comments should however, be included in the report on the orders of the departmental authorities without taking the specific orders of the Main Office and such points should be referred to in the form of a separate note.

[Para 3.48 of OAD Manual]

- 7.35 Settlement of Previous Inspection Reports
- Opportunity should be availed of at the subsequent inspection of the same office in order to verify the replies of the department and /or to re-examine the points more thoroughly taking into account the later developments as well. All points in the previous inspection reports which have been marked for the next audit should be examined. If the points have been settled since the last inspection, this should be recorded by inspecting AAO in the covering note forwarding the inspection report over his initials.
- 7.36 It should be seen that defects reported in previous inspection reports and objection statements have been remedied as promised in the replies either by production of the required documents etc. or by the recovery of over payments, or by the adoption of the procedure suggested. Further correspondence, if any, on the replies to the notes should also be gone through with a view to seeing how the various matters referred to were actually settled. In all cases where the promised action has not been taken, attention should at

once be drawn to the matter and in cases of recoveries or missing documents the office should be given every opportunity for effecting recoveries or supplying the omissions before the completion of audit. If however, the promised recoveries have not been effected and the documents required etc. have not been produced by the time the audit is completed, the fact should be clearly mentioned in the report with a brief description of the nature of the receipt or charge. Should, however, the action needed relates only to procedure, it would ordinarily suffice (unless the matter is of great importance) if attention is drawn to the notes with such additional remarks as are called for. In the case of inspection reports which revealed serious irregularities in the last audit, the action taken by the responsible authorities should particularly be watched. If no action has been taken or the results are unsatisfactory, the matter should be reported separately to the DAG (Admn & RS).

- 7.37 RSA (HQ) Sections will mail all the outstanding inspection reports pertaining to the institutions to be inspected to the inspecting party for being settled locally, to the extent possible. The section dealing with the inspection report should examine in detail all important points before mailing the files for reference at the time of subsequent inspection of the offices concerned and direct the audit parties under the orders of DAG (Admn & RS) on the lines on which the points should be further examined on the spot. The idea is, once a serious irregularity is brought out it should be possible to prepare draft paras straight away. In case some information is still wanted and it is not possible to collect the information quickly by correspondence, then it should be collected on the spot so that the paras can be finalised at least soon after the next visit of the audit party to the offices.
- 7.38 The Inspecting Officer will return the reports to RSA (HQ) Sections with a verification memo in Form VIII indicating the action taken on the outstanding paras in the report along with the current inspection report. The RSA (HQ) Sections will check the inspection reports with the statement, consolidate the reports received from the inspecting parties and submit a report to the Group Officer on the prescribed date of each month along with the statement in Form B and a review indicating the number of reports closed and the number of paragraphs settled during local audit.

[Para 3.50 to 3.53 of OAD Manual.]

**SECTION III**  
**RESULTS OF INSPECTION – INSPECTION REPORTS**  
**CHAPTER 8**  
**FORM OF THE INSPECTION REPORT**

8.1 The results of local audit by the RSA Parties are communicated through Inspection Reports which should be written up in the following form

PART I – (a) Introductory

(b) Outstanding objections from previous reports in brief

(c) Schedule of persistent irregularities.

Part II - Section A – Consisting of major irregularities.

Section B – Consisting of other important irregularities which though not major

PART III – Test Audit Notes containing minor irregularities to which should be attached a schedule of items settled on the spot. The procedural irregularities in respect of which the head of the office inspected has held out assurances about following the correct procedure in future should be noted in this schedule. Cases of irregularities with tax effect of less than ₹ 50,000 in respect of Goods and Services Taxes department and ₹ 30,000 in respect of other departments should be included in the Test Audit Notes.

[Para 8.01 of OAD Manual and RSA Circular No. 3 dated 4/10/2018]

8.2 The money value of objections or the approximate value calculated from the data in hand should duly be taken into account in considering their importance for inclusion in an inspection report and items involving only petty amounts need not to be ordinarily included in it. Such money value or approximate value of objections should always be mentioned in the report, wherever possible, in order to bring out the significance of the objections. Objections which cannot be settled locally and are not important enough to go into Part II should find a place in the Test Audit Notes (Part III). Every effort should be made to settle points of minor importance locally, so that correspondence on unimportant points and objection of a routine nature may be reduced to the minimum. Inspection reports should also briefly describe the general state of accounts and the nature of control exercised over the administration of the Acts and Rules, disclosing any defects in system or error in principle.

8.3 Field parties may come across some irregularities which would ultimately develop into paragraphs for inclusion in the Comptroller and Auditor General of India's Audit Report (Revenue Sector). In all such cases where the audit party feels that the point raised is sound and the irregularity can be commented in the Audit Report, paragraphs may be drafted straightaway and sent to the Deputy Accountant General (Admn & RS) with all relevant supporting data. Such cases should however, be included in the regular Inspection Reports also.

As far as possible the paragraphs should be separately discussed with the departmental officers and their views, if any, got recorded.

[Circular SRA/1 (C), dated 26-7-1973.]

#### 8.4 Over assessment noticed in audit

Audit Memorandum should not be issued during local audit pointing out over assessments noticed during the course of audit. But full details of cases of over assessments noticed should be reported to Headquarters in a statement/note form by the RSA Parties along with the draft Inspection Reports for further examination at Headquarter Sections.

[CAG's Circular No. 41 of 1976, dated 19-10-1976.]

#### 8.5 Method of drawing up an Inspection Report

The title sheet of the inspection report should give information regarding the office inspected, dates of commencement and completion of audit and the period of accounts which is test audited, month(s) of accounts checked in detail, etc. The name of the officer who held the post of the head of the office during the period covered in audit as well as the names of other officers who may be specially in charge of the accounts of the office should also be stated in the title sheet. Action taken on points, if any, outstanding objections raised in the previous inspection reports should be mentioned suitably in Part I of the report. The object of mentioning the present position of outstanding objection raised in the previous inspection report is to draw the pointed attention of the departmental authorities to the delay in the disposal of the points raised in the audit in a previous year and for taking adequate and effective action for the speedy settlement of the objections.

8.6 In the inspection reports issued, it should be sufficient to state that a test audit was conducted without specifying the month(s) of accounts checked in audit in detail or such other details. In the office file, however, a note should be kept as to the months' accounts which were subjected to detailed audit, so that the information may be available for fixing the responsibility, if it becomes necessary for any failure of audit etc. at a later date.

#### 8.7 Drafting of Inspection Reports

As envisaged in the Compliance Auditing Guidelines, the findings in the Inspection Report should be presented two parts – Part II A comprising significant audit findings and Part II B comprising other incidental findings with best practices being separately highlighted.

The following procedure should be adopted in the presentation of Draft Inspection Reports.

- (i) Each para should clearly bring out whether the deficiency / best practise is an isolated case or it has a systemic connotation.
- (ii) The paras should be drafted in an orderly manner by identifying the criteria (both for regularity and propriety subject matters) against which the subject matter is being evaluated, describing the condition (deviation

from criteria as observed in audit), correlating the cause of deviation and determines the effect of deviation. The reply of the audited entity should be incorporated and audit rebuttal/contention thereon should be clearly presented.

- (iii) While reviewing paras outstanding from previous Inspection Reports, in case of a continuing deficiency or a persistent irregularity, the audit team should identify systemic issues / control deficiencies rather than routinely updating the para with latest information /revised monetary value.

[CAGs Guidance Note No. 226-09-PPG/2017 dated 23/08/2017]

The following points may be kept in mind while drafting inspection reports :-

- (i) All major irregularities which are likely to develop into paragraphs for the Report of the Comptroller and Auditor General may be included in Part II-A of the inspection report and other important irregularities included in Part II-B.
- (ii) The inspection report should be page numbered.
- (iii) Sufficient margin (at least one-third of the sheet) should be left on each page of the draft inspection report for recording edition notes at the headquarters sections.
- (iv) Reference to audit memorandum number with its page number and the page number of its reply should be indicated against each para in the inspection report.
- (v) Lengthy statistical data should not be incorporated in the body of the inspection report itself. Such details should be given in separate annexure, a copy of which should be prepared and sent with the inspection reports.
- (vi) Effectiveness of internal inspection machinery existing in the department and arrears in Revenue Collection, if any, should be suitably commented in the report.
- (vii) While drafting the report, replies to audit memoranda furnished by the department should be considered in their entirety. If our objection is challenged by the department, the ground on which it is challenged should be examined and further remarks meeting the grounds adduced should also be suitably incorporated in the reports. If this is not done, the audit criticism would tend to be one sided.
- (viii) Paragraphs in the inspection report should not be more reproduction of the audit memoranda issued. The drafting officer should first study the audit memoranda carefully with the replies thereto and while writing up the report, efforts should be made to condense the matter so as to present the point at issue briefly but pointedly.

- (ix) All audit memoranda issued but not settled locally should find a place in the inspection report. Before closing the report, it must be checked to ensure that all audit memoranda have been actually included.
- (x) Points which can be settled on the spot after verifying the facts given in the replies to audit memoranda should not be included in the inspection report as this will only lead to unnecessary correspondence at the headquarters. The officer drafting the report should specially examine with reference to the replies that points which could be settled on the spot by verifying the relevant records are not included in the report.
- (xi) Proper grouping of objections is an important point to be noted while drafting the report. Objections of similar type should be grouped together under suitable captions such as “Turnover escaped assessment”, “Allowance of inadmissible deductions” etc. and not scattered all over the report.
- (xii) While raising objections, full details of the cases on which such objections are taken should be given in the inspection report. For example, in the case of reports relating to VAT/GST relevant details such as accounting year, date of completion of assessment, section under which the assessment is made, net income computed etc. should be indicated in the paragraph. Such details are very essential for further pursuit of the objections at headquarters.
- (xiii) Details regarding quantum of checks exercised on various records should be clearly indicated in the proforma prescribed for this purpose instead of simply writing “as prescribed”, as per rules and so on.
- (xiv) The time allotted in the audit programme for each office includes the time required for drafting the inspection reports. The work of audit should therefore be so spread out as to allow for the above duties. The audit memoranda should be carefully drawn-up so that the task of drafting the inspection report might be easy. The Inspecting Officers and Assistant Audit Officer should make it a point that the last day of audit of the institution should be utilised for drafting the inspection report and for its discussion with the head of the institution instead of postponing the audit checks and scrutinies of the records till the last hour.
- (xv) Each Inspecting Officer or in his absence Assistant Audit Officer should write out the report himself and not leave it to his subordinates to do the drafting. The inspection report will be signed by the Audit Officer supervising the inspection or the Assistant Audit Officer as the case may be.
- (xvi) It is the imperative duty of Audit Officers /Assistant Audit Officer to complete the drafting of the inspection report before the inspection staff leaves the station where the office is situated. The important points highlighted in the draft Inspection Report should be discussed with the head of the office. The discussion will be carried on by the Inspecting Officer or in his absence the Assistant Audit Officer on the last day of

the inspection. The signature of the head of the office inspected should be obtained on the Annexure B of the Title Sheet.

- (xvii) Remarks of a general nature given in the inspection report should be supported by concrete instances.
- (xviii) All exaggeration of language should be avoided. In drafting the inspection reports, the language used must be moderate and impersonal as the effectiveness of an audit objection is more likely to be reduced rather than enhanced by the use of strong language. As a matter of fact, the more serious the nature of an objection the greater is the need for using language which is both polite and unexceptionable. The use of such words as 'sound' and 'must' etc. is to be strictly avoided and the words 'please' and 'kindly' used as freely as possible. No improper or questionable motives should be attributed in the inspection reports even by implication to any departmental officers. All comments should as far as possible be concluded in the third person and in impersonal and objective phraseology. The reports should be so drawn up as to afford no grounds for complaint from the local authorities in regards to their tone.
- (xix) When an inspecting officer finds that his report is likely to be of abnormal length he should include only the more important items in the report and add the rest as an appendix so that an unwieldy report may be avoided and attention may better be concentrated on the really important points finding mention in the report. There is no necessity to explain in the inspection report the intention or significance of the rules; it would be sufficient to mention the rule or rules and state how they have been infringed. Nor is it necessary to draw inferences from the infringement of the rules and make comments thereon.
- (xx) In cases where the Departmental officers have acted in pursuance of any instructions issued by the head of the department or Government, the matter should not generally be subject of comment in the inspection report but should be dealt with separately for necessary action in the main office.
- (xxi) All statements and observations made and all figures furnished in the report should be based on clear documentary evidence so that the headquarters may be in a position to pursue the objections. There should be supporting data or evidence for all the comments made.
- (xxii) Copies of correspondence or other orders cited in the report or notes should be furnished with the reports. In cases where the correspondence is too voluminous for copies to be furnished readily, a brief note on the subject may be prepared in consultation with the Head of office, got attested by the Departmental officer in token of its factual correctness and furnished with the receipts.
- (xxiii) Every paragraph in the report should comprise of three distinct parts; first a statement of facts, next the money value of the objections or its approximate value as calculated from the available data and then the

rules and orders infringed together with their brief substance or the nature of their irregularity and the action required for removing it. This arrangement may not necessarily be strictly adhered to in all case; eg. the rules infringed may have to be indicated first in some cases and facts etc. stated next, but all the points must be distinctly stated. Special attention should be drawn to important matters like wilful and persistent neglect of duty falsification of accounts chaotic state of assessment files, accounts etc. in a separate paragraphs if necessary. But reasons for arriving at the conclusion in concrete instances with full particulars should invariably be given in detail in the report.

(xxiv) Suggestive head lines should be given above the different paragraphs indicating their substance so as to grasp the contents of the paragraph at a glance. More general headings such as 'cash book', 'revenues' etc. do not indicate anything; but 'omission to record receipts and payments in the cash book' or 'outstanding revenues due from assesseees' gives a definite idea and make one inquisitive about the subject contained in the paragraphs.

(xxv) Use of abbreviations in writing technical terms should be avoided when preparing inspection reports as well as the appendices thereto, as this will cause much inconvenience to all those deal with the reports, particularly the typing group who cannot correctly expand the abbreviations in the fair copy of the report.

(xxvi) The Inspecting Officer / Assistant Audit Officer should see that the draft inspection reports are sent to the concerned RSA (HQ) Section in the main office, as soon as the inspection is over at any rate within 2 days of the completion of audit. If any delay is anticipated, the matter should be specially brought to the notice of the DAG (Admn & RS) in a note clearly indicating the reasons thereof and also the period of extension sought for.

8.8 While Inspection Reports are drawn up, an indication as to the records actually seen in audit should be given in the report itself. It is needless to emphasise that the effectiveness of local audit depends largely on the documents and records available for audit in local offices and whether there is proper documentation in regard to levy, assessment and collection of the Revenues without which effective audit is not possible. It has therefore been decided that information as to the records seen and records not produced to audit should be incorporated in the report itself.

[Comptroller and Auditor General's letter No. 222 REC. A. IV/72-73, dated 3-8-1973 endorsed in RSA HQI/2-96/73-74/17, dated 1-9-1973.]

8.9 The audit of collection of Revenue Receipts is also an important part of receipt audit. While conducting the audit of Land Revenue receipts in Taluk Offices, Revenue Recovery cases pertaining to other taxes/duties (referred to Taluk Offices for collection) should also be checked by the RSA Parties. Objections pertaining to recovery of arrears of such Taxes/Duties are likely to be included in the inspection report of Land Revenue. It has been decided that objections

relating to recoveries of the different taxes/duties should feature in the inspection report pertaining to the concerned tax/duty. For instance, objections relating to Motor Vehicles Tax recoveries should feature in the inspection report on Motor Vehicle Tax only.

- 8.10 Irregularities and objections in respect of recovery of taxes and duties like Sales Tax/VAT/GST, Excise Duty, etc. noticed at the time of audit of Taluk Offices should be drafted as separate inspection reports and forwarded to the RSA (HQ) Section along with the regular inspection reports. Complete details of all such cases detected by the audit party should accompany such inspection reports in the form of Annexures. The RSA (HQ) Section will issue them as supplementary inspection reports to the concerned taxation officer. A copy of such reports issued may be sent to the Taluk Office also.

[Comptroller and Auditor General's Circular No. 14 of 1973  
issued in No. 233. Rec. A(IV)/9-73, dated 13-8-1973]

- 8.11 Submission of inspection report to headquarters

In submitting the draft inspection report to the headquarters, the Assistant Audit Officer should attach a title sheet in Form No. X. The entries in the Title sheet should be filled in by the Assistant Officer and counter-signed by the Inspecting Officer wherever necessary when the audit is supervised by Audit Officer.

Inspecting Assistant Audit Officers and the Audit Officers before submitting the draft report to headquarters, should take particular care to see that the report and supporting statements and other documents etc. are complete in all respects and they should invariably initial and sign these documents wherever required on the spot and send them to headquarters.

## **CHAPTER 9**

### **EXMINATION OF THE INSPECTION REPORTS**

- 9.1 The draft inspection should on receipt be entered in the Watch Register maintained by the Headquarters Sections. The report should then be subjected to preliminary checks by unit concerned. After verifying the facts stated in the Inspection Report, the reports written or vetted and approved by the Audit Officer of the concerned Headquarters section should be submitted to the DAG (Admn & RS). Necessary books and references should also be submitted to him.
- 9.2 The following procedures should be adopted in vetting of Inspection Reports
- (i) The vetting process should ensure that every finding is supported by sufficient and appropriate evidence (Key Documents) and conclusions reached should be appropriate in the circumstances
  - (ii) It has to be ensured whether the IR paras have been categorised appropriately as Part II A and Part II B respectively.
  - (iii) While seeking approval of the Group Officer for issuing the Inspection Report, a judgement of the persistent irregularities that need to be brought to the notice of the Executive through a 'Department Appreciation Note' needs to be taken. Accordingly, a 'Department Appreciation Note' may be issued to the respective Principal Secretary by the PAG/AG as envisaged in the Compliance Auditing Guidelines.
  - (iv) Nil IRs – In order to maintain the deterrent value of audit, some low risk entities may have to be audited and in such cases, 'nil' reports may have to be issued. However, it has to be ensured that the requisite process rigour has been adhered to. All cases of 'nil' reports should be well documented, logically borne out and should be issued only after prior approval of the PAG/AG.

[CAG's Guidance Note No. 226-09-PPG/2017 dated 23/8/2017]

- 9.3 All cases which are likely to develop into draft paragraphs should be examined carefully and intelligently by the concerned RSA(HQ) Section in consultation with the Report (RS) Section, if concerned necessary and orders of the Deputy Accountant General (Admn & RS) obtained. The paras edited and finalised after such examination should be sent to the Report (RS) Section for vetting and further necessary action with all supporting materials. The draft paragraphs after finalisation and approval by the Accountant General should be sent to the Government, Head of the Department etc. by the Report (RS) Section and the replies watched. The inspection reports will be considered as finally issued only after this action is completed.
- 9.4 Time schedule for issue of Inspection Reports
- All RSA (HQ) Sections should follow the time schedule given below for the issue of inspection reports.
- |   |   |  |
|---|---|--|
| Receipt of draft inspection reports from<br>RSA Parties | - | 5 working days for<br>the receipt of the |
|---|---|--|

draft report

**Note :** - Delays exceeding 5 days should be brought to the notice of the Branch Officer for taking appropriate action.

Scrutiny of the reports by the RSA(HQ) Sections and submission to the Branch Officer/Group Officer	-	5 working days for the section to submit the report
Scrutiny and approval at supervisory level	-	within 4 days from the date of submission
Typing of approved inspection reports	-	10 working days (Vide C & AG's Circular No. 19/FAI/83 issued in letter No. 799 dt 16-7-1983)
Comparison of typed material and submission of the typed inspection report for signature of the Branch Officer	-	Within 3 days from the date of receipt from the typing unit

The inspection reports should be ready for issue to the departmental officer concerned in the fourth week of completion of audit.

9.5 Forwarding of Inspection Reports

- (i) It has been decided by the Comptroller and Auditor General of India in consultation of the Ministry of Law that the Inspection Report as finally issued to the head of the office inspected or the Government after scrutiny and editing in the headquarters office of an Accountant General should be formally signed by the Deputy Account General or by Audit Officer who has dealt with the draft report at headquarters, if it is not possible to it signed by the Inspection Officer himself. The forwarding letter or endorsement should be worded as 'I forward herewith the report on .....'. If more than one copy is sent, the forwarding letter should make it clear that the report with so many spare copies is being sent.
- (ii) In addition to the copy or copies of the report sent to the head of the office inspected, a copy of the Inspection Report should be sent simultaneously to the next higher authority also and his attention invited to any important items or serious irregularities or any other points requiring his special attention. If the next higher authority happens to be an official other than the Administrative Department of Government, it is for this official to consider the necessity of forwarding a copy of the inspection report to the Administrative Department in whole or in part. It is not ordinarily necessary for audit to sent copy of the inspection report to the Department of the Government unless such a request is made by the Government or the Deputy Accountant General (Admn & RS) feels that the report in whole or in part is important enough requiring the special attention of the Government.

#### 9.6 Watching of objections arising out of local inspection

Objections which arise out of local inspection of the departmental offices conducted by the RSA Parties should be recorded in a register of under-assessments maintained in the concerned RSA (HQ) Sections. Before the Inspection Report is put up for approval, all items of objections should be entered in the register and a certificate to that effect should be recorded while submitting the reports for approval.

In all cases where objections are recorded in the register of under-assessments the concerned section will take necessary action for the early settlement of the objection.

Objections fit for inclusion in the Comptroller and Auditor General's Audit Report should be again recorded in a register of potential draft paragraphs and their processing watched specially. The draft paragraph with all necessary supporting materials should then be sent to the Report (RS) Section for vetting.

#### 9.7 Time allowed for furnishing replies to Inspection Reports

- (i) The head of the office concerned is expected to furnish his replies to the paragraphs included in the Inspection Report through the controlling officer/Head of the Department within 3 weeks of the receipt of the report in his office. In any case, the first reply should be received in the Accountant General's Office within one month from the date of issue of the Inspection report.
- (ii) All cases where first reply to Inspection Report has not been received within one month from the date of issue should be pursued with Departmental Officer through D.O letter for a further period of two months. If the departmental officers fail to furnish the reply within the period of three months their names should be reported to Government in the Administrative Departments for taking action in terms of Article 63 (a) of KFC Vol. I (Third Edition Revised).

Names of officers who repeatedly delay the first reply should also be reported separately to Government in the Administrative Department concerned for taking suitable action against them.

The due dates for issue of D.O. letters for reporting to Administrative Department is fixed as 18<sup>th</sup> of every month. The number and date of letter issued to the departmental officer/Administrative Departments should be noted in the progress register.

[File No. OAI/2-63/66-67, Vol. VIII.]

- (iii) On receipt of the replies of the head of office to the inspection report and the comments of the Controlling Officer/Head of the Department, the RSA (HQ) Sections will dispose of points not requiring the attention of Government and report the position to the Head of the Department etc. The subsequent procedure for the disposal of the inspection report in the case of the outstanding paragraphs which could not be settled from the register is to settle them through correspondence.

## **CHAPTER 10**

### **Draft Paragraphs and Audit Reports**

- 10.1 Cases of important irregularities i.e. irregularities involving short collections (other than cases involving petty amounts) which are likely to materialise into draft paragraphs, noticed during inspection should be reported to the Government for their comments before they may be included in the Audit Report.
- 10.2 The requirements of the Audit Report should always be kept in view when the DAG (Admn & RS) or any other Audit Officer passes inspection reports. Orders should be passed at this stage whether the paragraphs noted by Assistant Audit Officer or the Inspecting Officer on the title sheet of the inspection report for inclusion in the Register of potential draft paragraphs are suitable for the purpose. Points which are fit for inclusion in the Audit Report should be dealt with by special letters straight from the beginning at an appropriate level. An inspection report should not be issued unless and until the paragraphs containing important irregularities have been noted in the register and action taken as above in order that the point may further be pursued with Government for eventual inclusion in the Audit Report.
- 10.3 The facts connected with the irregularities should be got verified by the departmental officers so that they may not be challenged when draft para based on them is proposed. It is of great importance that materials included in the Audit Report should be accurate. After getting the facts verified a para may be drawn up and after approval by DAG (Admn & RS) submitted to Accountant General through Report (RS). The final paragraph as approved by Accountant General will be communicated by Report (RS) to the administrative and Finance Department for acceptance of facts contained in the draft paragraphs. Further action on the draft paras should be promptly pursued by the concerned Headquarters Sections who must be able to state the latest facts about the case at any time.
- 10.4 Cases fit for inclusion in the Audit Report
- (i) Individual cases of irregularity should be mentioned in the Audit Report only when they are really important as involving any serious transgression of rules or orders leading, or likely to lead, to loss of public money or serious breaches of audit procedure or safeguards. Petty cases involving losses not exceeding such amounts as may be fixed from time to time by the CAG of India should not ordinarily be reported unless they reveal any serious defects in rule or system or affect the Bonafides of the office connected with the transaction. If there are a number of cases of irregularities of the same nature occurring in the same department not exceeding the above money limit which may produce an applicable cumulative effect, they may be mentioned in a single para of the report.
  - (ii) A draft paragraph should also be prepared in the Audit Report under the heading other topics of interest giving the total number of offices which have been inspected during the financial year under review and also showing the various types of irregularities noticed during the audit of offices, as well as

any important changes in the extent or methods of inspection. The approved draft paragraph should be sent to the Report (RS) Section for incorporation in the Audit Report.

- (iii) A paragraph giving an analysis of the outstanding inspection reports together with the number of items outstanding arranged according to departments year by year is to be included in the Audit Report. The draft paragraphs for the same should be furnished by the RSA (HQ) Sections to Report (RS) Section.

#### 10.5 Inadequacy of rules

- (i) Cases of inadequacy of rules or absence of administrative regulations sufficient to secure a proper and effective check upon levy/assessment are subject matters for comment in the Audit Report. If the inclusion of such cases is approved by Accountant General, they should be entered in the Register of potential draft paragraphs and dealt with in the manner described in the preceding paragraphs.
- (ii) When there is much delay on the part of the local Government in issuing orders/rules regarding levy/assessment of tax suggested by audit, the fact should be suitably mentioned in the Audit Report unless the Accountant General considers that the rules to be framed are not so important as to cause any serious loss or is satisfied that there will be no further delay. The causes of delay should be clearly stated, specially in those cases in which it would be unfair to comment without indicating the causes.

#### 10.5 Drafting of paragraphs for Audit Report on Revenue Sector

Extracts from the Comptroller and Auditor General's guidance note No. 293/12-PPG/2013 dated 18/9/2017 regarding the drafting and presentation of CAGs Audit Report on Revenue Sector are given below.

##### I Introduction

Audit reports are a medium for conveying an assurance on the various financial, compliance and performance audits undertaken by the Department. The Audit Report shall be easy to understand, free from ambiguity, complete, objective and fair, only including information which is supported by sufficient and appropriate audit evidence and ensuring that findings are put into perspective and context.

##### II Reporting principles and features of Audit Reports

The form and content of Audit Reports will depend upon the nature of audit, intended user, the applicable auditing standards and legal requirements. The reporting principles envisaged in the Auditing standards are summarised below.

- Reporting on compliance audits shall be based on the principles of completeness, objectivity, timeliness and contradictory process
- Reporting on performance audits shall be comprehensive, convincing, timely, reader friendly and balanced

The purpose of an Audit Report is to communicate the results of audit stakeholders and those responsible for governance to facilitate follow up and corrective action. The Audit Reports are acceptable and credible.

### III Structure for presentation of audit findings

The audit findings should be organised in a logical order into the following distinct sections

- Topic sentence – Audit findings should be organised in paragraphs and each paragraph should have a caption or a topic sentence that appropriately conveys the central idea of the paragraph or the nature of finding.
- Criteria – The opening paragraph should identify the benchmarks that were used as audit criteria for evaluation the subject matter and prepare the reader for the results of evaluation. In determining the suitability of criteria, their relevance and usefulness to the intended users, their completeness, reliability and objectivity as envisaged in the Audit Standards and the individual auditing guidelines, should be considered.
- Cause and effect – This section should broadly summarise the condition of the subject matter, observed in audit, as a deviation or variance from criteria correlating the cause of the deviation or variance and determining their effect. This section is the core of the audit finding and should clearly establish the cause and effect relationship of the deviation(s)/variance(s).
- Response of the audited entity – This section should summarise the responses of the audited entity in an impartial manner and suitably incorporate them in the audit findings without compromising the basic thrust and explanation and/or disagreement contained in the response. Audit's response to those views in terms of any resultant changes made in the report or the basis for sustaining the Audit's perspective needs to be briefly provided. When an entity disagrees with Audit, mere repetition of Audit's position needs to be avoided. Although sometimes no new information can be provided in response to the entity's comments, in most cases, Audit should be able to explicitly state why the response of the audited entity(ies) is non-persuasive.
- Audit conclusion – The individual audit findings should be grouped or arranged together in the Audit Report so that, when collectively considered, they facilitate a broad audit conclusion. The broad theme emerging out of a group of such findings, may be summarised in the form of an audit conclusion against an audit objective.
- Recommendations – The recommendations should address the underlying cause and have to be actionable, practical implementable and cost effective.

### IV Check list

Enhancing the quality of drafting and presentation of audit reports would require a due diligence process to be addressed at following three levels

#### i) Report level

- Is the report's central message clear ?
- Is it of the appropriate length ?
- Does it have sufficient, clear headings ?

- Does it have suitable data visualization or infographics ?

ii) Paragraph level

- Does the paragraph contain a topic sentence that accurately conveys the paragraph's central idea ?
- Does the paragraph contain enough information to support the idea expressed in the topic sentence ?
- Do the ideas presented in the sentences follow the envisaged structure for presentation of audit findings ?

iii) Sentence level

- Are all the words in the sentences necessary ?
- Are the sentence easy to understand ?
- Are the sentences in active voice ?

## **CHAPTER 11 MISCELLANEOUS**

### **11.1 Attitude of Inspecting Staff**

Auditors while not deviating in any manner from their duty, should be careful to avoid any misunderstanding or friction with the local officers with whom they come into contact. Their attitude should be that of one who has come to assist and not merely to criticise. They will invariably receive full co-operation from local officers if they avoid frivolous objections and convince the officers by the manner in which they go about their work that they are not there to complicate the procedure but to simplify it. They should bear in mind that unnecessarily meticulous and badly expressed objections not only bring discredit to Audit and cause annoyance to the local officials but also increase the work at both ends. The inspecting staff should therefore, maintain a strictly detached, dispassionate and technical attitude in the day to day conduct of their work. Nothing should be done to hamper the evolution of the complimentary roles of Audit and administration, either by the use of extravagant language or by the attitude that Audit alone is the keeper of nation's financial conscience.

- 11.2 Members of the inspection parties should scrupulously avoid accepting hospitality of officials of the departments they are inspecting as, such acceptance is against official decorum and brings discredit to the audit department as a whole.

[Para 3.27 of OAD Manual]

### **11.3 Attendance of Staff**

The Assistant Audit Officer of each inspection party is supplied with an attendance register wherein he and members of the party should mark their daily attendance. This register should be submitted to the Supervising Officer when he visits the party.

[Para 3.29 of OAD Manual]

- 11.4 The Inspecting Staff must attend the office which they inspect during its regular office hours. They may observe while inspecting the Staff Government offices the holidays specified in the tour programme furnished to them provided the state of their work permits them to do so.

### **11.5 Availing of holidays**

In the event of declaration of a holiday by the State Government, all the audit parties and inspecting officers should adjust the day lost due to declaration of a holiday at the institution where the party is stationed or at the next institution positively. If the holiday declared falls during the audit of an institution for which only one day is allowed, the audit of that institution may be cancelled and if it falls on a transit day, the holiday declared may be availed as transit. The mode of adjustment should simultaneously be intimated to RSA (HQ) and O.E. Sections on the day succeeding the holiday.

[Circular No. OAD HQI/1/2 Holiday/74075/1088, dated 9-1-1975.]

- 11.6 The local audit parties visiting State Government offices will follow the pattern of holidays of the State Government offices or departments visited by them.

[Vide Office Order No. 785-Estt-A V/7-19/Vol. dated 23-9-1975.]

- 11.7 No member of the inspection staff should leave the place of halt without the prior permission of the Group Officer. If they do so they will be treated as absent from duty without leave. When, however, a member of the inspecting staff is forced to leave his place of halt for very strong and urgent reasons, he should report the fact immediately to the Group Officer explaining the circumstances which required his absence from the place of his inspection or halt in anticipation of formal orders. The officers and staff on field duty should make it a point to carry out the work allotted to them to the best of their abilities, observing punctuality and regularity in attendance.

[Para 3.31 of OAD Manual]

- 11.8 Grant of casual leave and restricted holidays.

Casual leave or restricted holidays should normally be availed of by members of inspection parties only after obtaining sanction. The casual leave/restricted holiday to members of RSA parties will be sanctioned by the Branch Officer RSA (HQ) I on the basis of recommendation of the supervising officer. If any change of programme or alternative arrangement is necessary by granting such leave to inspecting AAOs the orders of Group Officer should be obtained. The casual leave register is to be maintained in RSA (HQ) I Section. The parties should also maintain a casual leave register for their reference. Casual leave/restricted holiday to Audit Officers supervising the parties will be sanctioned by the Group Officer.

[Cir.CA/Ins/21-97/304 dated 17-8-1964 and orders of DAG(W), DAG(OA) case WM/15-234/64-65, Para 3.3. of OAD Manual]

The following instructions should also be noted for strict compliance.

- i) Members who desire to proceed on earned leave, casual leave or restricted holiday should send their application to the sanctioning authority sufficiently in advance, duly recommended by the appropriate authority. Under no circumstances should they absent themselves before getting their leave sanctioned by headquarters.
- ii) In emergent cases, where absence without prior sanction becomes inevitable, permission of supervisory officer/AAO as the case may be should be taken in advance and sufficient proof or justification warranting such an action furnished along with their applications. For instance, leave applied for on medical grounds should be supported by a medical certificate obtained from an Authorised Medical Officer.

[Cir.No.OE(Admn.)/IV/16-28/Vol. dated 17-11-1973]

NOTE : Except in unforeseen and emergent cases, leave should be got sanctioned in advance and in cases of emergencies there should be an intimation to the headquarters followed by a proper application. The details of leave should be marked in the attendance register by senior most member of the party immediately on receipt of application or intimation regarding absence.

[Orders of AG, Circular No. Au/Admn.V/GI/94-95 dated 23-6-1994]

- iii) While recommending leave to an auditor / Sr. Auditor or applying for leave by an AAO, the senior AAO of the party should ensure that no extension of time is sought for completing audit of an institution. If at all any extension is required under exceptional circumstances, the period extended should be adjusted in subsequent institutions. Similarly, leave should be availed in such a manner that no scheduled programme of audit is cancelled and in no case, all the members of the audit party should avail leave simultaneously, resulting in cancellation of audit of an institution.

[Cir. No. OA(HQ)I/GI/4-1/84-85/163 dated 30-5-1984]

NOTE : In order to avoid delay in transmission of applications for leave submitted by the local audit staff the applications should be sent in a separate cover addressed to the Audit Officer. RSA (HQ)I or AAO, RSA(HQ)I as the case may be.

[Cir.No. OA I/Prog.II/244 dated 24-5-1975, Para 3.33 of OAD Manual]

#### 11.9 Submission of weekly diaries

The diary indicating the details of work done each day by each member of the local audit parties should be maintained in Form Sy.324. The AAO should attest the entries and see that all the columns of the diary are filled in properly and written up daily in such a manner that the responsibility for each item of work done can be definitely fixed on the person concerned.

The diary of all members of the party should be submitted to the Audit Officer when present to enable him to see that the necessary checks have been exercised and that the out-turn is satisfactory and should be attested by the Audit Officer. Wherever there is no supervision, the diary of the Auditor/Sr. Auditor should be attested by the AAO. Unattested entries will not be accepted and the person concerned will be treated as absent on these days.

Extracts of the diary should be sent by the Inspection Parties to RSA (HQ) I through the Supervising Officer when the duration of local audit exceeds seven working days. These extracts should be got approved by the Supervising Officers before they leave the camp. (Where no Sr.AO/AO supervises the work of the party, these extracts may be sent direct). The extracts should be scrutinised by the Audit Officer RSA (HQ) I and submitted to the Group Officer.

NOTE : Weekly tour diaries should be forwarded to headquarters on the last day of week to which it relates so as to reach headquarters on first week day of following week.

[CAG's Lr. No. 173-O&M/12-75/1/ dated 24-9-1975,  
order of AG - Circular No. Admn.V/GI/94-95 dated 23-6-1994,  
Para 3.34 of OAD Manual]

#### 11.10 Submission of Charge Reports

- i) The reports of handing over of charge of AAOs in charge of RSA Parties should be prepared in triplicate in the prescribed formats. One copy each is to be retained by the relieving officer and relieved officer and the third copy forwarded to the Audit Officer RSA (HQ) who will bring important points if any to the notice of the Group Officer. The triplicate copy is to be filed thereafter in a separate file in RSA (HQ) I.

[Endt. No. Estt/V/7-3 dated 6-8-1984]

- ii) The AAO in charge of the party should maintain a Register of books and files which should be handed over to the successor. The report of handing over charge of AAO should inter alia indicate the following:

1. State of work showing the extent to which the inspection has been carried out in the institution.
2. Particulars of files etc. received from RSA (HQ) sections.
3. List of confidential files handed over.
4. List of other files and registers.
5. List of books (Codes, Manual etc.).
6. List of secret books.
7. File containing directions from Headquarters Sections

[Cir. No. OA I/ 4-1/66-67 dated 25-10-1966, Para 3.35 of OAD Manual]

#### 11.11 Composition of the Party

As far as possible the RSA Party should comprise of two AAOs one Auditor/Sr. Auditor.

[Circular No. 36/1972, CAG's letter 4003-Rec. A/145-72, dated 27-11-1972.]

#### 11.12 Quantum of Audit

The quantum of Audit in respect of various departments are described in the Manuals of the respective departments.

#### 11.13 Verification of remittances at Treasury

All remittances into the treasury routed through the cash book of the Departmental Officers for the months selected for detailed check should be independently checked with the treasury even if the treasury is located beyond 8 Kms from the place of inspection. One member of the party (Auditor will suffice) should be deputed for the purpose and the work should be completed

in one day. The journey, if any undertaken, for this purpose may be reported to RSA (HQ) for regularising TA claims.

[RSA (HQ)I/Manual/77-78/728, dated 25-7-1977.]

कृपया अनुमोदनार्थ प्रस्तुत ।

ले.प.अ  
AO

उप म.ले(प्रशासन व राजस्व)  
DAG (Admn &RS)

म.ले (आ.एवं रा. क्षे. ले.प.)  
AG (E & RSA)

**ANNEXURE I**  
**REGISTERS MAINTAINED IN HEADQUARTERS**  
**SECTION**

(i) Register of local audits

For the purpose of drawing up the audit programmes a register is maintained at Headquarters in Form I showing the several institutions under local audit, their periodicity, time allowed for audit, dates of last audit etc. The details in this register are regularly filled in as the audits are conducted. The register thus contains a standing list of institution under local audit for guidance of the Section in the preparation of the programme.

(ii) Register for noting points to be examined during local inspection

A Register in Form II is maintained according to the departments by the Headquarters Sections for noting points which should be examined during the course of local inspection.

Extracts from this register are mailed to the inspecting officer along with the connected file or inspection reports for his examination and report. On receipt of his report the points are dealt with in the usual manner and the final disposal recorded against each points in the register under the dated initials of the Assistant Officer giving reference to the orders in the connected file.

[O.O No. PA-72, dated 16-9-1955]

The Assistant Audit Officer RSA (HQ)I will see that the copies or short summaries of all important orders that have been marked by the DAG (Admn & RS) for note by or circulation to all Assistant Audit Officer are promptly supplied to them.

(iii) Register for watching the receipt and issue of Inspection Report :-

This Register is maintained in Form III. The timely submission of the reports by the audit parties, their submission by the RSA (HQ) Sections to the DAG (Admn & RS) within the time fixed and the final issue of the report after approval by the DAG in time are watched through this register.

[OAI/2-36/DI-685, dated 28-9-1960.]

(v) Progress Register

This register has to be maintained in Form IV.

(vi) Check Register of weekly Diaries

A check register of weekly diaries of members in the field parties should be maintained in RSA (HQ)I in Form Sy. 325. The relevant columns of this register have to be carefully filled up with reference to the diaries forwarded by the parties in Form Sy. 324.

(vii) Check Register of TA Bills

This Register has to be maintained in Form V. This is intended to record the receipt of the TA bills of the field parties as well as the Inspecting Officers.

The TA bills of the members of the parties are to be verified by RSA (HQ)I with reference to the programme of the party the diaries etc.

- (viii) Register of deviations in the local audits programme and tour programme of Inspecting Officers in Form VI.
- (ix) Register of documents sent to field parties for verification in Form VII.
- (x) Register of Potential Draft Para Cases in Form XIII.
- (xi) Register of under assessments in Form XIV.
- (xii) Register of Draft Paras in Form XV.
- (xiii) Objection Books. – Para 8.12 (i) of OAD Manual

Para 7.2.2 of the MSO(Audit) Second Edition-2002 requires that the objections in the Inspection Reports which can be expressed in money value should be registered in the objection books (Form XII of OAD Manual) of the Main Office.

- (xiv) Register of Financial Irregularities – Para 8.14 of OAD Manual

All important cases of financial irregularities detected during local audit, which appear to be fit for inclusion in the Audit Report, should find a place in the Register of Financial Irregularities (Form No.XIII of OAD Manual. Sy.286-A)

## APPENDIX I

(Vide para 3.5 of the Manual)

(Calendar of Return)

### PART I OUTSIDE OFFICES

Sl. No.	Name of Return	To whom due	When due	Authority
	<i>Annual</i>			
1.	Half yearly statement of objections outstanding over six months as on 31 <sup>st</sup> March	C.A.G	15 <sup>th</sup> May	C&AG's circular No. 25/84 50145/(RSA(HQ)I/2 96/Vol. IX/84-85.
2.	Statement of objection in respect of which first replies have not been received within six months of the issue of LARs (LARs issued at the end of the preceding 31 <sup>st</sup> March).	Heads of Department concerned Secretary to Govt. of Administrative dept. Concerned Secretary to Govt. in the Finance Dept. C.A.G.	15 <sup>th</sup> Oct.  31 <sup>st</sup> Oct.	-do-
	<i>Half yearly</i>			
1,	Half yearly statement of objections outstanding over six months as on 30 <sup>th</sup> September and March	Head of the Department Secretary to the Administrative Department Concerned Secretary to the Govt. in the Finance Deptt.	17 <sup>th</sup> Nov. 17 <sup>th</sup> May  15 <sup>th</sup> Nov. 15 <sup>th</sup> April	C&AG's circular No. 25/84, 50/45(RSA(HQ)I/2-96/Vol. IX/84-85.
	<i>Quarterly</i>			
(i)	Quarterly Progress Report on State Revenue Audit	CAG	1 <sup>st</sup> of May 1 <sup>st</sup> Aug. 1 <sup>st</sup> Nov. 1 <sup>st</sup> Feb.	Vide Circular No. 25/84 dt. 9-8-84 of CAG.

Sl. No.	Name of Return	To whom due	When due	Authority
(ii)	Quarterly Progress Report on consideration/updating revision of manuals	CAG	15 <sup>th</sup> April 15 <sup>th</sup> July 15 <sup>th</sup> Oct. 15 <sup>th</sup> Jan.	CAG's letter 2-632 O & M 97-79 dt 23/7/84 (Vide RSA HQ/Vol. IX/IV manual 8-4-89)

### PART II WITHIN THE OFFICE

Sl. No.	Name of Return	To whom due	When due	Authority
	<b>WEEKLY</b>			
1.	Register of CAG's letters	Branch Officer	7 <sup>th</sup> , 15 <sup>th</sup> , 21 <sup>st</sup> , 28 <sup>th</sup>	TM II/22-28 dated 7-3-78. TM 1-2/1104 dated 19-5-57.
2.	Register of examination of Auditor's Table	Branch Officer	Monday	Case II or OA Manual
3.	Purport Register	Branch Officer	7 <sup>th</sup> , 14 <sup>th</sup> , 21 <sup>th</sup> 28 <sup>th</sup>	TM 15-10-17-5-53.
4.	Transit Register	Branch Officer	"	TM II-32/27 7-11-64
5.	Calendar of Returns	Branch Officer	7,14,21,28	TM 15-10 17-8-63
6.	Register of watch the receipt and issue of Inspection Reports	Branch Officer	Monday	SO. No. 17/19-5-58 OAI/12-36
	<b>MONTHLY</b>			
1.	AAOs Note Book	Branch Officer	1 <sup>st</sup>	TM II-10/59 dated 23-9-54.
2.	Progress register	Branch Officer	1 <sup>st</sup>	Item 7 App. VII of OA Manual
3.	Register of Report of the late attendance	Branch Officer	5 <sup>th</sup>	TM 5-56/32 dated 17-8-73
4.	Register of requisition slip from Old Records	Branch Officer	"	TM II 15-148 dated 17-8-63
5.	Duty list of the Sections	Branch Officer	"	TM V/II-36/5-3-63
6.	Register of watching the receipt and issue of local audit reports.	DAG (Admn & RS)	"	SO. 17-125-71 OAI/GL 2.36
7.	Monthly indent for stationary and forms	GL.	"	M.G.P
8.	Monthly Arrear Report	DAG (Admn & RS)	7 <sup>th</sup>	TM 15-54/17-8-63

S1. No.	Name of Return	To whom due	When due	Authority
9.	Monthly list of unanswered letters	AG	7 <sup>th</sup>	63/3-9-53
10.	Check Register of Weekly diaries	DAG (Admn & RS)	15 <sup>th</sup>	OA(M)RSA(HQ) 2-9/83-25 dt 9-1-76
11.	Check register of T.A. Bills	B.O	10 <sup>th</sup>	OA Manual
12.	Review of Monthly Report of RSA Wing	A.G	15 <sup>th</sup>	PA 55/20-8-63
13.	Register of watching replies to important reference issued to Govt./Board of Revenue/Heads of dept.	DAG(RA)	20 <sup>th</sup>	Directive No. 43 of DAG dated 2-12
14.	Despatch Register	B.O	18 <sup>th</sup>	O.A. Manual
15.	Register of Deviation from approved programme	B.O. DAG (Admn & RS)	25 <sup>th</sup>	App. III OA Manual
16.	Register of points to be examined at the time of local audits	B.O	10 <sup>th</sup>	OA II/169/55 SUN 8 App. III
17.	Register of under assessment of State Revenue	B.O	5 <sup>th</sup>	Circular No. 9/78 dated 31-5-78
18.	Register of Draft Paras	B.O	1 <sup>st</sup>	TM IV/11-61, dt.3-10-62
	<b>QUARTERLY</b>			
1.	Certificate regarding maintenance of Secret Memorandum	AO (OE)	15 <sup>th</sup> April, July, Oct. January	Estt. 77 dt. 16-1-59
2.	Quarterly progress Report regarding use of Hindi	Hind Cell	5 <sup>th</sup> April, July, Oct. January	Hindi Cell/HTS/14-423 dt 20-3-78.
3.	Under assessment Register	DAG (Admn & RS)	5 <sup>th</sup> April, July, Oct. January	Cir, dated 31-5-78

**FORM I**  
**Register of Local Audit**  
(Vide Annexure 1 to Section 1)

Sl. No.	Name of Institution	Periodicity	No. of days allowed	Date of last audit	Dates of audits	Authority	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

**FORM II**  
**Register for noting points to be examined during local inspection**  
(Vide Annexure 1 to Section 1)

Sl. No.	Reference to order file of inspection report	Draft narration of the points to be examined at the time of local inspection	Date of which extracts sent to Inspecting Officer	Result of Examination	Final disposal
(1)	(2)	(3)	(4)	(5)	(6)

**FORM III**  
**Register for watching the receipt and issue of inspection Reports**  
(Vide Annexure 1 to Section1)

Sl. No.	Name of Office Inspected	Name of Inspecting Officer and staff	Period of audit	Date of audit		Due date for receipt for draft report from the Inspecting officer	Particulars of reminder issued in case of non-receipt of Inspection Report by due date
				From	To		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

Date of receipt of the draft report	Date of submission to DAG	Date of approval	Date of issue	Reference to progress registers	Remarks
(9)	(10)	(11)	(12)	(13)	(14)

**FORM IV**  
**Progress Register**  
(Vide Annexure 1 to Section 1)

Sl. No	Name of the units inspected	Item No. in the watch register	Date of completion of audit	No. and date under which the report was issued	Due date of receipt of reply	No. and date of reminders etc.	Date of receipt of first reply	Date of closure of Inspection Report	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

**FORM V**  
**Check Register of Travelling Allowance Bills**  
(Vide Annexure 1 to Section 1)

Sl. No.	Name and Designation	Party to which attached	Month of claim	Amount of bill	Date of receipt in Section	Date of return to Entt. Section
(1)	(2)	(3)	(4)	(5)	(6)	(7)

**FORM VI**  
**Register of Deviation in the local audit programme**  
(Vide Annexure 1 to Section 1)

Sl. No.	Party No.	Members of the Party	Name of office	Date of audit as per original programmes		Nature of deviation	Authority
				From	To		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

**FORM VII**  
**Register of documents sent to local audit parties for verification**  
**(Vide Annexure 1 to Section 1)**

Serial Number	Name of institution inspected	Date commencement inspection	of of	No. and date of letter with which previous Inspection Reports and other documents are sent and details of documents sent	No. of communicated Inspection Reports	paras paras	No. of paras settled Inspection Report paras	Balance paras outstanding inspection Report paras	Remarks
(1)	(2)	(3)		(4)	(5)	(6)	(6)	(7)	(8)

**FORM VIII**  
**Memo of Local verification and settlement of outstanding paras in previous Inspection Report**

No. of paras outstanding .....  
 No. of paras cleared .....  
 Balance .....

Name of Institution ..... Period of Report..... File No. ....

Para No. in Inspection Report	Objection in brief	Action taken by Department or reply furnished by Department	AAOs /IO's recommendations for clearing the paras	Order of group officers	Final disposal in RSA (HQ)
(1)	(2)	(3)	(4)	(5)	(6)

**The Form XI(a)**  
[Vide 3.01 (vi) of the Manual]  
(Annexure IV to C & AG's Circular No. 25/84)

**Statement of objections in respect of which even first replies have not been received within six months of issue of local audit report (i.e. Reports issued upto 31<sup>st</sup> March).**

Name of the Department .....

Sl. No.	Name of the office	No. & date of issue of LAR	Para No.	Objections in brief	Money value (₹)
(1)	(2)	(3)	(4)	(5)	(6)

**Notes :**

- (1) Objections in respect of which only interim replies have been received (But not a single substantive reply) may be treated as objections wherever first replies have not been received.
- (2) All objections of all previous years where first reply have not been received must find mention here.
- (3) These statements in respect of each State receipt must go to the concerned Secretary to Government with copy to Headquarters office at least once a year *not later than 31<sup>st</sup> October.*

**Form XII**

Vide form in annexure III of C & AG's Circular No. 25/84 dated 9-8-84 communicated vide letter No. Rec-A-IV/52-80, dated 9-8-84.  
 Statement of outstanding objections issued upto ..... and outstanding as on .....  
 Name of the Department : .....

Sl. No.	Name of the Office	No. & date of issue of letter	Para No.	Objections in brief	Money value (₹)	Accepted but demand raised/not accepted/Neither accepted or nor accepted.
(1)	(2)	(3)	(4)	(5)	(6)	(7)
					Total	_____
						_____

**Note :**

- (1) In column (7) abbreviations having the following meanings may be used.  
 AND – Accepted but demand not raised so far  
 NA – Not accepted.  
 NK – Not known i.e. neither accepted nor not accepted.
- (2) All outstanding objections relating to all previous year, must be mentioned herein.
- (3) These statements in respect of each state receipt must go to concerned Secretary to Government with copy to Headquarters Office, at least once a year, not later *than 15<sup>th</sup> of May*.

**Form XIII**  
**Register of potential Draft para cases**  
**(Vide Annexure 1 to Section 2)**

Serial Number	Name of office	File No./para No.	Subject	Brief details	Money value (₹)	No. and date of letter in which draft Note sent to Government	Date of subsequent correspondence	No. and date of reply	Remark
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

**Form XIV**  
**Register of under assessment**  
(Vide Annexure 1 to Section 2)

Serial number	Name of office	Para no.	Objection in brief	Amount of under assessment (₹)	Amount adjusted (₹)
(1)	(2)	(3)	(4)	(5)	(6)

**Form XV**  
**Register of Draft Paras**

Serial number	Objection of brief	Amount (₹)	Date on which sent to Report (RS)	Action taken by Report (RS)	Further action if necessary	Remarks
(1)	(2)	(3)	(4)	(5)	(6)	(7)

**Form XVI**  
**(Para 3.2 (xiv) of the Manual)**

..... को समाप्त तिमाही के लिए एम.आई.एस. रिपोर्ट

**MIS REPORT for the Quarter ended .....**

1.	कार्यालय का नाम : प्रधान महालेखाकार ( आ.रा.क्षे.ले.प.) का कार्यालय, केरल, तिरुवनंतपुरम <b>Office Name: OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL (ERSA), KERALA, THIRUVANANTHAPURAM.</b>						
2.	एम.आई.एस.तिमाही: 30.06..2019 को समाप्त तिमाही <b>MIS Quarter : Quarter ended 30.06.2019</b>						
3.	मानव संसाधन/ <b>Human Resource</b>	सासाक्षेलेप <b>GSSA</b>	राजस्व क्षेत्र <b>Revenue Sector</b>	आर्थिक क्षेत्र <b>Economic Sector</b>			कुल <b>Total</b>
				सा.क्षे.उ. <b>PSUs</b>	अन्य <b>Other</b>	कुल <b>Total</b>	
a.	संस्वीकृतलेखापरीक्षा दलों की संख्या <b>Number of Sanctioned Audit Parties</b>						
b.	तिमाही के दौरान नियोजित लेखापरीक्षा दलों की संख्या/ <b>Number of Audit Parties deployed during quarter</b>						
4.	लेखापरीक्षा योजना का कार्यान्वयन <b>Implementation of Audit Plan</b>	सासाक्षेलेप <b>GSSA</b>	राजस्व क्षेत्र <b>Revenue Sector</b>	आर्थिक क्षेत्र <b>Economic Sector</b>			कुल <b>Total</b>
				सा.क्षे.उ. <b>PSUs</b>	अन्य <b>Other</b>	कुल <b>Total</b>	
a.	लेखापरीक्षा कार्यक्षेत्र के तहत एककों की संख्या / <b>No.of Units under audit jurisdiction</b>						
	लेखापरीक्षा योग्य सर्वोच्च इकाइयां <b>Apex Auditable Units</b>						
	लेखापरीक्षा इकाइयां <b>Audit Units</b>						
	कार्यान्वयन इकाइयां <b>Implementing Units</b>						
b.	अनुपालन लेखापरीक्षा के लिए योजनाबद्ध एकक/ <b>Units Planned for Compliance Audit</b>						
	लेखापरीक्षायोग्य सर्वोच्च इकाइयां <b>Apex Auditable Units</b>						
	लेखापरीक्षा इकाइयां <b>Audit Units</b>						
	कार्यान्वयन इकाइयां <b>Implementing Units</b>						

c.	<b>तिमाही के दौरान अनुपालन लेखापरीक्षा के लिए योजनाबद्ध एककों की संख्या</b> <b>/No. of units planned for compliance audit during quarter</b>						
	लेखापरीक्षायोग्य सर्वोच्च इकाइयां <b>Apex Auditable Units</b>						
	लेखापरीक्षा इकाइयां <b>Audit Units</b>						
	कार्यान्वयन इकाइयां <b>Implementing Units</b>						
d	<b>तिमाही के दौरान अनुपालन लेखापरीक्षा समाप्त किए एककों की संख्या</b> <b>/No.of units which compliance audit completed during quarter</b>						
	लेखापरीक्षायोग्य सर्वोच्च इकाइयां <b>Apex Auditable Units</b>						
	लेखापरीक्षा इकाइयां <b>Audit Units</b>						
	कार्यान्वयन इकाइयां <b>Implementing Units</b>						
e	<b>इसतिमाही तक संचित समापन</b> <b>/Cumulative completion upto this quarter</b>						
	लेखापरीक्षायोग्य सर्वोच्च इकाइयां <b>Apex Auditable Units</b>						
	लेखापरीक्षा इकाइयां <b>Audit Units</b>						
	कार्यान्वयन इकाइयां <b>Implementing Units</b>						
f	वित्तीय वर्ष की तिमाही के दौरान आईटी लेखापरीक्षा के लिए . योजनाबद्ध एकक / <b>Units planned for IT Audit during quarter of FY</b>						
g	वित्तीय वर्ष की तिमाही के दौरान आई टी लेखापरीक्षा समाप्त किए एककों की संख्या / <b>No. of units for which IT Audit completed during the Quarter of FY</b>						

5.	<b>निरीक्षण रिपोर्टों का निर्गम (.रि.नि) Issue of Inspection Reports (IRs)</b>	<b>कुल/Total</b>
a	तिमाही के प्रारंभ में निर्गम के लिए लंबित नि की संख्या.रि. No. of IRs pending to be issued in the beginning of quarter	
b	तिमाही के दौरान आयोजित ले.प. की संख्या जिनके लिए नि.रि. जारी की जानी है No. of Audits conducted during the period for which IR is to be issued	
c	जिसमें;तिमाही के दौरान जारी नि.रि. की संख्या No.of IRs issued during the quarter , of which	
	लेखापरीक्षा समाप्त होने के तीस दिनों के बाद जारी नि .रि. की संख्या No of IRs issued after 30 days of completion of audit	
d	तिमाही के अंतिम दिवस के अनुसार निर्गम के लिए लंबित नि.रि. की संख्या Number of IRs pending for issue as on the last day of Quarter:	
e	लघु टिप्पणियों वाले नि.रि. की संख्या Number of IRs having only minor observations (Not with any Part II- A paras)	
f	शून्यटिप्पणी वाले नि.रि. की संख्या Number of IRs with nil observations (Nil IRs)	

<b>State Finance Report राज्य वित्त रिपोर्ट</b>	<b>विनियोगलेखा /Appropriation Accounts</b>	<b>वित्त लेखा / Finance Accounts</b>
<b>Finalization by AG (A&amp;E)</b>		
<b>विनियोगलेखा /Appropriation Accounts</b>		
<b>वित्त लेखा/ Finance Accounts</b>		
<b>प्र.म.ले.(ले.व ह.) द्वारा महालेखाकार (सा.सा.क्षे.ले.प.) को विवरणों का प्रस्तुतीकरणSubmission of statements by PAG (A&amp;E) to AG (GSSSA)</b>		
<b>विनियोगलेखा/ Appropriation Accounts</b>		
<b>वित्त लेखा/Finance Accounts</b>		
<b>Return of statements by PAG (GSSA)/ प्र.म.ले. (सा.सा.क्षे.ले.प.)द्वारा विवरणों की वापसी</b>		
<b>विनियोगलेखा /Appropriation Accounts</b>		

वित्त लेखा /Finance Accounts						
प्र.म.ले.(ले.प.) द्वारा लेखापरीक्षा प्रमाणपत्र का अनुमोदन नि.म.ले.प. द्वारा प्रमाणित करने के लिए Approval of Audit certificate by PAG (Audit) For certification by CAG						
विनियोगलेखा /Appropriation Accounts						
वित्त लेखा /Finance Accounts						
7.	निपटान के लिए लंबित निरि एवं . / पैराएँ IRs and Paragraphs pending settlement (Major Paras)	नि.रि.(सासाक्षेलेप) IRs	Paragraphs पैराएं	Major Paras	वाणिज्यिक Comml #	
					नि.रि. IRs	पैरा Paras
a	तिमाही का आदि शेष Opening balance of the quarter					
b	तिमाहीके दौरान प्राप्तियाँ Additions during the quarter					
c	तिमाही के दौरान निपटान किए गए Settled during the quarter					
d	तिमाही का अंतशेष Closing balance of the quarter					

8 (a). तिमाही के दौरान आयोजितकी जाने वाली लेखापरीक्षा समितियों की संख्या:

(a). No. of Audit Committee Meetings scheduled during the quarter:

8 (b). तिमाही के दौरान आयोजितकी गई लेखापरीक्षा समितियों की संख्य:

(b). No. of Audit Committee Meetings held during the quarter:

9.लेखापरीक्षा समितियों की बैठकों में निपटाए गए पैराओं की संख्या :

9.No. of paragraphs settled during Audit Committees meetings:

10.उत्तर प्राप्त होने में देरी के लिए वित्त सचिव एवं मुख्य सचिव के साथ अंतिम तिमाही में आयोजित पत्राचार/बैठकों की संख्या:-

10.Number of correspondence/meeting held last quarter with the Finance Secretary and the chief Secretary for delay in receipt of replies:-

11. तकनीकी दिशा-निर्देश एवं समर्थन दायित्व - (टी.जी.एस.)-स्थानीय निकाय  
**Technical Guidance & Support (TGS) responsibilities- Local Bodies -NA**

टीजीएस मानदण्ड TGS parameter	मुख्य निष्पादन सूचक Key performance Indicator	उपलब्धि Achievement	अभ्युक्तियाँ Remarks
क्षमता निर्माण लेखे/ Capacity building- accounts	प्रशिक्षित व्यक्तियों की संख्या No of persons trained		
	जीपी लेखाओं की संख्या जिनमें ऑन साईट हैंड होल्डिंग की है / No of GP accounts in which on site hand holding done		
	जीपी लेखाओं में हैंड होल्डिंगके लिए समर्पित श्रम दिवस/ Man days devoted to hand holding in GP accounts		
	एम.ए.ए.स/ पी.आर.आई.ए.सॉफ्ट/जी.पी. लेखाओं के बारे में राज्य सरकार को जारी परामर्शों तथा स्पष्टीकरणों की संख्या/ No of advisories and clarifications issued to State Govt about MAS/PRIAssoft/GP accounts		
क्षमता निर्माण ले.प./ Capacity building- Audit	प्रशिक्षित व्यक्तियों की संख्या No of persons trained		
	डीएलएफए या समतुल्य के साथ संयुक्त लेखापरीक्षाओं की संख्या /No of joint audits with DLFA or equivalent		

12. बाह्य सहायता प्राप्त परियोजनाओं के ब्योरे /Details of Externally Aided Projects:-

बाह्य सहायता प्राप्त परियोजनाओं की संख्या/Number of Externally aided Projects	प्रमाणीकरण के लिए देय परियोजनाओं की सं.No. of projects due of certification	प्रमाणित परियोजनाओं की संख्या No. of Projects Certified	प्रमाणीकरणहोना बाकी है No. of Projects yet to be Certified

**13. तिमाही के दौरान आयोजित लोलेस/सी.ओ.पी.यू. की बैठकों की संख्या /**

**Number of PAC/COPU discussion of meetings held during the quarter:**

	लोलेस/PAC (RSA)		स्था.स.ले.नि./ LFAC		सी.ओ.पी.यू./COPU	
तिमाही के दौरान आयोजित की गई बैठकें/Number of meetings Held during the Quarter						
	पैरा/ Paras	समीक्षाएं/पी.ए. Reviews/PAs	पैरा/ Paras	समीक्षाएं/पी.ए. Reviews/Pas	पैरा/ Paras	समीक्षाएं/पी.ए. Reviews/PAs
तिमाही के दौरान चर्चा समाप्तकिये गये पैरा/समीक्षाओं की संख्या Number of paras/reviews on which discussion completed during the quarter						
चर्चा के लिए छोड़े गए पैरा/समीक्षाएं/Number of paras/reviews skipped for discussion						

**14. तिमाही को समाप्ति के लिए ले.प.रि. पर की गई कार्यवाही टिप्पणियों की स्थिति /**

**Status of ATNs on Audit Reports for the Quarter ended ...**

	लोलेस/ PAC	स्था.स.ले.नि./ LFAC	सी.ओ.पी.यू./ COPU

a	(i) पैराओंके आरंभ में बकाया कार्यवाही टिप्पणियों की संख्या Number of paras/reviews for which ATNs Outstanding at the beginning of the Quarter			
	Add Paras/reviews of AR			
	Total ATNs outstanding as on 31.03.2018			
b	तिमाही केदौरान प्राप्त की गई कार्यवाही टिप्पणियों की संख्या / Number of paras/reviews for which ATNs received during the quarter.			
c	तिमाही केदौरान निकासी की गयी कार्यवाही टिप्पणियों की संख्या / Number of paras/reviews for which ATNs cleared during the quarter.			
d	पैरा/समीक्षाओं की सं. जिनमें किए कार्यवाही टिप्पणियां बकाया / Number of paras/reviews for which ATNs outstanding.			

**15. लेखापरीक्षा के निदेश पर वसूली / Recovery at the instance of audit:**

(Rupees in lakhs)

	विवरण/ Particular	आर्थिक क्षेत्र Economic Sector	साक्षे.सा..ले.प. GSSA	एस.आर.ए. SRA	सा.क्षे.उ. PSUs
(i)	तिमाही के दौरान सूचित की गई वसूली / Recovery pointed out during quarter:				
(ii)	तिमाही के दौरान लेखापरीक्षीहस्तियों द्वारा स्वीकृत वसूली / Recovery accepted by audit entities during quarter				
(iii)	तिमाही के दौरान की गई वसूली / Recovery made during the quarter				
(iv)	तिमाही के अंत तक संचित वसूली / Accumulated recovery at the end of the quarter				

**16. लो.क्षे.उ. एवं राज्यस्वायत्तनिकायों के लेखे(प्रथक लेखापरीक्षा रिपोर्ट/टिप्पणियां )Accounts (Separate Audit Reports/comments) of PSUs and State Autonomous Bodies (SAB)**

	विवरण/	रा.स्वा.नि./	कंपनियां/	निगम/	Reasons for Pendency
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	Particulars	SABs	Companies	Corp.	
A	<p>तिमाही के आरंभ में निर्गम हेतु लंबित एसएबीयों के पृ.ले.प.रि./टिप्पणियों की संख्या</p> <p>No. of SARs/comments of pending for issue at the beginning of the quarter</p>				
B	<p>तिमाही के दौरान प्राप्त लेखाओं की संख्या/</p> <p>No. of accounts received during the quarter</p>				
c	<p>तिमाही के दौरान निकासी की गयी लेखाओं की संख्या</p> <p>No. of accounts cleared during the quarter</p>				
D	<p>तिमाही के अंत तक लंबित टिप्पणियों की संख्या</p> <p>No. of comments pending at the end of the quarter (A + B – C)</p>				

17	समूह अधिकारी का पर्यवेक्षण/ Group Officer's supervision	समूह अधिकारी-1 Group Officer-1 ES I	समूह अधिकारी-2 Group Officer -2 ES II	समूह अधिकारी-3 Group Officer -3 RSA	कुल Total
A	चालू वित्त वर्ष के लिए योजनाबद्ध पर्यवेक्षण दिनों की संख्या / (वर्ष के लिए कुल दिवस) No. of days supervision planned for current FY (Total days for the year)				
B	तिमाही के दौरान पर्यवेक्षण किए गए दिनों की संख्या/ No. of days supervision done during quarter				
c	इस तिमाही तक पर्यवेक्षण किए गए दिनों की संख्या वित्त वर्ष के ) (लिए संचित No. of days supervision done upto this quarter (cumulative for FY)				

[As DAG is in charge of both Administration and Revenue Sector Audit, equivalent amount of time needs to be allotted to Administration works as well. Hence supervision days are planned accordingly.]

#### 18. धोखाधड़ी एवं भ्रष्टाचार से संबंधित मामले/ Fraud and corruption cases.

(a). तिमाही के अंत में ले.प. के मामलों के दौरान ध्यान में आए धोखाधड़ी एवं भ्रष्टाचार से संबंधित मामलों की संख्या:-

No. of fraud & corruption cases noticed during the cases of audit upto the end of quarter:-

(b). उपरोक्त पर अनुवर्ती कार्रवाई/ Follow up action taken on above:

19. लेखापरीक्षा में ध्यान में आए महत्वपूर्ण एवंविशिष्ट मामले: शून्य  
Important and interesting cases noticed in audit:

**20. तिमाही के अंत में लेखाओं को अंतिम रूप देने में बकाया**  
Arrears in finalization of accounts at the end of quarter

विवरण/Particulars:	कार्यरत सा.क्षे.इ. Working PSUs		राज्य स्वायत्त निकाय State Autonomous Bodies	DCUs	अकार्यरत सा.क्षे.इ. Non-Working PSUs	
	Companies	Corp.			कम्पनियां/ Companies	निगम/ Corp.
<p>तिमाही के प्रारंभ में बकाया राशि वाले लेखाओं के संबंध में सा.क्षे.इ. की सं.</p> <p>a. No. of PSUs in respect of which accounts are in arrears in beginning of the quarter</p> <p>जोड़ें नया बकाया 2016-17</p> <p>Add:New Arrears 2016-17</p>						
<p>तिमाही के दौरान प्राप्त हुए लेखाओं की संख्या</p> <p>b. A/cs received during the quarter</p>						
<p>c. No of A/Cs processed /issued</p> <p>टिप्पणीके साथ (लेखाओं के साथ)</p> <p>1. With comments (along with number of accounts issued)</p>						

गैरसमीक्षा 2. Non-review  शून्यटिप्पणी 3. Nil Comment						
तिमाही के अंत में बकाया राशि वाले लेखाओं के संबंध में सा.क्षे.इ. की सं.  d. No. of PSUs in respect of which accounts are in arrears at the end of the quarter						
लंबित लेखाओं की कुल संख्या/ e. No. of accounts pending at the end of the quarter						
<b>सा.क्षे.इ.की सं. जिनकी लेखाएं बकाया हैं</b> <b>No. of PSUs whose accounts are in arrear</b>						
एक वर्ष के लिए For one year						
दो या पांच वर्ष के लिए For two or five year						
पांच वर्ष से अधिक अवधि के लिए For more than five year						

**21. म.पै./सं.म.पै. के संसाधान की स्थिति Status of processing of DPs/PDPs**

	<b>विवरण/Particular</b>	
(i)	वर्ष के प्रारंभ में पी.डी.पी. मामलों की संख्या No. of PDP cases at the beginning of the quarter	
(ii)	तिमाही के अंत तक जोड़े गये पी.डी.पी. मामलों की संख्या No. of PDP cases added upto the end of the quarter	
(iii)	पी.डी.पी.निपटान किए/निकासी किए PDP cleared/settled	
(iv)	अंत में पी.डी.पी. वर्षवार ब्रेकअप PDP at the end, year wise break up	

वर्षवार ब्रेकअप/ Year wise break up

वर्ष/Year	पी.डी.पी. की संख्या/ No. of PDP cases
2014-15	
2015-16	
2016-17	
2017-18	
2018-19	
2019-20	
<b>Total</b>	

22. विधानसभा में लेप.रिपोर्ट प्रस्तुत करने की स्थिति/Status about placement of AR in assembly

SI No.	लेखापरीक्षा रिपोर्ट का नाम एवं वर्ष Name of the Audit Report and Year	सरकार को कब भेजा गया/जिस सत्र में प्रस्तुत करना प्रस्तावित है When sent to Government/ session in which proposed to be placed	प्रस्तुतीकरण की तिथि Date of placement
1.			

23. कोई अन्य महत्वपूर्ण विषय जिसकी रिपोर्ट करना है /  
Any other important matter to be reported:

उप म ले (.क्षे.व रा .प्रशा )  
DAG (Admn & RS)

## FORM X

महालेखाकार (आ.रा.क्षे.ले.प) का कार्यालय, केरला, तिरुवनंतपुरम - 695 001

**OFFICE OF THE ACCOUNTANT GENERAL (E & RSA), KERALA,  
THIRUVANANTHAPURAM -695 001**

**मुख पृष्ठ – आर एस ए  
TITLE SHEET – RSA**

मसौदा निरीक्षण रिपोर्ट के साथ प्रस्तुत किया जाना है  
To be submitted with draft Inspection Report

भाग 'क' / Part 'A'

<b>I. लेखापरीक्षिता संस्थान के ब्योरे/ Details of auditee institution</b>	
1.	लेखापरीक्षा किए गए संगठन का नाम /Name of the organization audited
	पिनकोड और फोन नं. सहित पता/ Address with PIN and Phone Number
2.	कार्यालय के प्रभारी अधिकारी (अधिकारियों) के नाम व पदनाम/ Name and Designation of the Officer(s) in charge of the office
a)	लेखापरीक्षा में समाविष्ट अवधि के दौरान/ During the period covered in audit
b)	लेखापरीक्षा के समय / At the time of audit
<b>II. लेखापरीक्षा दल से संबंधित सूचना/ Information on Audit Party</b>	
1.	दल सं./ Party Number
2.	लेखापरीक्षक/ व. लेखापरीक्षक/ सहा. लेखापरीक्षा अधिकारी के नाम Name (s) of Adr./Sr.Adr./AAO
3.	लेखापरीक्षा अधिकारी/ व. लेखापरीक्षा अधिकारी (पर्यवेक्षण तारीख सहित)/ AO/Sr.AO (with dates of supervision)
<b>III. लेखापरीक्षा परिणामों का सारांश/ Summary of audit results</b>	
1.	लेखापरीक्षा के अधीन समाविष्ट अवधि/ Period covered in audit

2.	हेतु महीने का चयन/ Selection of month for a) विस्तृत लेखापरीक्षा/ detailed Audit b) गणितीय परिशुद्धि जांच/ अनुरेखण प्राप्तियां/ <b>a.a</b> check/tracing receipts	पावती/ Receipt : व्यय/ Expenditure: पावती/ Receipt : व्यय/ Expenditure:
3.	लेखापरीक्षा के प्रारंभ और समापन की तारीख (समय का विस्तार, यदि, दिया गया हो अलग से सूचित किया जाए) Dates of commencement and completion of audit (Extension of time, if any, granted may be separately indicated)	
4.	क्या लेखापरीक्षित संस्था के साथ प्रविष्टि बैठक आयोजित की थी? यदि हां, कार्यवृत्त/ चर्चा के ब्योरे संलग्न किए जाएं (अनुलगनक क) यदि नहीं, कारण बताएं/ Whether Entry Conference was held with the Audited Entity? If yes, enclose Minutes/Record of discussions <b>(Annexure A)</b> . If no, provide reasons	
5.	निरीक्षण रिपोर्ट के भाग-IIए में सम्मिलित संभाव्य मसौदा पैराओं की संख्या(पैरा सं.का संदर्भ लें)/ Number of potential draftparas (drawing reference to para nos) included in Part – IIA of the Inspection Report	
6.	छल कपट या दुर्विनियोग, संभावित छल कपट और राजस्व का रिसाव आदि से संबंधित पैराओं की संख्या/ Number of paras (drawing reference to paras nos) relating to fraud or misappropriation, presumptive fraud and leakage of revenue etc	
7.	लगातार अनियमितताओं से संबंधित पैरा आदि जिनको प्रबंधन पत्र द्वारा विभागाध्यक्ष के ध्यान में लाए जाने की आवश्यकता है/ Paras relating to persistent irregularities etc that needs to be brought to the notice of HOD through Management Letter.	

8.	<p>लेखापरीक्षा के दौरान सामना की गई चुनौतियां (अभिलेखों को प्रस्तुत न करना, श्रमशक्ति या संसाधन प्रतिबंध, क्षेत्र परिसीमन आदि) और लेखापरीक्षा के दौरान उन्हें किस तरह संभाल लिया गया, उसका संक्षिप्त विवरण दें/ Briefly mention the challenges faced during audit (non-production of records, manpower or resource constraints, scope limitation etc) and how they were addressed during the course of audit</p>	
9.	<p>भावि लेखापरीक्षाओं में ऐसी चुनौतियों पर काबू पाने के लिए सुझाव/ Suggestion for overcoming such challenges in future audits</p>	
10.	<p>क्या निकासी सम्मेलन आयोजित किया गया था और मसौदा निरीक्षण रिपोर्ट पर लेखापरीक्षिती के शीर्ष/ नोडल अधिकारी के साथ चर्चा की गई। यदि नहीं, कारण बताया जाए। अनुलग्नक ख के अनुसार कार्यवृत्त संलग्न किया जाए / Whether Exit Conference was held and draft Inspection Report discussed with the Head/Nodal Officer of the Audited Entity. If no reasons may be indicated. Minutes as per <b>Annexure B</b> to be enclosed</p>	
11.	<p>मसौदा निरीक्षण रिपोर्ट और सभी कार्यकारी कागज़ मुख्या. को सौंपने की तारीख (लेखापरीक्षा समाप्त होने के दिनांक के 7 दिन के अंदर प्रस्तुत की जाए)/ (Date of submission of Draft Inspection Report and all working papers to Hqrs. (may be submitted with in a period of 7 days from the date of conclusion of audit)</p>	
12.	<p>आबंटित समय अवधि, यदि हो, का हवाला देते हुए मसौदा नि.रि. आदि मुख्या. को प्रस्तुत करने में हुए विलंब हेतु कारण/ Reasons for delay in submission of draft IR etc. to Hqrs with reference to the allotted time period, if any.</p>	
13.	<p>मुख्या. को भेजी सामान्य अभ्युक्तियों और टिप्पणियों, यदि कोई, के ब्योरे/ General remarks and details of note send to Hqrs, if any.</p>	

**भाग ख- (पालन किए गए लेखापरीक्षा प्रक्रिया के ब्योरे)  
Part B - (Details of Audit Process followed)**

1.	<p>क्या लेखापरीक्षा दल के प्रत्येक सदस्य के बीच में (व.ले.प.अ/स.ले.प.अ/व.ले.प/ले.प) किए गए ड्यूटी का आबंटन विस्तृत कार्यभार नियोजित योजना के अनुसार तैयार की गई थी और संबंधित दल के सदस्यों द्वारा अभिस्वीकृत की गई थी? यदि नहीं, कारण और स्पष्टीकरण प्रस्तुत किया जाए।</p> <p><b>अनुलग्नक ग</b> Whether the allocation of duties amongst each member of the Audit Team (SAO/AAO/Sr. Auditor/Auditor) was prepared in line with the planned broad assignment plan and acknowledged by the respective party members? If no reasons and justification may be provided.</p> <p><b>Annexure C</b></p>				
2.	<p>अपनाया गया नमूना कार्य प्रणाली का पालन किया गया (आवश्यकतानुसार पंक्तियों का उपयोग करें) समीक्षा किए गए फाइलों/वाउचरों/अन्य दस्तावेजों की सूची संलग्न की जाए</p> <p>Sampling methodology adopted (Use as many rows as needed)</p> <p>List of files/vouchers/other documents reviewed may be enclosed</p>				
क्र.सं. Sl. No	लेखापरीक्षा किए जा रहे अनुभाग/ स्कंध (खरीद/निर्माण/स्थापना आदि)/ Section/Wing being audited (Purchase/Works/Establishment etc )	लेखापरीक्षा का प्रकार (फाइल/वाउचर आदि) Nature of audit (Files/Vouchers etc )	समीक्षा के लिए चुनी गई सं. (चुनी गई वास्तविक सं. दर्शाई जाए) No selected for review (indicate actual number selected)	चुनाव का प्रतिशत (प्रत्येक वर्ग का प्रतिशत दर्शाया जाए) Percentage of selection (Indicate percentage for each category)	अपनाया गया नमूना कार्यप्रणाली (यादृच्छिक/स्तरीकृत/अनुमान आदि) Sample method adopted (Random/Stratified/Judgmental etc )
1.					
2.					
3.					
4.					

3.	<p>क्या लेखापरीक्षिती द्वारा चुने गए महीनों के लिए कोष में/से भेजा हुआ राजस्व धन और राशि का आहरण लेखापरीक्षा दल द्वारा सत्यापित किया गया था? अनुलग्नक घ में प्रमाणपत्र प्रस्तुत करें/ Whether the remittances of revenues and drawals of money made into/from the treasury by the auditee for the selected months have been verified by the audit party? Certificate in <b>Annexure D</b> furnished</p>	
4.	<p>क्या मुख्य क्षेत्रों की पहचान की गई और लागू प्रक्रियाएं योजनानुसार थी (लेखापरीक्षा शुरू करने से पहले ग्रूप अधिकारी द्वारा अनुमोदित योजना के अनुसार)? यदि नहीं, कारण और प्रमाणिकता प्रस्तुत किया जाए/ Whether focus areas identified and procedures applied were as planned (with reference to the plan as approved by Group Officer before commencing the audit)? If no, reasons and justification may be provided.</p>	
5.	<p>क्या ग्रूप अधिकारी द्वारा पर्यवेक्षण/ मुख्या. अनुभाग के जांच के लिए उल्लिखित सभी मामलों पर ध्यान दिया गया? अनुलग्नक ड Whether all issues marked for examination by Group Officer on supervision/Hqrs section have been addressed? <b>Annexure E</b></p>	
6.	<p>क्या ड्यूटी के आबंटन के अनुसार दिया गया सभी कार्य पूरा किया गया? यदि नहीं, कारण और प्रमाणिकता प्रस्तुत किया जाए/ Whether all work assigned as per allocation of duties were completed? If no, reasons and justification may be provided. <b>Annexure F</b></p>	
7.	<p>चर्चा के दौरान प्रस्तुत किए गए उत्तरों के आधार पर परिशोधित / छोड़ दिए गए पैराग्राफों की संख्या/ Number of paragraphs modified/ dropped based on replies furnished/ during discussion</p>	
8.	<p>अगली लेखापरीक्षा के लिए संभावित मुख्य क्षेत्रों का संक्षिप्त विवरण दें। Briefly indicate the potential focus areas for next audit.</p>	

9.	<p>क्या अनुलग्नक छ में एक प्रमाणपत्र (क.लेखापरीक्षा अभ्युक्तियों हेतु पर्याप्त और उपयुक्त साक्ष्य, ख.लेखापरीक्षा नि.म.ले.प के लेखापरीक्षा मानकों 2017 के अनुसार आयोजित की गई थी, ग.लेखापरीक्षा पार्टी ने लेखापरीक्षा गुणवत्ता संरचना और आचार संहिता का अनुपालन किया था) उपलब्ध करवाया गया? Whether a certificate in <b>Annexure G</b> (a. <i>sufficient and appropriate evidence to audit observations, b. audit was conducted in accordance with the CAG's Auditing Standards 2017, c. audit party has complied with the Audit Quality Framework and Code of Ethics</i>) has been provided?</p>	
10.	<p>क्या पैरा में मूल दस्तावेजों का संदर्भ दिया गया है और साक्ष्य के स्रोत पाद टिप्पणी के तौर पर दी गई है? Whether the key documents have been referenced in the para and the source of evidence has been provided as footnotes?</p>	
11.	<p>क्या पूर्व निरीक्षण रिपोर्ट के लंबित पैराओं की समीक्षा तैयार की गई और दी गई। अनुलग्नक ज। यदि नहीं, कारण और प्रमाणिकता प्रस्तुत किया जाए/ Whether review of outstanding paras of previous inspection reports were made and provided. <b>Annexure H.</b> If no, reasons and justification may be provided.</p>	
12.	<p>क्या आंतरिक नियंत्रण में कमियों को अच्छी तरह संभाल लिया गया: (मूल्यांकन, संग्रहण, आंतरिक लेखापरीक्षा/निरीक्षण आदि में लक्ष्य प्राप्त करने में कमियां, दुर्विनियोजन, छल कपट/ वित्तीय अनौचित्य/निर्धारित समय सीमा के अंदर संग्रहित राजस्व का गैर प्रेषण/ पत्र सं. 18/83/Fin दि. 16.04.1983 में निर्धारित लेखापरीक्षा आपत्तियों के निपटान की निगरानी हेतु रजिस्टर का अनुरक्षण न करना, अन्य जोखिम आदि) Whether shortfalls in internal controls have been properly addressed: (short falls in achieving targets in assessment, collection, internal audits/inspections etc. Fraud/ misappropriation/ financial impropriety /non-remittance of revenue collection within the prescribed time limit, non-maintenance of register to watch settlement of audit objections prescribed in the letter No. 18/83/Fin dt. 16.04.1983, other risk etc.)</p>	

13.	<p>क्या राजस्व वसूली (आर आर) सहित लंबित राजस्व वसूली के बकाया का विश्लेषण और रुके हुए मामले अच्छी तरह से संभाल लिए गए/ Whether analysis of arrears of revenue pending realization including revenue recovery (RR) and stayed cases are made and properly addressed</p>	
-----	--	--

पार्टी के स.ले.प.अ प्रभारी के दिनांक सहित हस्ताक्षर  
 Signature with date of the AAO  
 in charge of the party

पार्टी के व.ले.प.अ/ले.प.अ. के दिनांक  
 सहित हस्ताक्षर  
 Signature with date of the  
 Sr.AO/AO of the party

## Annexure A

**Sample Format of Minutes/Record of Discussions at the commencement of Audit** on

\_\_\_\_\_  
Present:

<b>From Audited Entity side</b> ( Name and Designation of the Officer)	<b>From Audit side</b> ( Name and Designation of the Officer)

The meeting was on \_\_\_\_\_ at -----AM/PM and discussed general transactions/schemes/ revenue of the office and the audit plan covering the period \_\_\_\_\_ relating to the Audited Entity\_\_\_\_\_.

The meeting ended at ----- AM/PM with vote of thanks.

(Signature)	(Signature)
(Name & Designation)	(Name & Designation)
From Audited Entity side	From Audit side

## Annexure B

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

Minutes of the Meeting held on \_\_\_\_\_ at -----AM/PM to discuss audit observations to be included in the draft inspection Report for the period \_\_\_\_\_ relating to the Ministry of \_\_\_\_\_ /Audited Entity\_\_\_\_\_.

The following Draft LAR paras were discussed in detail and necessary clarifications, wherever sought, were given from the Audit side.

Draft LAR paras	Department's reply

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

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

The meeting ended at ----- AM/PM with vote of thanks.

Present:

From Audited Entity side	From Audit side
(Signature)	(Signature)
(Name & Designation)	(Name & Designation)
From Audited Entity side	From Audit side

**Annexure C**

**Proforma for Duty list of each member of the Audit Team**

<b>Details of work</b>	<b>Extent of Audit prescribed</b>	<b>Extent of Audit Checked</b>	<b>Name and Designation of Officer to whom the duty assigned</b>	<b>Noted and signed (Acknowledgement)</b>
			AAO/AO: Name 1.	
			AAO/Supervisor : Name 1. 2.	
			Sr. Auditor/Auditor : Name 1. 2.	

**Annexure D**

**Certificate of remittance and drawals**

Certified that the remittance relating to the month(s) marked (                    ) and drawls made by the auditee for the selected months (                    ) have been verified by reference to the original records maintained in the Treasury /Sub Treasury.....by Sri .....and is in accordance with the prescribed procedure and found correct except.....

(Signature)

**Annexure E**

**Follow up of supervision by the Group Officer**

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

## **Annexure F**

### **Certificate at the conclusion of Audit**

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

<b>Sl. No</b>	<b>Brief particulars of the issues which could not be seen in audit</b>	<b>Reasons therefore [ non availability of records, time constraints, shortage of manpower, other constrains/reasons] etc.</b>

**Sr. Audit Officer/Audit Officer**

## **Annexure G**

### **Certificate**

It is certified that :

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

**Sr. Audit Officer/Audit Officer**

## Annexure H

### Position of outstanding paras of previous Inspection Reports

<b>Sl. No</b>	File Number and Period of Inspection Reports	Present position and last correspondence on the para	Remarks of the supervising officer/AO of the party

**Form XVIII**  
**Monthly Arrear Report**  
 (Paragraph 3.02 of XIII (ii) of the Manual)

Report on the State of Work of ..... for the month of .....  
 Name of Assistant Audit Officer .....  
 Name of Audit Officer .....

**Part I – Returns**

(Only return not submitted till the date of report need be shown here)

Name of return	Due Date	To whom due	Explanation for delay and probable date of submission

**Part II – Pending cases**

Sl. No.	Date from which pending	Brief particulars of the case	Why pending and details of action taken

**Part III – Correspondence & Bills**

	Letters		Bills	
	Current month	As in the previous month	Current month	As in the previous month
Receipts during the month				
No. of outstanding on the date of report				
No. of outstanding for over one month				

**Particulars of letters and bills**

Sl. No.	Inward No. and date	From whom received	Subject	Remarks explaining 1. Why outstanding 2. Action taken 3. Probable date of disposal

**Part IV – Audit**

**A – Central Audit of Vouchers**

(i) Position of Central Audit of PF/GE/Works/Forests/Departmental Vouchers

Month upto which audit is due to be completed .....

Sl.No.	Section in A&E Office vs. GE/PF/DA&E/WAC/FAC	Date of sending requisition for vouchers to A&E Office	Vouchers made available upto	Audit completed upto	Internal arrears in Central Audit (Mandays)

(ii) Details of Audit Notes pending as on

Year	WAC I	WAC II	WAC III	WAC IV	Total

(iii) Details of objection outstanding for more than six months as on .....  
Objection's book closed upto

	No. of returns	Amount (₹)
Opening balance		
Additions during the month		
Total		
Clearance during the month		
Closing balance		

Year-wise analysis of closing balance

Year	No. of items	Amount (₹)
Total		

Total arrear Part IV A (I to III)

**Part IV B  
Local Audit**

i) Inspection Reports / Para outstanding as at the end of .....

.....

(Details to be taken from Progress Register)

	IRs	Paras
Opening balance		
Additions		
Total		
Clearance		
Closing balance		

Year wise analysis of the closing balance

Year	OB		Additions		Total		Clearance		CB	
	IR	Para	IR	Para	IR	Para	IR	Para	IR	Para
Total										

Arrears in mandays -

Yardstick -

12 minutes per para in respect of IRs other those pertaining to RSA, RA (HQ), CERA and CRA

(ii) Details of Test Audit Notes and rejoinders pending

	Original		Rejoinder		Total	
	Item	Para	Item	Para	Item	Para
Opening balance						
Additions						
Total						
Clearance						
CB						

Year-wise analysis of closing balance

Year	Original		Rejoinder		Total	
	Item	Para	Item	Para	Item	Para

(iii) Amount held under objections (details to be taken from Under Assessment Register)

	Item	Amount (₹)	Item	Amount (₹)	Item	Amount (₹)	Item	Amount (₹)	Item	Amount (₹)
Opening balance										
Additions										
Total										
Clearance										
Closing balance										

Year-wise analysis of closing balance

Year	OB		Additions		Total		Clearance		CB	
	Item	Amount (₹)	Item	Amount (₹)	Item	Amount (₹)	Item	Amount (₹)	Item	Amount (₹)
Total										

(iv) Position regarding issue of IRs

	IRs received but not issued	IRs due for issue but not issued within the prescribed period of 30 days	Reasons for the outstanding and action taken for the issue of IRs
Opening balance			
Additions			
Total			
Clearance			
Closing balance			

- Reports pending for period less than 1 month -
- Over 1 month but less than 3 months -
- Over two months -
- Over six months -
- Arrears in Mandays (Internal) -
- Inspection completed but report not received within the prescribed period -
- Remarks indicating action taken to get the reports -
- Arrears in mandays
- (v) Arrears in Local Audit (Party days)
- (vi) Potential Draft para cases / Draft Para Cases

	No. of cases	Action taken for clearance
Opening balance		
Additions		
Total		
Clearance		
Closing balance		

(vii) Other items

Total arrears (Part IV B (i) to (vii))	Internal	External

**Part V – Miscellaneous**

- (i) Statement of non receipt of accounts to examine the scope of audit under Section 14 of the CAG’s DPC Act 1971

Year	No. of accounts to be received Universities/Colleges/Other Institutions	Accounts actually received	Balance
<b>Total</b>			

Arrears - Mandays (external) -

- (ii) Transfer of records to old records  
 No. of files to be stitched -  
 No. of files to be indexed -  
 No. of files transferred to old records -  
 Reasons for the delay in stitching/indexing records -  
 Arrears - Mandays -

- (iii) Loss of mandays due to sanction of leave etc

- (iv) Purchase files / agreements

	(A) Purchase files / Agreement requisitioned	Action taken for clearance of arrears
Opening balance		
Additions		
Total		
Clearance		
Closing balance		

	(B) Board of minutes pending receipts		Board of minutes pending review		Action taken for clearance of paras
	Nos.	External arrears (mandays)	Nos.	Internal arrears (mandays)	
Opening balance					
Additions					
Total					
Clearance					
Closing balance					

Position of audit of annual accounts

Sl. No.	Name of institution	Year	Remarks

**Part V – Abstract of Arrears (To be expressed only in mandays)**

	Reference to the part of the Report	Current month		Previous month	
		No. of mandays		No. of mandays	
		Internal	External	Internal	External
I	Return				
II	Pending cases				
III	Correspondence				
IV	A Central				
	B Local Audit				
V	Miscellaneous				
	Total Arrears				

(2) Certificate (1) that the state of work as shown in this report is true to the best of my knowledge and belief correct and complete (2) that all other items of work required to be done by the Section during the month but not shown in this report were completed on due date and the facts were duly recorded. (3) In each case in the calendar of returns and other prescribed registers of the Section 3 that all objections have been reviewed and action taken to settle them (4) that exception of the arrears detailed above the work of the section is up to date (5) that the clerk's tables, racks and boards were inspected and are in order.

Dated signature of Assistant Audit Officer

I have satisfied myself generally that his report is complete and accurate in respect of all items of work for which the Section is responsible. I have scrutinised the explanatory and other remarks in particular.

Dated signature of Sr. Audit Officer

Remarks

Deputy Accountant General