

CHAPTER-V

INSPECTION REPORT

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CHAPTER-V

INSPECTION REPORTS

5.1 RESULTS OF AUDIT

The results of local Audit and Inspections should be reported through an Inspection Report which should consist of the following:

PART-I

1) Introductory:

The following information should be included in the introductory paragraph of the Inspection Report:

i) Name of the official, period of accounts audited and the time taken for audit/inspection; in the following manner:

A test audit on the accounts of (Name of the Office) for the period from (date to date) was conducted locally between (duration of audit) by an audit team of the office of the Principal Accountant General (G&SSA), West Bengal consisting of following members under the supervision of Shri/Smt Sr. Audit Officer/ Audit Officer:

Forwarded to the (Head of the Office) for perusal please

Sr. Audit Officer/ Audit Officer
O/o the PR.AG (G&SSA), WB

1. Shri/Smt, AAO
2. Shri/Smt, AAO
3. Shri/Smt, Sr. Auditor
4. Shri/Smt, Auditor

Note: In case of unsupervised inspection party the i)Name of the official, period of accounts audited and the time taken for audit/inspection; in the following manner:

A test audit on the accounts of (Name of the Office) for the period from (date to date) was conducted locally between (duration of audit) by an audit team of the office of the Principal Accountant General (G&SSA), West Bengal consisting of following members

Forwarded to the (Head of the Office) for perusal please

Assistant Audit Officer
O/o the PR.AG (G&SSA), WB

1. Shri/Smt, AAO
2. Shri/Smt, AAO
3. Shri/Smt, Sr. Auditor
4. Shri/Smt, Auditor

ii) Major Areas of activities of the auditee;

iii) The expenditure incurred by the auditee during the period of audit;

iv) Unit offices under the control of the Drawing and Disbursing Officer (DDO) covered during local audit inspection.

v) Officers held the charge of the office and the officers acted as DDO of the Office mentioning the date of their incumbency during the period of audit. In case, any power has been delegated to the DDO by the Head of the Office that should also be mentioned.

2) Outstanding objections of previous Inspection Reports:

This paragraph should be drawn up taking into consideration the settlement of outstanding paragraph¹ of the previous IRs, as detailed in the **paragraph 4.29.1** of this manual.

3) Schedule of persistent irregularities:

The objections commented upon in the previous Inspection Reports and found to have been continuing should **invariably** be mentioned under persistent irregularities, bringing out clearly for how many years the irregularities have been persisting despite successive audit comments,

¹ Party should take appropriate initiative for settlement of outstanding paragraphs by convening meeting with the head of the office.

giving reference to previous Inspection Reports, so that in suitable cases the facts may be brought to the notice of PAC through Audit Reports. The earlier paragraphs should either be retained in the old Inspection Report till the irregularity is set right or incorporated in the current Inspection Report with suitable updation. A review has to be made in this regard and if the objections are repeated in the previous reports and in no case similar observation should be repeated.

Para 4 onward

PART-II-A

Major and important irregularities involving heavy money value or any special feature i.e. irregularities involving recoveries, question of principle, unavoidable expenditure, infructuous expenditure, irregular purchases, losses etc., which are likely to be developed into draft paras for inclusion in the report of the Comptroller and Auditor General of India would find place in this part.

PART-II-B (i)

Irregularities which though not major but required to be brought to the notice of higher authorities for obtaining orders of rectification/regularization/write off etc., and followed up by the Pr.AG should appear in this section of the IR. Besides, cases of financial irregularities such as extra expenditure, avoidable expenditure, losses, etc. having significant money value should find place in this Part.

PART-II-B (ii)

All review type paragraphs on the schemes/programme undertaken by the auditee unit should appear in this section.

PART-III

The Test Audit Note (TAN) containing minor irregularities should be issued locally under the signature of the Supervising Officer and in his absence, under the signature of the AAO. The procedural irregularities in respect of which the head of the office assured to take corrective measures should be noted in TAN. A copy of the TAN should be placed in the file for necessary verification of corrective measures by next audit.

Note: TAN should be drafted in brief quoting the TAN No. and stating the objections/irregularities so that the Administrative Department concerned, when receives the IR, if necessary, could keep watch on the progress of rectification. If at the time of vetting at GSS-I/HQ it is felt that any point included in the TAN is of sufficient importance, the item can be included in Part-II-B of the IR.

(HQs letter No. 1647-Admn.III/268-60 dated 16.8.60 & No. 2374-TAI/367-63 dated 7.8.65 read with Branch Order No., OA/IC-I/BO/2005-06/5/9 dated 14.11.2005.)

5.2 PREPARATION OF INSPECTION REPORTS

The time allotted in the audit programme for each office includes the time required for the drafting of the report. The work of local Audit should, therefore, be so spread out as to allow for the above duties. The primary AQ statement should also be drawn up with sufficient facts and figures so that the drafting of the IR could be done from the office copies of the queries, even if the replies from the local office are not received. As soon as any of the AQ statements issued is received back with replies from the head of the office inspected, suitable draft paragraphs should be prepared for the IR on the important items contained in the AQ statement, each paragraph dealing with one objection only or a group of similar objections. In this manner the draft IR should be prepared as and

when all the AQ statements are received back. While drafting the IR, the following guidelines should be adhered to by the Supervising officer or in his absence AAO.

(a) In cases where inspections are conducted under the supervision of an officer throughout or where the concluding stage of audit is supervised by him, the officer shall write out the report himself and not leave it to his sub-ordinates. This is necessary in order to enable him to apply his mind to everything mentioned in the report. This is also calculated to ensure the facts stated, the cogency of arguments applied and moderation in and preciseness of the language used. It does not necessarily mean that the supervising officer should write report in his own hand. There is no objection to send typed copies of the report to the headquarters. In cases where the supervision closes before the end of an inspection, the supervising officer may draft all the paras that could be finalized by that time and impart proper guidance and instructions to the AAO/Supervisor for completion of the same. In case of an item not supervised by an officer, the IR should be drafted by the AAO/Supervisor or by the senior one of the AAO/Supervisor, if there are two AAOs/Supervisors in the party.

(HQs letter No. 971-TA 11/131-68 dated 02-5-1968)

(b) IRs should be clear and as concise as possible and should avoid exaggeration or repetition of the same, and should be clear to make reader friendly. Those should be a detached and dispassionate financial criticism of the accounts couched in courteous and in-offensive language. Care should be taken to see that every paragraph comprises a statement of facts, the money value of the objection or its approximate value as calculated from the available data and the rules and orders infringed together with their brief substance and actual and possible effect of such deviation or the nature of the irregularity, and the action required for removing it. Special attention must be drawn to important matters like wilful and persistent neglect of duty, falsification of accounts, incomplete state of accounts etc., in separate paragraph/paragraphs, if necessary. But reasons for making such inclusion with concrete cases should invariably be given in detail in the report.

(c) Suggestive headlines with the money value should be given above the different paragraphs in indication of the subject matter dealt with in the paragraph so as to encourage the busy officer to go through the paragraph. Mere general heading such as 'Cash Book' or 'Outstanding Revenue' or purchase of store do not indicate anything but headings like 'Omission to enter receipts and payments in the cash book leading to excess/shortage of cash Rs. _____' or 'outstanding fees of Rs. _____ due from college students' give a definite idea and make one inquisitive to know more about the subject contained in the paragraph.

(d) When statistics are given in the IRs, the current year's figure should be given in addition to the figures for the year of account which is audited. The difficulty of furnishing a proper audit certificate in the absence of any information (which should be detailed) should be noted in the IR.

(e) Use of abbreviations in writing technical terms should be scrupulously avoided when preparing IRs as well as the appendices thereto, as this practice causes much inconvenience to all who deal with the reports.

(f) Details of facts and figures should, as far as practicable, except in serious cases, be shown in separate statements attached as appendices to the report. This makes it more effective and easier to handle. The required numbers of appendices are to be made by the field parties and submitted along with the draft IRs.

(g) IRs should not be allowed to be of abnormal length by including too many points in it since the difficulty of going through an cumbersome report often takes away much of its value. In case a large number of irregularities are detected, only the more important points should be selected for inclusion in Part-II B of the report and the minor points included in TAN.

(h) Cross reference (i.e. Page number of the file, AQ number, Page number of the supporting documents) should be made both in AQs and paras incorporated in the IR.

(i) Page number of Audit Evidences (KDs) in each and every points of the IR paragraph should be invariably indicated.

(j) **Appendix** relating to IR paragraph should be duly numbered, linked (i.e Appendix should be suitably numbered with reference no. of the Para) and duly authenticated/signed by the concerned Sr. AO/AAO/Sr. Auditor and should be submitted in four copies with the draft IR.

(k) Pages of the IR files should be duly numbered.

[Refer: - Branch No. OA/IC-I/2010-11/05 dated: 18 February 2011]

(l) Relevant Audit Evidences (KDs) of each para should be collected and a reference of page no. is to be indicated. Drafting of IRs is to be based on sufficient, relevant and competent evidence/documents.

(m) Operation of PL A/c, audit of AC/DC bill, Cash Management, audit of 'NIL' Payment voucher should be reviewed and suitably incorporated in the IR to process synoptic para on those aspects. Disposal of unserviceable articles with value, defective/condemned vehicles and opening of Bank A/c and deposit of fund and expenditure there-from should also be reviewed and separate para incorporating the comments thereon may be prepared and highlighted in IR.

(n) Report should not contain objections of more than 3 to 5 years old.

(o) Paper clippings/complaint etc. handed over to field party should be investigated thoroughly and findings should be incorporated in the IR

Note: It is not necessary and not desirable also to refer to the relevant press clippings to the auditee unit. Press clipping is given to the party to use it as a clue for investigation.

(BO no. OA/IC-I/2000-01/21 dated. 28.3.2001)

(p) Replies to audit queries, if submitted during inspection by the head of the office should be taken into account while finalizing/drafting IR.

(BO no. OA/IC-I/1998-99/10 dated 9.7.1998)

(q) All trifling matters which can be and have been set right on the spot or are of no consequence to the finances of Government need not be mentioned in the IRs. However, if a number of similar points are noticed it may be desirable to mention the type of error or irregularity with one or more instances so that proper instruction may be issued for future guidance of the government servants concerned. It is desirable that statements and figures in relation to any defects or irregularities discovered should be based on clear documentary evidence. It is not sufficient to quote the rule or the order violated, the actual or possible effect of such deviation on

the financial interests of government should be explained clearly. All observations and objections must be conveyed in courteous and impersonal terms and must be clear and intelligible. It is of utmost importance that any statement of criticism or of irregularity should be accurate, fair, moderately worded, dispassionate and as brief as possible. An illusive or oblique remark is to be forbidden; if a charge cannot be substantiated, there should not be even any hint of it.

(HQs letter No. 71S-7AI/106-81 dated 20.6.81 and B.O. No. OA/IC-1/2002-03/18 dated 13.11.2002)

- (r) Drafting of the IR: The Inspection reports should be drafted properly pointing out the major irregularities and conclusion of the comment should be made with proper analysis. Unnecessary narration should be avoided. Emphasis should be given to pinpoint on major irregularities having potentiality for processing as Draft Para.
- (s) The IR paragraph should not be in verbatim to the AQ.
- (t) List of Audit queries should be noted in the inner side of the Folder. In cases where any AQ not considered for incorporation in the Draft IR, justified reason in this regard should be recorded by the supervising officer on the relevant AQ.
- (u) Inspection Report should be drafted by the Supervising officer.

[Refer: - Branch No. OA/IC-1/2010-11/05 dated: 18 February 2011]

5.3 DISCUSSION OF THE DRAFT REPORT WITH THE HEAD OF THE OFFICE INSPECTED

It is the imperative duty of the Supervising Officer, if he is present on the concluding day of an inspection or of the AAO/Supervisor to show the head of the office the complete draft IR for perusal. The report should also be discussed with him. The signature of the head of the office inspected should be obtained on the draft report in token of his perusal of the report and the correctness of the fact contained in it.

Draft report should be discussed on the spot with the head of the office inspected or with any other officer subordinate to the head of the office with prior arrangement with him where possible. In no case should it be sent by post. If the head of the office does not remain at the station on the last day of inspection for any reason, the draft report need not be shown to him and the fact should be mentioned in the report.

5.4 SUBMISSION OF DRAFT INSPECTION REPORTS TO GSS-I(HQ)

5.4.1 The Draft IRs duly drafted as per format detailed in **paragraph 5.1** of this manual and signed by the Supervising Officer and the AAO/Supervisor must be submitted/ despatched to headquarters within 5 days from the date of completion of audit along with the following documents seriatim, from top page of the file to below as detailed under. All heads of the Audit Parties are required to submit the soft copy of IR/SAR/any other report due for vetting within three (03) days of the completion of audit by E-mail. In case of delay or failure to furnish IR in digital format, reasons for the same may be placed on record.

1. **Forwarding Memo** (as per **Annexure ‘G’**) duly filled in with full addresses of the offices to which the IRs is to be issued, should be kept on the top of the Draft IR along with six copies of appendices/annexure to the IR, if any, followed by :-
2. **Title Sheet** (as per **Annexure ‘H’**) duly filled in all respects and signed by the Supervising Sr. AO/AO, and inspecting AAO/Supervisor, along with the following enclosure, from the top to bottom of the correspondence side of the file.
3. One copy of **Feed Back Report (Annexure ‘P’)** duly filled in should be submitted to GSS –I (HQ) for each audit.

Note: The figures of allotment and expenditure in the **Title Sheet & Feed Back** should be segregated year wise. A list of schemes undertaken by the unit and fund received with sources from where received should also be submitted with the Title sheet and with Feed Back Report in prescribed form.

[Refer: - Branch No. OA/IC-I/2010-11/05 dated: 18 February 2011]

- (4) **Minutes of discussion** with the head of the auditee unit on the outstanding paragraphs of previous IRs as well as on the audit queries issued during the course of present audit.
- (5) The results of **reviews of outstanding paragraphs (Review Note)** on the outstanding paragraph of previous IRs.

Note: **Review note** of the outstanding paragraphs should invariably be made. Outstanding paragraphs should be settled on the basis of reply of the management and with proper justification and by verification of relevant records, where necessary, Discussion with the Head of the office in this regard to be recorded and Minutes of the discussion should also be made duly signed by the Head of the office and Supervising Officer and submitted with the Draft IR. Part Number of the outstanding paragraphs to which it belongs should also be mentioned in Para 2 - “Position of outstanding Paragraphs of previous IRs”.

[Refer: - Branch No. OA/IC-I/2010-11/05 dated: 18 February 2011]

- (6) Duty list showing the **allotment of work** among the members of the inspection party by the inspecting AAO/Supervisor or by the Supervising Sr. AO/AO duly signed by each of the party member.
- (7) Detailed list of **work done (Audit Note Book)** by each of the party member as distribution of work, duly signed and countersigned by Supervising Officer.
- (8) A list of **drawals and remittances** prepared from the records of the office inspected duly verified from the records of the Treasury/Sub-Treasury. Both the list should be certified by the concerned AAO/Supervisor or and by the Sr. Auditors/Auditors as a token of check exercised by them and authenticated by the inspecting AAO/Supervisor and countersigned by the Supervising Officer.

Note: Notes regarding selection of month, locally, for detailed checking in addition to the month(s) selected by the Head quarter should be submitted in the file of the IR.

(9) List of **Service Books** checked along with a Certificate for conducting Nominal Checking and checking of the Pay-fixation cases. A list of Service Books checked in respect of persons who are likely to retire during the next five years. This list of the Service Books should have

been certified by the concerned AAO/Supervisor/Sr. Auditors/Auditors who have prepared the list and exercised nominal as well as the detailed check with reference to the pay acquaintances and the sanctioned strength of the auditee unit. A summary of such checking (as given below) should be furnished at the end of the list duly signed by the concerned Sr. Auditors/Auditors, authenticated by the AAO/Supervisor and countersigned by the Supervising Officer. Any deviation between sanctioned strength and men in position, non-submission of Service Books, discrepancies in leave account, Pay fixation etc. should be brought out and incorporated in the IR.

Group of Category of personnel	No. of personnel as per pay acquaintances	Sanctioned strength	Service Book checked in detail including Leave	Pay fixation checked	Conducting nominal checking	Service Book lying with the concerned Admn. Deptt./ AG Office/ or otherwise	Service Books not produced
Group/ Category of staff							
On Contract							
On Casual							
Total							

(10) **Nominal Audit Certificate** as per following proforma.

NOMINAL AUDIT CERTIFICATE

Nominal Audit has been conducted in accordance with the instruction contained in secret circular No. OA/IC/Audit Series/81-82/5 dated 05-01-1982.

Auditor/Sr. Auditor

Asstt. Audit Officer

Audit Officer/Sr. Audit Officer

(11) **Pay-fixation certificate** as per following proforma.

PAY FIXATION CERTIFICATE

Certified that pay fixation cases of 8.33% in respect of Group A & B officer have been checked in audit.

Auditor/Sr. Auditor

Asstt. Audit Officer

Audit Officer/Sr. Audit Officer

(12) **Ghost Employee Certificate** as per following proforma.

GHOST EMPLOYEES

As per data furnished by the local office regarding men-in-position against sanctioned strength and checking of pay acquittance roll for the month of, it is certified that no ghost employee exist.

Asstt. Audit Officer

Audit Officer/Sr. Audit Officer

- (13) List of **accounts and records** maintained by the auditee unit and checked by the party.
- (14) **Vigilance Certificate** as per following proforma.

VIGILANCE CASES

In course of checking the records of the unit, no occasion has come warranting Vigilance investigation and the matter was also confirmed by the local office vide reply to AQ No 1.

Asstt. Audit Officer

Audit Officer/Sr. Audit Officer

Note: Cases warranting vigilance investigation at the time of conducting field audit to be watched and findings, if any, to be incorporated in the IR. In case no such investigation warranted a 'Nil' report is to be submitted with the IR.

(BO no. OA/IC-I/2003-04/1 dated 11.4.2003)

- (15) **Physical Verification of cash Certificate as per Annexure 'J'.**

Note: Certificate regarding physical verification of Cash conducted by the auditee unit on the first day of the audit in presence of the Audit team. Discrepancies, if any, found in the physical verification of cash conducted by the officials of the auditee unit in presence of the audit team should be commented upon and incorporated in the IR, as envisaged in the **paragraph 7.3.1** of this manual.

- (16) **Selection of Month:**

In case of period of audit exceeds 36 months, 3(three) months of accounts should then be checked in detail. Therefore, 1(one) month of accounts for detailed checking is to be selected locally along with the other 2 (two) detailed months of accounts which have already been selected by the GSS-I (HQ). Local selection of month should accordingly be submitted for approval.

The following documents should be furnished by the party along with the IR and should be kept on the "Note side" of the file:-

- (17) **Survey questionnaire for IT application (Annexure 'Q')** alongwith one copy of **Feed Back Report**.

- (18) **Information relating to defective/condemned vehicles** of the auditee unit indicating the details of the vehicle viz. Registration No., date and cost of procurement/purchase, total KM run, average consumption of POL, date from which lying defective, estimated cost of repairing, date of estimation, action taken for repairing, and how the service of the driver attached, if any, is being utilized etc., should be mentioned and suitable comments, if any, may be incorporated in the IR.

(19) **Information relating to hired vehicles** indicating the order/approval of the competent authority, rate, total KM run per day on average, etc. with justification for such hiring of the vehicle. Suitable comments, if any, should also be incorporated in the IR.

(20) **Information relating to drawal of AC bills** and adjustment thereof as per the format given below indicating the purposes for which the money was drawn and suitable comments, if any, should also be incorporated in the IR.

Bill No. & date	G.O. No. & date	Purpose	Amount (Rs)	Name of Treasury	Date of drawal	DC bill No. & Date	Amount adjusted	Date of adjustment	Amount spent	How the unspent amount retained, if any

(21) A copy of **Test Audit Note** as issued to the office inspected, on the spot.

(22) **Statement of points** furnished by the Headquarters sections for local investigation along with results of such investigation and relevant paragraph, if any, of the IR.

(23) **Statement of paper clipping** furnished for investigation alongwith result of such investigation indicating relevant paragraph, if any, of the IR.

(24) A separate note (to be enclosed to draft IR) of all important points detected in the course of local audit which warrant examination of sanctions and connected files in the offices of the heads of departments/administrative departments so that the matter could be referred to Financial Attest Wing.

(25) A **list of audit queries**, issued by the audit team during the audit, duly signed by supervising officer or in his absence AAO/ Supervisor in the following format:

AQ No./ date	Subject	Name of the Contributor	Para in which the AQ incorporated	Reasons for not considering for incorporation in IR
1	2	3	4	5

(26) The statement of outstanding objections raised in Central Audit furnished by the Headquarter for settlement on the spot along with action taken thereon.

5.4.2 Before the IR is submitted to headquarters particular care should be taken to see that the accounts audited and their supporting statements/documents e.g, store account, Proforma accounts, etc. are complete in all respects and they have been certified by the Supervising Officer and AAO/Supervisor, wherever required, on the spot. These may be sent, duly completed, along with the IR for necessary action.

5.4.3 Every paragraph of the draft IR should show in the margin a reference to the relevant item and page of the AQ statement on which it is based. Inspecting AAO/Supervisor should take particular care to see that such references are invariably given. Sometimes the IRs contain references to letters and orders of the local Government or other authorities which are not available in the Audit Office. All such references should invariably be supported by copies of or relevant extracts from the letters or orders concerned taken from local office. The working sheet relating to the paragraphs of the IRs should also be kept in the file, if possible, indicating the related AQ/paragraphs etc.

5.4.4 All the pages excluding the Draft IR of the file to be duly numbered from the **Bottom to Top** up to the title sheet including the enclosures, and pages of the Draft IR including the Appendix/Annexure should be numbered from **Top to Bottom** up to the last page of the Appendix/Annexure.

5.4.5 The paragraphs of a draft report which are considered by the Supervising Officer or by the AAO/Supervisor to be important enough and likely to be fit for inclusion in the Report of the CAG should be supported with the relevant Audit Evidences (KDs) on each of the figures/points of observation and comment and the paragraph Number should be indicated on the title sheet of the report.

5.4.6 Delay in the submission of IR is deplorable. Inordinate delay in the receipt of replies of local offices to AQ statements or non-receipt of their replies should not be considered as any ground for delay in submission of IR. The fact of delay in the receipt of replies or non-receipt of replies may be commented upon suitably in the IR.

5.5 REGISTER FOR WATCHING THE RECEIPT AND ISSUE OF DRAFT IRS AND PROGRESS REGISTER OF SETTLEMENT OF IRS

The GSS-I wing maintains Registers in Forms I(GSS-I/HQ) and II(GSS-I/IR & GSS-I/AB) of **Annexure ‘I’** of this Manual to watch the progress of each Inspection (i) from taking up of the local test check to the issue of the approved IR and (ii) from the issue of each IR to its final disposal respectively. These registers shall be submitted to the Group Officer on the 1st working day of every for his review.

The Register in Form II shall be submitted to the Group Officer within 1st week of every month for his review. One statement in Form III of **Annexure ‘I’** should be drawn up on the last working day of every month showing the IRs which were not issued in respect of audits completed on or before the last working day of the previous month. This statement alongwith the Monthly Progress Report indicating the status of movement of IRs maintained in Form I should be submitted to the Group Officer on the 1st day of each month for his scrutiny and orders.

Note: The stages of disposal of replies should be indicated in the following form:

- 1) Pending in this office for more than one month with brief reasons for delay.
- 2) Pending in this office for one month or less.
- 3) Pending in the Executive Offices for more than six months for which D.O. reminders have been issued to the heads of Departments every month.
- 4) Pending in the Executive Offices for one month or more.

5.6 ISSUE OF INSPECTION REPORTS

(a) The IRs should be issued within one month from the date of completion of the local audit. The period of one month for issue of IR from the date of completion of audit has to be computed as under:

- i) 5 (five) working days for the receipt of the draft report from the Audit Party (the draft report is expected to be discussed with the officer-in-charge before the closing days of inspection).
- ii) 5 (five) working days for the section to submit the report.
- iii) 4 (four) working days for the Branch officers to pass the report.

- iv) 10 (ten) working days for typing and issue of the report. Total 24 days (say one month)
(*HQs Circular No. 19-TAI/83 dated 16.7.83*)
- v) The HQs. office, further desired to reduce the period of one month to less than 3 weeks by strict monitoring of this work at the level of Group Officer.
(*Letter No. 282-Audit-II/83-83 dated 19.02.86 reiterated vide Circular No. 2 (letter No. 135-Inspn./59-88) dated 12/1998*)
- (b) When owing to pressure of work or other reasons, delay beyond the prescribed period is apprehended in any case, the matter should be brought to the notice of the Group Officer for his orders.
- (c)(i) The IR on the accounts of the G&SS Offices under the State Government should be sent simultaneously to the Head of the office inspected, next superior officer(s), the Head of the Department. IRs will not ordinarily be sent to the Finance Department of the State Government, but when an embezzlement is detected or inferred from any suspicious circumstances or any serious financial irregularity is discovered, the IR containing such information should be sent to the Finance Department also, and the attention of both the Finance and Administrative Departments to be drawn in the forwarding Memorandum to the relevant paragraph of the report so that they may deal with them as expeditiously as possible.
(*HQs Circular Letter No. 2205 Admn.11/608-Admn.1/58 dated 11-9-1959*)
- (ii) Draft IR in respect of the audit of the **High Court establishment**, containing paragraphs on personal claims of **High Court Judges** to be sent to the Headquarters office (Director, RS) for vetting and clearance for issue. In no case the IR containing paragraphs on personal claims of High Court Judges to be issued without prior approval/ clearance of the Headquarters office.
(*HQs Confidential letter No. 745 Rep(s) Audit Plan/38-98 dt. 29.6.98 and No. 807-Rep(s)/324-2003 dated 6.7.2005*)
- (iii) IRs in respect of audit of **High Court establishment** either sent to the HQs office as Draft for approval/clearance for issue or issued to the Registrar, **High Court** (if not required clearance of the HQs office before issue) to be personally vetted/checked and approved by the Pr. AG, so that un-necessary cross-reference between different offices could be avoided.
- (iv) While forwarding draft IR to HQs office for approval/clearance for issue, it should be ensured that the draft IR was discussed by the Group Officer with the Registrar High Court and the IR was vetted and approved by the Pr. AG personally. A certificate to this effect should be enclosed indicating as to who discussed the draft IR with whom and on what date.
(*HQs Confidential letter No. 276-Rep(s) 1-98-97 dt. 18.2002*)
- (d) The memorandum forwarding the IR to the local office shall state that replies to the different paragraphs of the report should be submitted within three weeks in Broad Sheet form in duplicate through the Superior Officer, if any, to the Head of the Department for transmission by the latter with his remarks to the Pr. AG.
(*Paragraph 3 of Govt. of Bengal, Finance Department Memo No. 1405-F dated 7th April, 1930*)

Where the office is directly under the administrative control of Government the replies in Broad Sheet form should be submitted to the Pr. AG through the Administrative Department of the Government concerned.

e) Paras involving major financial irregularities, system failure etc. (placed in Part-II-A) should be brought to the notice of the finance Department and copy of the IR indicating the Serial No. of such paras, should be issued to Finance Secretary.

(f) Paras involving serious financial irregularities, system failure etc. having potentiality of making Draft Paras should be brought to the notice of the Group Officer in advance.

(B.O. No. OA/IC-1/2002-03/18 dated 13.11.2002)

(g) At the time of issue of Inspection Report it should be ensured that only serious objections having draft para potential or those requiring recovery or regularization or denote a system failure etc. are included in the Inspection Report while other objections should be incorporated in Test Audit Notes. Further a department wise list of outstanding paras of lesser importance is to be prepared and their expeditious settlement ensured by way of holding Audit committee meetings at frequent intervals so that large number of Inspection Report/Paras long outstanding may be avoided.

(HQs. letter No. 117-Audit Plg/59-96 dated 26.02.98)

(h) The responsibility for the prompt issue of IRs after those are approved by the Group Officer /Branch Officers rests primarily with the AAO/Supervisor at the headquarters section who should watch their issue. A spare typed copy of every IR should invariably be kept in the file before the report is issued. This should be borne in mind in deciding the number of fair copies to be made.

(i) Comparing of the soft/edited copies of the IR should be done by the Auditor/Sr. Auditor available at the HQ but not attached to any section. A certificate in respect of the compare works should be attached with the compared type copies of the IR as follows:

Name & Designation of the proof reader	Particulars of IR compared (name of the auditee unit & period of audit)	Word/sentence found illegible in manuscript which needs rectification		
		Para no.	Page no.	Sl. no. of line
1	2	3	4	5

“Certified that I/we have compared the typed copy of the above mentioned IR with the manuscript minutely and words/sentences as mentioned in Col.3 are found illegible to me/us which need rectification.

I recommend/ do not recommend re-typing”.

Signature of the proof reader

(j) The fair copies of the IR to be issued to the concerned Administrative Department or Head of the Office inspected, after scrutiny and editing in the headquarters Section should be formally signed by the Group Officer or Branch officer at headquarters, as the case may be.

(HQs Letter No. 76-Tech. Admn.I/385-65 dated 14-01-1966 and Secret D.O. No. 418-Admn.1/166- 557 dated 09-02-1959)

5.7 PROCEDURE FOR DESPATCHING INSPECTION REPORTS

The passed IRs are to be numbered in Outward Diary Register of IRs and issued through Record Section.

5.8 EDITING OF INSPECTION REPORTS

(a) Sr. AOs/AOs supervising the local audit/inspection are to draft the IR themselves. Since, scrutiny and vetting of these IRs at GSS-I Headquarters by another Sr. AO/AO may lessen their initiative and responsibility in careful drafting as well as proper submission of the reports, these reports should be vetted by Group Officer with the assistance of Vetting Cell.

Branch officer at headquarters should be entrusted with the work of vetting the reports of local audits/inspections conducted by the AAO/Supervisor and finalizing and issuing at their levels unless there are important points to be brought to the notice of the Group Officer.

(HQs letter No. 76-Tech-Admn.1/385-65 dated 14-01-1966)

(b) In order to effect a distinct improvement in the quality and promptness of the issue of the IRs, the CAG of India has desired that these reports should be subjected to a systematic scrutiny by experienced AAOs. These additional AAOs should be entrusted with the responsibilities of going through all IRs received in the headquarters of GSS-I Wing from the field parties, examining the correctness and completeness of the objections raised and suggesting whether any further materials should be collected in the matter. The scrutiny should particularly be done in case of paragraphs in IRs which may result in mention of the cases in the Audit Report. These AAOs should also be entrusted with the responsibility of briefing the Inspection parties on the important points in the previous IRs which need further scrutiny. Needless to say that the AAO to be posted for this work should be persons with considerable experience in the field.

(HQs D.O. letter No. 273-TA-I/41-78 dated 13-4-1978)

(c) One AAO (post created during September 1970) is to assist the Group Officer in vetting the IRs and should be entrusted with the following specific duties.

(1) To scrutinize the draft IRs from the Title Sheets to the Appendices and to point out any omissions and commissions. To see that all the information against the respective serial numbers have been duly furnished in the Title Sheets by the Inspecting AAO/ Supervising Sr. A.O/AO in the portion marked to each.

(2) To see that the Title Sheet is signed with date by both the Inspecting AAO, when a partial inspection is conducted by a party having two AAOs.

(3) To see particularly that the file of the draft IRs contains all the documents/enclosures as mentioned in **paragraph 5.4** of this manual and the title sheet has been duly filled in containing all the information.

(4) To see that full addresses of the offices locally audited are indicated on the forwarding memo.

(5) To see whether the report was discussed by the Inspecting Supervising Officer or by the Inspecting AAO in the absence of Supervising Officer. If a particular report appears to have not been discussed by the Supervising Officers, but by the Inspecting AAO, the reason should be enquired into and the programme of the Sr. A.O/AO concerned should be verified to see whether there was actual supervision on the date of closing the audit and/or instruction contained in the **paragraph 5.3** of this Manual is strictly followed.

- (6) a) To see that there is a separate report on the G. P. Fund Accounts of Group 'D' Staff in each case.
- b) To see whether the GPF account of Gr. D staff has been checked by the party and suitable comments have been incorporated in IR paragraph/Audit Note Book, if necessary.
- (7) To see that the Audit Note Book has been properly written by the Inspecting AAO and the Sr. Auditors/Auditors in each case and the same duly countersigned by the supervising Sr. AO/AO. Also, to see that the Audit Note Book contains a list of Service Books checked by the party. The list will act as a guide to the subsequent audit party.
- (8) Paragraph 2 (Position of outstanding IRs) of the IR should be carefully examined to see that it has been properly drafted to indicate the actual position. The position shown may be verified with reference to the relevant register of IRs.
- (9) To verify the facts indicated in the IR.
- (10) To verify the Rules, Orders etc. quoted in the IRs.
- (11) Where a paragraph in an IR is unusually lengthy, it should be suitably briefed. Objections on minor matters may be dropped or included in Test Audit Note. Where there are repetitions of objections in the same IRs, they should be suitably consolidated in a single paragraph.
- (12) To examine very carefully all those paragraphs in an IR which have been recommended by the Supervising Officer for consideration of the Audit Report. Orders of Group Officer should be obtained at this stage as to whether the paragraphs recommended for inclusion in the Register of financial irregularities are suitable for the purpose and are to be marked for inclusion in that register. An IR should not be issued unless and until the paragraphs marked for inclusion in the said Register have been noted in that register in order that points may further be pursued with the Government for eventual inclusion in the Audit Report. It should be seen that no important information is wanting, that the money-value of the objection raised is given and the paragraph is duly supported by audit queries with replies of the local office and relevant Audit Evidences.
- (13) To help the headquarters section in bringing out a consolidated position in respect of a particular objection pointed out in a number of IRs.
- (14) After examination of each draft IR, the AAO vetting the IR should submit the same together with his observations thereon to Group Officer and obtain his orders. The orders of the Group Officer should be communicated to the Inspecting AAOs and the Supervising Officers.
- (15) To expedite disposal of draft IRs, AAO vetting the IRs may correspond with the Inspecting AAO /Supervising Sr. A.O/AO directly on routine matters.
- (16) A progress Register should be maintained showing therein the number of IRs examined during a week. The Register should also show the number of draft IRs pending at the end of the week. The Register should be submitted to the Group Officer on every Monday.
- (17) Besides, draft IR of important nature, for which supervision could not be provided due to non-availability of Supervising Officers at particular station at the particular time, may be examined. Such unsupervised IR may be approved by the Branch Officer of GSS-I wing.

(18) While vetting/editing the IR, para relating to suspected fraud, malafide and corruption warranting vigilance investigation, if any, is identified, the matter may be brought to the notice of the Group Officer for taking up necessary action as detailed in **paragraph 6.1.6** of this manual.

5.9 AUDIT CONDUCTED ON BEHALF OF OTHER PRINCIPAL ACCOUNTANTS GENERAL/ACCOUNTANTS GENERAL

(a) In the case of local audit of Government Departments conducted by Sr. AOs/AOs acting as agents on behalf of other Pr. AG/AG (Main Audit Officers), the Sr. AO/AO acting as agent after conducting the local audit entrusted to him should forward the audit report and audit comments, etc. to the Main Audit Officer and the latter will issue the report and pursue the same. This procedure would not be applicable in cases where a different procedure has been specifically authorized.

(HQs Letter No. 1836-Admn I/Admn III-138/62 dated 28th July, 1962)

(b) Copies of the IRs/Preliminary Objection Memos in respect of offices/units which are inspected by this office on behalf of other Pr. AG/AG may invariably be retained in this office.

(HQs letter No. 1463-TAI/149-80 dated 4th December, 1980)

5.10 AUDIT NOTE BOOKS

(a) Every AAOs/Supervisors, Sr. Auditor and Auditor, excepting clerks employed on purely routine duties such as diarizing, referencing, despatching etc., should maintain a note book in which he should keep a record of the points he has to watch but which are not required to be noted in any one of the prescribed registers.

(b) A separate note book should be kept for each unit of audit. The quantum and frequency of audit, the items checked in course of audit and all important information, rules and orders in respect of a particular unit of audit should be recorded therein. The Note Book should be submitted to the Supervising Sr. AO/AO, if any, for check and signature and forwarded to the headquarters along with the draft IR for submission to the Group Officer.

(HQs letter No. 3010 Admn I/463-60 dated 22nd January 1962)

5.11 REPLY TO THE IR-IN BROAD SHEET FORM

(a) Within three weeks of the receipt of an IR, the Head of the Office concerned will as directed in the memorandum forwarding the IR, furnish his replies etc. in Broad Sheet form in duplicate through his Superior Officer (if any) to the Head of the Department. The Head of the Department will transmit such replies with his own comments or orders in the duplicate Broad Sheets to this office within two months from the date of receipt of the local officer's explanations in the Broad Sheet forms.

(Government of Bengal, Finance Department Memo No. 1405-F, dated the 7th April, 1930, No. 7107-F dated 22-11-1933 and No. 4077-F dated 30-4-1938)

(b) Unusual delay in submitting Broad Sheet replies should be taken up by the Sr. Auditor/Auditor maintaining the progress Register and brought to the notice of the next higher authorities.

(c) Comments of the Head of the Department on various points raised in an IR of his own office should likewise for the sake of quick disposals, be sent to this office for further remarks before submission to Government.

5.12 PROCEDURE FOR PREPARING REPLIES IN BROADSHEET FORM

Replies and Comments in the Broad Sheet form should be furnished according to the procedure explained below:

Each paragraph or sub-paragraph on an item of an IR should be pasted at the top of a separate sheet of foolscap paper.

The different officers should then record there-under their replies and remarks seriatim attaching as many sheets as may be necessary to dispose of each paragraph or sub-paragraph or item thereof. Such remarks below each paragraph will follow in the order and under the headings shown below:

- 1) Replies of the Head of the Office.
- 2) Remarks of the Superior Officer (if any).
- 3) Orders of the Head of the Department.
- 4) Dy. AG's final remarks.
- 5) Orders of the Government on those paragraphs only which are reported to Government.

Note : The Deputy Director of Health Services (Accounts Audit and Verification), West Bengal has been authorized by Government to sign the Broad Sheet replies to IRs for the Director of Health Services, West Bengal, except where a particular paragraph of an audit report is considered to be so important as to require the personal attention of the Head of the Department in which case the Broad Sheet replies in such paragraphs should be signed by the Director of Health Services, West Bengal himself.

(Government of West Bengal, Medl. & P.H.D. Letter No. Medl. 1438/DHS/TA-30/49 dated 02-6-1950)

5.13 DISPOSAL OF REPLIES TO THE IRs

(a) On receipt of the replies to the IR from the Head of the Office and the comments of the Head of the Department thereon, the Headquarters Office of GSS-I wing, will dispose of points not requiring the attention of the Government and return one copy to the Head of the Department with further remarks of Group Officer. Necessary remarks in the Broad Sheet, should be indicated in the letter with which the Broad Sheet is returned to the Head of the Department as regards to the particular paragraphs of the IR which could not be finally settled in the light of the replies in the Broad Sheet from of the local office and on which further explanation or action is called for.

(b) Copy of such letter should also be forwarded to the Administrative Department of the Government. The office copy of the Broad Sheet should be filed with the IR.

(c) Any item of important financial irregularity noticed during the course of disposal of the IR should at once be noted in the Register of Financial Irregularities under orders of the Group Officer so that the same may be considered for being developed to the stage of draft paragraph for incorporation in the Audit Report.

(d) The time limit for disposing the replies to an IR is three weeks from the time of receipt of the Broad Sheet in this office.

(e) Outstanding Paragraph of the IR which could not be settled from the replies in the Broad Sheet are to be settled through correspondence or by other means as indicated in **paragraph 4.29** of this manual.

(f) The Finance Department of the Government should be informed of the final disposal of paragraphs of IRs which have been brought to its notice.

(g) In the matter of disposal of the IRs it sometimes happens that the replies of the Departmental Officers to some of the paragraphs cannot be accepted forthwith but have to be kept pending until further examination with reference to the local records. While dealing with such cases in Headquarters the dealing Auditor should under orders of the Group Officer note against the relevant paragraphs the remarks 'Next Audit to see' and should invariably enter them in the Audit Note Book so that they may not escape notice at the time of subsequent inspection.

5.14 SCRUTINY OF ORDERS OF GOVERNMENT TO FORGO RECOVERY

All orders issued by Government or any lower authority, forgoing or waiving recovery of amounts or writing off losses or deficiencies in cash or store mentioned in IR with the remarks of this wing, should be scrutinized in the light of the rules, the powers delegated etc. and such orders should be accepted in audit by the Sr. AO/AO in-Charge. Orders which cannot be accepted owing to certain information being not forthcoming or which require further correspondence, should be recorded in the relevant audit note book so that the same may be verified by the inspecting party in subsequent audit.

(AG's Order dated 16-4-1987 in file OA-I/RM/PD of REC/46)

5.15 FILING OF INSPECTION REPORTS

IRs should be preserved according to the following scale: -

Reports of Offices - Annual item for inspection	5 Years
Others	10 Years

When finally disposed of, these reports should, therefore, be marked for destruction accordingly.

Further, the old IRs may be preserved for a period of one year after the objections are settled finally.

(AG's Order dated 16-4-1987 in file OA-I/RM/PD of REC/46)

5.16 REMINDERS FOR BROAD SHEET REPLIES

(a) The following procedure should be adopted for issuing reminders in the case of non-receipt of Broad Sheet replies to IRs:

- 1) First reminder After three months from the date of issue of the Inspection Report.
- 2) Second reminder After four months from the date of issue of the Inspection Report with a copy to the Head of the Department.
- 3) Third reminder Demi-officially after five months from the date of issue of the IR, to the Head of the Department with a copy to Government. Thereafter, demi-official reminders at intervals of one month.
- 4) Delays over six months should be reported to Government demi-officially.

(b) The following procedure should be adopted for issuing reminders in case of non-receipt of replies to further comments of audit:

- 1) First reminder After one month from the date of issue of further comments.
- 2) Second reminder After two months from the date of issue of further remarks.
- 3) Third reminder Demi-officially after four months from the date of issue of further remarks to the Head of the Department.
- 4) Demi-official reminders should be issued at intervals of one month. Delays over six months should be reported to Government demi-officially.

5.17 AUDIT COMMITTEES

For prompt settlement of outstanding IRs (for more than three years old) discussions should be held periodically across the table among senior officers of the concerned Administrative Department, the Finance Department and a representative of the Office of the Pr. AG. For this purpose, meetings of the Audit Committees consisting of the Secretary of the Administrative Department concerned, a senior officer of the concerned Group of the Finance Department not below the rank of Joint Secretary and Sr. Dy. Accountant General/Dy. Accountant General (GSS-I) of the Office of the Pr. AG should be convened by the Administrative Department concerned at least once in three months.

On receipt of intimation of the dates of meetings, an up-to-date list of outstanding objections pointing out the cases whether first replies have not been received is to be sent to the concerned department.

Based on the outstanding list, the department is to be requested to insist upon the Directorates/District Offices by fixing a target date by which they should submit replies to the observations to audit after taking remedial measures. The Broad Sheet replies so received should be checked in the concerned section of the GSS-I wing and action taken for settlement or otherwise should be reported to the Government. Paragraphs of IRs where replies were not satisfactory for settlement should be discussed in the next meeting across the table and considering the merit and opinion of the Department, action should be taken to drop the paragraphs or to pursue further as considered necessary.

Concerned section of the GSS-I wing should keep a close watch to ensure that Audit Committee meetings of each of the Departments are convened at least once in three months.

(Copy of the Shri S. V. Krishnan, Chief Secretary, Government of West Bengal D.O. No. 3114 (33) F.B. dated 12-8-1985 to the Secretaries of all Departments endorsed to the Accountant General II, West Bengal under No. 3114/1 (1) F.B. dated 12-8-1985)