

# **MANUAL OF INTERNAL AUDIT**

**GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF  
DELHI**

**BY**

**FINANCIAL MANNAGEMENT RESEARCH AND RESOURCE  
SOCIETY  
NEW DELHI**

## PREFACE

Internal Audit has been recognized as an aid to the higher management for monitoring the financial performance and effectiveness of various departments/ units in the execution of various programs, schemes and activities. The internal auditing system should provide the senior management an independent objective assessment of the offices visited and make suggestions, which help in enhancing the efficiency, effectiveness in carrying out government activities in a cost effective manner.

It is the responsibility of the Directorate of Audit, GNCT of Delhi to develop an annual audit plan, implement it and report results to the Heads of Department who in turn are expected to take appropriate action on the recommendations of the internal audit parties.

The Internal Audit Manual (1989) of the Directorate of Audit had become outdated and inadequate. Therefore, the task of bringing out a revised IA Manual was entrusted to the Financial Management Research and Resource Society. They have updated the Manual to make internal audit of every unit comprehensive. Detailed check-lists have been given for the guidance of the IA teams. Future use of IT support in carrying out the internal audit has also been kept in mind. In that, all check points can be incorporated as validation checks in the software that may be developed in future.

However, this Manual is a supplementary to the Rules, Regulations, Codes and other instructions issued by the GNCT of Delhi. Provisions of this Manual are not to be quoted as an authority for any of points taken up for Inspection Reports.

The Directorate of Audit will be responsible for keeping this Manual update who may be informed of any suggestion to improve or modify the contents of the Manual.

Last but not the least, I would like to thank the Financial Management Research and Resource Society team who has done a remarkable job in a short span of time in bringing out this Manual.

Sd/-

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## GLOSSARY OF ABBREVIATIONS

ACRONYM	EXPANDED FORM
AAO	Assistant Accounts Officer
AE	Assistant Engineer
AG	Accountant General
AO (HQ)	Accounts Officer (Headquarter)
Asstt.	Assistant
BG	Bank Guarantee
CAM	Civil Accounts Manual
CAS	Central Accounts Section
CB	Cash Book
CDDO	Cheque Drawing & Disbursing Officer
CE	Chief Engineer
CEA	Children Education Allowance
CGA	Controller General of Accounts
CO	Controlling Officer
Col.	Column
CPF	Contributory Provident Fund
CPWA Code	Central Public Works Account Code
CPWD	Central Public Works Department
CPWD Code	Central Public Works Departmental Code
CSSA	Cash Settlement Suspense Account
CTE	Chief Technical Examiner
DC	Digital Certificate
DCA	Dy. Controller of Accounts
DD	Demand Draft
DDG	Detailed Demands for Grants
DDO	Drawing and Disbursing Officer
DDS&R	Debt, Deposit, Suspense and Remittance
DGS&D	Director General of Supplies and Disposals
Dte.	Directorate
DV	Daily Voucher
E	Electronic
ED	Excise Duty
Ex.	Executive
FRBM	Fiscal Responsibility and Budget Management
GAD	General Administration Department
GAR	Govt. Accounting Rules
GFRs	General Financial Rules
GNCT	Government of National Capital Territory
Govt.	Government
GPF	General Provident Fund
GRS	Gross Receipt Sheet
HOD	Head of Department
HOO	Head of Office
IA	Internal Audit

ACRONYM	EXPANDED FORM
IO	Inspecting Officer
IT	Information Technology
JAO	Junior Accounts Officer
JE	Journal Entry
JE	Junior Engineer
JT	Jama Talashi
LOC	Letter of Credit
LTC	Leave Travel Concession
MAS	Material at Site
MB	Measurement Book
Misc.	Miscellaneous
MOF	Ministry of finance
MPCC	Multi Purpose Community Center
MPWA	Miscellaneous Public Works Advances
NCDDO	Non Cheque Drawing & Disbursing Officer
NCT	National Capital Territory
NIT	Notice Inviting Tender
No.	Number
NPS	New Pension Scheme
OB	Objection Book
OM	Office Memorandum
OTA	Over Time Allowance
PA	Performance Audit
PAO	Pay and Accounts Office
PAO	Pay and Accounts Officer
PD	Personal Deposit
POL	Petrol, oil and Lubricants
PPAN	Permanent Pension Account Number
Pr. AO	Principal Accounts Officer
Pr. AO	Principle Accounts Office
PW	Public Works
PWD	Public Works Department
RP Rules	Receipts and Payments Rules
SDO	Sub-Divisional Officer
SE	Superintending Engineer
SRs	Schedule of Rates
T & P	Tool and Plants
TA	Travelling Allowance
TDS	Tax Deducted at Source
TE	Transfer Entry
UT	Union Territory
UTEGIS	Union Territory Employees Group Insurance Scheme
VPP	Value Payable Post

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## CHAPTER- 1

### INTERNAL AUDIT: A BRIEF INTRODUCTION

#### 1.1 Organization

1.1.1. The National Capital Territory of Delhi is a Union Territory having legislative powers. The new set up came into existence with effect from 1 December 1993 with its own 'Consolidated Fund of the National Capital Territory of Delhi'. However, its Public Account continues to be maintained by the Govt. of India. The Finance Bill in respect of estimated receipts and expenditure of the GNCT of Delhi for the ensuing year and supplementary grants for the current financial years are laid before the Legislative Assembly with the prior approval of the Lieutenant Governor and Government of India in the form of 'Annual Financial Statement'. After passing of the Finance Bill by the Legislative Assembly, the Lt. Governor gives his assent to the Appropriation Act.

1.1.2 In pursuance of the decision of the Government of India, the scheme for the Separation of Accounts from Audit in Delhi was introduced in the GNCT of Delhi w.e.f. 1.4.1977. Accordingly, the Comptroller & Auditor General was relieved of the responsibility of keeping the Accounts of the UT and the same was assigned to the Controller of Accounts of the GNCT of Delhi.

1.1.3 The Chief Secretary of the GNCT of Delhi is the Chief Accounting Authority with the overall responsibility for all transactions relating to the GNCT of Delhi. This responsibility is discharged by him through and with the assistance of the Principal Secretary (Finance) who is also the Head of Department of the Directorate of Audit. The Principal Secretary (Finance) is assisted by the Controller of Accounts, who supervises the functions of various Pay and Accounts Offices.

1.1.4 Controlling Officers for Revenue and Expenditure Management: Every CO heading a department of the GNCT of Delhi has to administer revenue collection and its accounting and exercise expenditure control through its Pay and Accounts office. In this regard he is to be guided by the procedures laid down under GFR, Receipts & Payments Rules and CAM etc. The main objective of the Directorate of Audit is to supervise the performance of the IA teams placed under its charge.

1.1.5 Directorate of Audit: According to the Scheme of Separation of Accounts from Audit referred to in para 1.1.2 above, there would be an Internal Audit Organization with a view to ensuring that records are maintained properly, uniform procedures are adopted in the matter of payment and accounting, corrective measures wherever necessary are initiated promptly and qualitative improvements are brought about in accounting. Further, the internal audit shall also look in to and ensure economy in expenditure and report to the Directorate of Audit periodically so as to render timely assistance to the management and enable the later to issue mid-term corrections, as and when required.

1.1.6 The Directorate of Audit which began its activities with effect from 1 July 1977 assumed independent identity w.e.f 1.6.1981. It has been placed under the charge of the Principal Secretary (Finance) who has been declared Ex-Officio Director of Audit and who will be assisted by Joint Director (Audit) and Deputy Controller of Accounts (Audit).

1.1.7 Jurisdiction: The Principal Accounts Office, all the Pay and Accounts Offices, all Departments of the GNCT of Delhi and their units come within the jurisdiction of Directorate of Audit for the purpose of Internal Audit. Besides, all Grantee Institutions/ Local Self Governing Bodies receiving grant-in aid from any of the departments of GNCT of Delhi are subject to internal audit of the Directorate of Audit. List of Government Departments is given at Annexure-1.

1.1.8 Autonomous bodies financed by GNCT of Delhi, which may not be subject to Statutory Audit irrespective of the amount involved fall within the ambit of internal audit by the Directorate of Audit.

## 1.2 Role of Internal Audit

1.2.1 Internal Audit can play a significant role in assisting the Head of Departments (HOD) to achieve their aims and objectives. IA is therefore considered as an integral part of the management. In public expenditure management system it is necessary that there is a system of "Checks and Balances" to ensure that the executives are discharging their duties efficiently and effectively, which in other words would mean cost-effectiveness and efficacy of government activities. IA is expected to play significant role in improving the following: -

- a. Quality of public expenditure
- b. Proper implementation of rules and procedures
- c. Maintenance of proper records
- d. Accuracy in expenditure reporting
- e. Efficiency and Economy in Public Expenditure
- f. Propriety of Expenditure
- g. Effectiveness of Expenditure
- h. Proper realization, accounting and reporting of Revenue Receipts

1.2.2 The role of IA defined above is divided in to two segments, namely:

- a. Regulatory or Compliance Audit
- b. Efficiency cum Performance Audit.

1.2.3 The first four functions can be clubbed under Regulatory or Compliance Audit. The remaining four functions are grouped under Efficiency cum Performance Audit. It would thus be prudent to introduce IA in two stages in a progressive manner. It also assumes that an IA Team assigned the task of carrying out Performance Audit is well conversant with the features of Regulatory Audit.

## 1.3 Functions of Internal Audit

1.3.1 IA is an essential input for an efficient Receipt, Payment and Accounting System. IA should not only ensure adherence to rules and regulations and procedures but also guide the spending units. The scope of IA will depend on the nature of activities undertaken by the host department. It is therefore important that before visiting an office the IA Team makes a detailed study of its functions with particular reference to the working conditions.

1.3.2 For optimum results, it is essential that every CO ensures that the IA team has access to all files and documents unless classified as secret or confidential by a competent authority. Primary functions of IA team are as under:

- a. Analyze expenditure records including the cashbooks and ledgers. It should see that entries are made cleanly without any overwriting and the PAO/AAO/JAO/DDO has signed the corrections with date.
- b. Scrutinize payments and see that rules, regulations and procedures have been followed properly.
- c. Goods and services have been delivered and payments made as per terms and conditions of the contract. IA should make specific report on the arrears of expenditure and other outstanding commitments.
- d. Scrutinize the payrolls and see that salary has been drawn for the same number and grade of the posts that have been sanctioned by the competent authority.
- e. TDS has been properly worked out and remitted to the Commissioner of Income Tax by due date.
- f. Calendar of reports and returns is being adhered to strictly. Failure in such cases should be brought to the notice of the Controlling officers.
- g. Internal Audit shall also check all accounts records including those relating to fund accounts loans and advances, disposal of confiscated stores, review of the installation and operating efficiency of expensive equipment and machinery and examination of the records of the physical verification of stores, equipments, tools, plants etc.
- h. IA teams should examine revenue collection records to ensure proper realization, accounting and reporting of Revenue Receipts.

#### 1.4 Schedule and Quantum of IA

1.4.1 The Directorate of Audit should draw annual schedule of internal audit and inform all the spending units in advance. This would ensure (a) that the concerned staff and officers are available when IA team arrives and (b) all records/ documents are readily available to the IA team.

1.4.2 Due to paucity of time and manpower, it is difficult for IA teams to carry out hundred percent check of spending units. The IA has therefore to make a selective approach by random selection of months, which would be revealed only on reaching the spending unit to be audited.

#### 1.5 Approach

The Manual has been compiled to make internal audit of every unit comprehensive. Detailed check-lists have been given for the guidance of the IA teams. Future use of IT support in carrying out the internal audit has also been kept in mind. In that, all check points can be incorporated as validation checks in the software that may be developed in future.

Annexure-1 to Chapter 1 (Para 1.1.7 refers)

LIST OF DEPARTMENTS OF THE GNCT OF DELHI

1. Administrative Reforms Department
2. Archaeology
3. Archives
4. Art, Culture and Language Department
5. Delhi State Election Commission
6. Department of Environment & Forests
7. Department of Weights and Measures
8. Development Department
9. Directorate General of Home Guards & Civil Defence
10. Directorate of Agricultural Marketing
11. Directorate of Audit
12. Directorate of Education
13. Directorate of Fire Service
14. Directorate of Gurdwara Elections
15. Directorate of Higher Education
16. Directorate of Planning, Economics and Statistics
17. Directorate of Prevention of Food Adulteration
18. Directorate of Training and Technical Education
19. Directorate of Training, Union Territory of Civil Services (UTCS)
20. Drugs Control
21. Employment
22. Excise, Entertainment and Luxury Tax Department
23. Finance Department
24. Food & Supplies & Consumer Affairs (General Branch)
25. General Administration Department
26. Health & Family Welfare Department
27. Indian System of Medicine & Homeopathy
28. Industries Department
29. Information and Public Relations Department
30. Information Technology Department
31. Irrigation and Flood Control Department
32. Labour Department

33. Land and Building Department
34. Law, Justice and Legislative Affairs Department
35. N.C.C. Department
36. Power Department
37. Principal Accounts Office
38. Prosecution
39. Public Works Department
40. Registrar Co-operative Societies
41. Registrar of Chit Fund
42. Revenue Department
43. SC/ST/OBC/Minorities Welfare Department
44. Services Department
45. Small Saving Department
46. Social Welfare Department
47. Tihar Prisons
48. Tourism
49. Trade and Taxes
50. Transport Department
51. Urban Development
52. Vigilance/ Anti Corruption Department
53. Women and Child Development Department

## CHAPTER - 2

### SCOPE AND FUNCTIONS OF INTERNAL AUDIT

#### 2.1 Scope of Internal Audit

2.1.1. The IA teams shall be responsible for test checking the initial account record, subsidiary registers maintained in the accounting formation of the department as also the executive offices with a view to ensuring that the rules and regulations are followed correctly and systems and procedures regarding accounting and financial matters are adequate. The internal inspection shall inter-alia cover checking of all accounts records including those relating to fund 'account', loans and advances and records pertaining to purchases, civil works, physical verification of stores , equipment, tools and plant. Independent physical verification of store / cash shall not be undertaken by the inspection party. Beside the expenditure & revenue factor, the risk indicators are being applied at the time of conducting the audit.

2.1.2. No IA team shall undertake any investigation which is not strictly within the scope of internal inspection. In no case, special investigation of any kind shall be undertaken at the instance of administrative authorities, even though no extra time is required, without the prior approval of Directorate of Audit. Similarly, the inspection party shall not undertake any enquiry or investigation on its own or on a complaint received from the public. All such cases shall be referred to the Directorate of Audit for instruction.

2.1.3 When any enquiry or investigation is conducted on the specific instruction of the Directorate, such enquiry or investigation shall strictly be confined to the recorded facts only. It shall, however, be appropriate in such cases not to confine the examination to the particular case only but to scrutinize a few more cases of that kind to ensure that the irregularity is not of a general nature.

2.1.4 The results of the enquiry or investigation shall be included in the inspection report and the attention of the Head of the Unit shall be invited to the relevant para thereof separately. The cases of serious financial irregularities, where the HOD fails to take appropriate action within the reasonable time, shall be brought to the notice of Director of Audit/ Chief Accounting Authority.

2.1.5 Before conclusion of the internal audit of a Department/ unit, the Audit Officer must have an 'exit' conference with the HOD.

#### 2.2. Duties of Internal Audit Team

2.2.1. IA team should conduct a general review of all the accounts records maintained by an office since the last inspection or in cases of new units since the formation of the office. Apart from the general review it shall also conduct a detailed check of accounts records of one month in a year as decided by IO. The percentage of bills/ vouchers / cases etc. other than those pertaining to the accounts records of the selected month to be checked in detail in internal inspection as part of the general review of the accounts of an office, will be left to the discretion of the head of the internal inspection party. The duties of the internal inspection party shall inter-alia include the following.



- a. Study the accounting procedures prescribed for the Department with a view to ensuring that they are correct, adequate and free from defects or lacunae.
- b. Watch the implementation of the prescribed procedures & the order issued from time to time.
- c. Scrutinize and check payments and accounting work of the accounting units.
- d. Investigation of important areas in accounting and other connected records.
- e. Periodical review of all accounts records.
- f. Pursuance/ settlement of objections taken in test audit notes issued by Statutory Audit and other matters relating to statutory audit.
- g. Examine and report irregularities brought to its notice by the PAO and Pr. PAO.
- h. Scrutinize purchase procedures in the office inspected.
- i. Checking of procedures in regard to disposal of assets to ensure that adequate procedure exists for scrapping / condemning and the same is followed.
- j. Scrutiny of general office management procedures adopted by the HOO locally where there have financial and accounting implications so as to suggest tightening up of administrative and financial control saving in expenditure streamlining or of accounting.
- k. During the internal inspection of a DDO, IA team shall verify by referring to the vouchers etc. through which the advances were drawn that payment entries are made properly in the pay bill register and that recoveries are being effected regularly from the government servant concerned and check the correctness of the entries in the monthly abstracts of recoveries especially entries relating to 'transfer in' and 'transfer out' cases.
- l. Every PD Account should be subject to scrutiny by the IA team.

### 2.3 Checking of Receipts

2.3.1 Whereas the departmental authorities are primarily responsible to see that all revenue or other debts due to Government are correctly and properly assessed, realised and credited to government account. It would be necessary for IA team to see that adequate regulations and procedures have been prescribed in the Department to secure an effective check on collection and account of all revenue receipts and refunds and such regulations and procedures are being followed correctly.

2.3.2 It would also be necessary to ascertain the nature of checks exercised by the departmental authorities to ensure prompt deduction and investigation of irregularities, leakage or loss of revenue due to double refunds, refunds with reference to fraudulent and forged vouchers/challans or other types of omissions or commissions in the process of the collection of revenues or in ordering refunds.

2.3.3 In the internal audit of revenue receipts, the internal audit party should inter alia ensure the following by such test checks as may be considered necessary:

- a. That the demands are raised promptly in the manner required by law or an act of parliament and that no amount due to Govt. is left outstanding in its books without sufficient reasons (as per provisions of Rule 12 of GFR).

- b. That the collections and refunds are received and checked against demand. These are accounted for regularly and properly under the appropriate heads of account and that no sums are credited to Govt. by debit to a suspense head, credit must follow and not precede realization (as provided in Rule 13 of the GFR).
- c. That the proper safeguards exist to ensure that there is no willful omission or negligence to levy or collect taxes or to arrange for refunds, wherever due
- d. That double refunds, fraudulent or forged refund orders or losses of revenue through fraud, default or mistakes, are promptly brought to light and investigated.
- e. That all revenue receipts collected by departmental officers are promptly remitted to the Bank or the PAO as the case may be and that the receipts as per their records are reconciled with those booked in govt. accounts on the basis of receipted challans.

### CHECK LIST OF RISK INDICATORS

This is a very sensitive task and should generally be handled by the leader of the IA team personally. It should be seen if:

- i. Have there been repeated incidents of defalcations, losses & irregularities. If so, when occurred. Non- Maintenance of accounting record in the prescribed forms leading to wrong depiction of account, defalcation or fraud e.g. forged refund order, double refund, and loss to revenue through frauds non-depiction of recoveries resulting in less recovery.
- ii. Whether these occurred due to system failure and defects or due to individuals.
- iii. Whether those system defects were corrected by Amendment / Rules. Whether action was taken for fixing responsibility.
- iv. Whether office orders exists regarding exercise of delegation powers of HOD/HOO under relevant rules or due to non filling of post of HOD/ HOO/ AO for long time.
- v. Availability and adequacy of security from the cash handing staff and procedure for depositing the amount in the Bank account.
- vi. Whether the second eye is being followed in the maintenance of the CB and adequate methods for simple checks are taking place or not.
- vii. Whether annual verification of stock as required under GFR has been done.
- viii. Whether some critical staff has continued in the same position without rotation for unjustifiable length of time.
- ix. Whether any interference by unauthorized staff is being made.
- x. Revenue receipts collected by a Department are not promptly deposited into government account thus creating scope for misutilization of government money.
- xi. Laxity found in respect of checking of receipts realized and remitted, with the bank scrolls.
- xii. Authorizing expenditure sanction over and above the powers under delegation of powers to be exercised by HOD/ HOO leading to excess expenditure out of Government exchequer.
- xiii. Non- adoption of correct procedure with regard to purchase policy envisaged in GFR/ Orders issued in this regard as it gives scope for irregularities.
- xiv. Whether the monthly reconciliation of revenue receipts is being carried out between DDO & PAO.

## CHAPTER – 3

### INTERNAL AUDIT PROCESS AND GENERAL GUIDELINES

#### 3.1 Preparatory Work

3.1.1 The internal inspection of accounts of all the accounting formations of the Departments of GNCT of Delhi shall be carried out keeping in view the guidelines and the instructions contained in this chapter in the succeeding paragraphs.

3.1.2. The Headquarters Section shall maintain a Control Register of Internal Inspection in Form II, M-1 to M-10, separately for each financial year to serve as a basic and permanent record of the inspection of various Units carried out by the Internal Inspection Wing. Every year, before the end of January the particulars of all Units due for inspection during the ensuing financial year are to be posted in columns 1 to 6 of the Control Register (IIM-1). The Headquarters section shall also draw up an annual plan for internal inspection of all the Units for the ensuing financial year in Form IIM-2. This annual plan shall be so drawn up that each Unit is inspected at least once in a period of 18 months. The approval of the DCA (Audit) shall be obtained for the annual plan before the end of January. The details of the annual plan as approved by the DCA (Audit) shall be posted in columns 7 to 9 of the Control Register.

3.1.3. The Headquarters section shall, based upon the approved annual plan, prepare a detailed quarterly programme in Form IIM-3 for the Units to be inspected during the following quarter, two months in advance. This quarterly programme shall also be got approved by the DCA (Audit). While finalizing the programme, it shall be ensured that the programme of internal inspection does not clash with that of the Statutory Audit.

3.1.4. The Units to be inspected as per the quarterly programme shall be intimated at least one month in advance in Form IIM-4 so that all the accounts books and other relevant records are kept ready to facilitate smooth working of the inspection party.

3.1.5. Requests for postponement of inspection shall be considered only in exceptional circumstances. All such requests are to be agreed to only with the approval of the DCA (Audit). In cases, where request for postponement are not received from Head of the Unit and the departmental officials fail to produce the records on the schedule date of inspection, the Accounts Officer in charge of the inspection party shall ascertain the reasons for non-production of records in writing from the Pay & Accounts Officers/DDO concerned and the position shall be brought to the notice of the Headquarters.

3.1.6. The programme, as approved, shall not be altered by the Accounts Officer in charge of the inspection party without prior approval of the Headquarters. If any change is considered inevitable and there is not enough time for getting the approval from Headquarters, the change may be carried out and the Headquarters informed of the same promptly. The DCA (Audit) shall supervise the working of IA teams.

#### 3.2 Collection of Records

3.2.1. A list of records to be examined during internal inspection shall be prepared and sent to the concerned HOO/PAO, to be inspected along with notice of inspection so that these are

kept ready before the arrival of the inspection party. List of such records/ documents though not exhaustive is shown in Annexure-1 and Annexure-2 to this chapter.

3.2.2 The Directorate of Audit should ensure that before sending an IA team to field:

- a. Whether advance intimation of a minimum period of three weeks has been given to the officer in charge of the office to be audited
- b. Whether, the advance intimation has been acknowledged by the auditee.
- c. Whether, the list of basic records to be kept ready has also been sent to the auditable entity.

### 3.3 Other Preparations for Inspection

3.3.1 Before taking up the audit of any unit, the Audit party should prepare an 'Audit Plan' and a updated database of the auditee offices. As soon as the party visits an office given in the programme it should acquaint itself with the working and activities of the Unit. The AO should allocate duties among the various members constituting his party. The allocation should be set forth in the form prescribed Annexure and noted by the members of the party.

3.3.2 The audit party shall acquaint itself in the first instance with the working and activities of the Unit. They shall obtain auditable accounts records listed in the annexure and also send a requisition for all the paid vouchers pertaining to the month selected for detailed check and the auditable accounts other than those included in the Annexure to the notice of inspection. If the records are not made available in a reasonable time and there are other difficulties in obtaining the records, the matter shall be brought to the notice of the Pr. Secretary (Finance)/ Director of Audit.

3.3.3 Before commencement of inspection, the inspecting Accounts Officer shall allocate duties to the members of the inspection party including himself. This allocation shall be set forth in the form IIM-5 and noted by each members of the party. After the completion of the inspection, each member of the party including the inspecting AAO shall certify in the proforma that the work allocated has been duly completed by him.

3.3.4 As soon as the inspection progress, objections shall be communicated to the DDO through preliminary memos which should be numbered serially. These objections should be brief, precise and to the point and only seek confirmation/ information and not suggest any conclusion or predisposition on the part of the inspection party.

3.3.5 As far as possible, the IA team shall try to get all the information through accounts and other connected records and obtain explanation on the spot by personal discussion so that objections memos are reduced to the minimum. The objections memo shall normally be returned duly replied within two days. The replies shall be carefully examined and if they are to the satisfaction of Accounts Officer, objection should be dropped; otherwise they should be included in the inspection report.

3.3.6 Soon after the inspection commences, the Accounts Officer shall review objections in the old inspection reports which are still outstanding and verify compliance. The old objections not settled, shall receive his personal attention, as it is most important to ensure speedy settlement of all outstanding objections.

3.3.7 Where on receipt of satisfactory reply from the Unit, objections were treated as settled by Headquarters subject to verification of compliance at the time of next inspection;

the inspecting Accounts Officer shall verify compliance and record his remarks against each item in the list of such objections brought from the Headquarters. In case compliance with the objections stated to have been made is not in order, the objection shall be included in Part I of the current inspection report.

3.3.8 The Inspecting Accounts Officer before treating objections in the previous inspection reports as settled shall obtain written reply/ explanation for each objection from the Unit and place the same on record. If any objection in the previous inspection reports are treated as settled by the Inspecting Accounts Officer based on the replies / discussion with the Head of the Unit, he shall record brief reasons for dropping these objections. In no case an outstanding objection shall be treated as settled merely by recording "Discussed and Dropped".

3.3.9 When an objection of a procedural nature, such as non-maintenance of a record, non-obtaining of a certificate relating to a personal claim is outstanding in one or more previous inspection reports and the irregularity has continued during the period covered by current inspection, the outstanding objections in the previous report(s) may be removed and a para included in the current inspection report mentioning that the irregularity was pointed out in the earlier inspection report.

3.3.10 Finalization of material on each objection shall not be postponed till the final stage of internal inspection, as this is likely to lead to accumulation of unverified data and it may not be possible to include all the objections in the inspection report due to shortage of time towards the close of inspection.

#### 3.4. Points to Remember during IA Assignment

- a. The requisition for data, information or documents should be made in writing to the officer in-charge of various functions in the auditable entity.
- b. The time within which data, information etc. are to be furnished should be reasonable considering the nature and quantum of the data etc. and the urgency of the matter.
- c. The Inspecting Officer may hold a meeting with the officer in-charge as soon as the work of audit commences.
- d. All audit memorandums should be issued over the signature of the IO or carry an indication of his approval.

#### 3.5 Finalization of Inspection

3.5.1 As a general rule, trifling matters and routine errors of omissions and commissions which can be and have been set right on the spot need not be mentioned in the report. Irregularities which have been settled but which are important enough to be brought to the notice of higher authorities shall, however, find a place in the report.

3.5.2 The money value of an objection or the approximate value calculated from the data on hand shall duly be taken into account in considering their importance for inclusion in the inspection report. Such money value of an objection shall always be mentioned in the report in order to bring out the significance of an objection.

3.5.3 A test audit note containing minor irregularities duly signed by the Accounts Officer shall be issued on the spot to the DDO whose office is inspected after obtaining necessary acknowledgement. A copy of the test audit note shall accompany the copy of the IR sent to

the HQ. A test audit note does not require a reply in detail, but it shall be verified at the time of next inspection that adequate action was taken on it.

3.5.4 Objections shall be based on clear documentary evidence. It is not sufficient to quote the rule or order violated but actual or possible effect of such deviation on the finances of Govt. shall be explained clearly. If an objection cannot be sustained there should not be any hint of it.

3.5.5 The results of inspection shall be compiled and sent to Head Quarters in the form of an inspection report. The report shall contain a face page in the proforma contained in Annexure-3 to this chapter.

### 3.6 Preparation of Audit Report

3.6.1 On completion of audit, the IO shall prepare a draft Inspection report, the draft inspection report should be discussed with the officer in-charge who shall confirm the facts and figures included in the draft inspection report.

3.6.2 A written record of the proceeding of the meeting duly signed by both the parties shall be kept.

3.6.3 The Audit Party shall prepare 'soft copy' of the report along with two 'hard copies' to be submitted to AO (HQ). The results of the audit should be communicated to the auditable entity through Inspection Report within six weeks from the date of completion of Audit.

3.6.4 The new report format, basically aims at the following two objects:

- a. The latest report should be compact one, comprising total outstanding audit objections pertaining to a unit since the first audit till date.
- b. The report should be more qualitative based on the system of 'Query and clarification' stress should be laid on settling the objection on the spot as far as possible by issuing memos and seeking clarification thereof.

### 3.7 Audit Report to Aim for Value Addition

3.7.1 The report will contain:

- Part I- Introduction and Background Information
- Part-II- Current Report including follow up action.

Note: Both parts will be prepared in quadruplicate

#### PART –I OF THE INSPECTION REPORT

Sr. No.	Particulars
1	Name of the Unit being audited
2	Main Functions of the Unit
3	Period covered under current Audit
4	Date of IA From ..... To .....
5	Allotment of Budget (year wise)during period under IA
6	Year-wise Plan and Non-Plan Expenditure during period under IA
7	Status of the outstanding Statutory Audit observations
8	Status of the outstanding IA observations
9	Special Comments on Item 7 & 8 above including status of outstanding observations incorporated in the current IA report

PART-II OF THE INSPECTION REPORT

Part-II of the IA Report inspection report should deal with Accounts, such as gist of paras relating to personal claims such as pay fixation, reimbursement of medical charges, traveling allowance, house rent allowance, verification of service books and leave accounts and non-production of records. Besides personal claims, the following shall also form part of the IA report.		
CB Irregularities	Outstanding Advances	Non-Realization of Revenues
Defects in Stores Account	Physical Verification of Stores: Inventory Control	Idle Machinery & Equipment Stores: Blocking of Capital
Irregular Purchase of Goods/ Material w.r.t. Budget	Irregular Purchase of Goods/ Material w.r.t. DFP Rules	Irregular Purchase of Goods/ Material w.r.t. propriety
Faulty implementation of programmes/ projects/ schemes	Personal Claims: Pay Fixation, FR/SR, TA/DA, LTC, Leave etc.	HRA, CEA, Medical Claims, Verification of service books etc.
Note: IA Team must avoid mixing up of facts and observations under different sub head listed in the box above.		

3.7.2 The IA should endeavour to take up and settle all outstanding paras on the spot. Where it is not possible, outstanding paras with their latest position should be incorporated in the new report and thereby old report (s) may be considered as settled.

3.7.3 When important initial records such as CB challans, folios, registers of stationery and dead stock, stock ledger equipment register etc. are not maintained properly, the IA team, besides mentioning technical deficiencies and shortcoming in the maintenance of these records should make in-depth examination to rule out any misappropriation or embezzlement of government money/ property/ stores.

3.7.4 IA Report to assist in Value Addition: The IA report should not be a mere enumeration of shortcomings or defects. The objective should be to improve the efficiency of the visiting unit. The IA team must help and guide the office personnel to the extent possible and should not hesitate in making suggestions, which may enhance the efficiency, economy and effectiveness of the office.

3.8 Draft of Inspection Report

3.8.1 Every point of substantive implications or financial importance shall be included as an observation in the IA report. Individual irregularities of small money value or of little significance or objections not involving financial points may be included in the Test Audit Note.

3.8.2 Dates should be recorded in full. If the report contains reference to letters and orders of the HOD or other authorities which are not available in the Headquarters, all such references shall invariably be supported by copies of or relevant extracts from the letters or orders taken from the departmental offices.

3.8.3 Nothing should be reported on the basis of assumption. Every observation made in the report should be thoroughly supported by the facts culled out from the records.



3.8.4 Normally mention of the names of the individual officers shall also be avoided except in the case of personal claims. The facts and conclusions if properly stated, speak for themselves. There shall be no reference to responsibility being fixed for any irregularity since it is for the administrative authority to take action in the matter.

3.8.5 Every paragraph shall bear a distinct heading and deal with specific point in the following order:

- a. Statement of facts
- b. Rules of orders infringed
- c. Nature of irregularity, omission or commission and
- d. Action necessary for regularization.

3.8.6 The main paragraph may be divided into convenient sub-paras but a uniform pattern of numbering should be adopted throughout the report.

3.8.7 Overpayments or other irregular payment figures should be worked out to the extent feasible during the inspection itself and not left out to be calculated by the office inspected to be intimated later. The full financial implication of each observation or approximate value thereof calculated from the data collected shall be brought out in the inspection report to stress the significance and gravity of the objection.

3.8.8 Before closing the IA of an office, the IA team leader along with his team should discuss the draft report on the basis of memos issued and replies received therein with the HOO and record the minutes of discussion which should be signed by him as well as the HOO. Wherever a HOO does not agree to a particular observation, his views should be included in the relevant paragraph of the report along with the comments of the IA team leader.

3.8.9 Outstanding paragraphs in the statutory audit reports should be examined to see the progress made by the department in meeting the audit observation. The IA team should guide the concerned officials in settling the audit observations. The IA team may give suitable suggestion wherever possible in this regard.

3.8.10 Language of the Report: The report should be brief and precise avoiding repetitions. The language should be polite, un-offensive with no sarcasm. Abbreviations should be avoided. Care should be taken to cite correct rules and orders.

### 3.9 Dispatching Draft Inspection Report to the HQ

3.9.1 Copies of the draft report together with the documents listed under para 3.9.2 below and other working papers shall be arranged to be dispatched by the IA team leader at the earliest possible. In the covering note the IA team leader should invite attention of the important paragraphs included in the draft inspection report, which may be brought to the notice of DCA (Audit) or taken up with the concerned HOO in advance of the issue of the report.

3.9.2 The following documents shall invariably accompany the draft inspection report:

- a. Distribution of work amongst the members of Inspection Party in Form IIM-5 vide para 3.4.2.

- b. Completion memo in Form IIM-6.
- c. Information sheet in Form IIM-7 duly completed in all respect and signed by the Inspecting Accounts Officer.
- d. Verification note on the compliance of previous IA reports in the Form IIM-8.
- e. List of service books checked along with the list of service books of persons who are due to retire during the next five years.
- f. A statement showing inter-alia details of sanction files in respect of grant-in-aid checked during the course of internal audit.
- g. A copy of the Test Audit Note, if any, delivered to the office inspected.
- h. Receipts duly verified from the PAO concerned for the entire period of audit.

### 3.10 Processing of Inspection Report at the HQ

3.10.1 HQ section shall maintain a Control Register of Inspection Reports in Form IIM-9 to keep a watch on the receipt and issue of inspection reports.

3.10.2 When the intimation of postponement, supervision or extension of any inspection is received subsequently, the fact shall be recorded in red ink in column 4 of the Register. Column 6 of the register shall be filled in on selection of one month for detailed check. On receipt of draft inspection report columns 7 & 8 of the register shall be completed. Simultaneously the actual dates of inspection as indicated in the completion memo shall be noted against the concerned Unit in column 12 of the Control Register of Internal Inspection (Form –IIM-1) and attested by the Accounts Officer (HQ).

3.10.3 Where an inspection party has suggested increase/ decrease in the number of working days for the future inspection of any unit, the Accounts Officer (HQ) shall submit the case to the DCA(Audit) for his orders. If any increase/ decrease is agreed to, the fact shall be noted in the Control Register of Internal Inspection in the remarks column. The control Register of Inspection Report shall be reviewed from time to time to ensure that all the inspection reports are received within three days from the last day of inspection as per column 4 of the register.

3.10.4 Where the inspection reports are delayed, reasons therefore shall be ascertained from the inspection party. The case of delay in submission of inspection reports shall be brought to the notice of the DCA (Audit) on 5<sup>th</sup> of each month.

3.10.5 Examination of IA Reports at the HQ: The draft inspection report received from an IA team in the HQ office to see that:

- a. All the documents listed in para 3.9.2 have been duly received and the report is complete in all respects.
- b. There are no blanks and omissions of any data, adequate reference or date.
- c. The captions of various paras are correct.
- d. Part I of the inspection report (list of observations outstanding from the previous inspection reports) has been correctly drawn up.
- e. Adequate reasons have been recorded for each objections treated as settled.

- f. There are no anomalies, ambiguities or misconstruction of sentences and financial implications of objections have been correctly brought out, where necessary.
- g. The objections are based on facts and not merely on presumptions and apprehensions and relevant rules or orders infringed have been quoted, where necessary.

3.10.6 The draft inspection report shall be vetted by the HQ section within a fortnight from the date of its receipts. Keeping also in view clarifications/ replies, if any, furnished by the unit, care shall be taken to ensure that the report is couched in polite language and all points of financial significance are correctly brought out.

3.10.7 The inspection reports will be cleared by the DCA (Audit) shall be forwarded to the HOO under a covering letter addressed by the AO (HQ) wherein the points of importance contained in the report are highlighted. Copies of the inspection reports are also to be endorsed to the concerned Secretary/ HOD.

3.10.8 The Control Register of Inspection Reports shall be submitted to the DCA (Audit) on the 15<sup>th</sup> of each month with a report indicating the number of inspection reports outstanding at the beginning of the previous month, the number of draft inspection reports received during the month, the number of inspection reports issued during the month and the number of inspection reports outstanding at the end of the previous month.

### 3.11 Pursuance of Inspection Reports at the HQ

3.11.1 The office inspected is expected to furnish para-wise replies to the inspection report through his controlling officer/ Head of the Department where necessary within 6 weeks from the date of issue of final report. Unusual delays should be brought to the notice of the DCA (Audit). The progress of settlements of objection should be watched through Control Register of Outstanding Inspection Reports/ Paras in Form IIM-10.

3.11.2 First reminder for para wise replies to IA report should ordinarily be issued after six weeks from the date of its issue and a second reminder where necessary may be issued a month later. Subsequent reminders should be demi-official letters at the appropriate levels. Normally a report should be settled within six weeks from the date of issue.

3.11.3 An OB in Form (CAM -26) should be maintained in the HQ section for entering therein objections having money value. The progress of recovery or sanction to the write off the loss should be watched through objection book.

3.11.4 It shall be personal responsibility of the AAO/ JAO (HQ) to ensure that no objection required to be noted in the objection book is omitted and that prompt and vigorous action is taken to settle finally the outstanding objection at the appropriate level.

### 3.12 Settlement of Objections at HQ

3.12.1 Objections of routine nature relating to initial records i.e. CB, stock register, log books, overtime allowance register and service books etc. where department/ office has accepted the Internal Audit's point of view and has intimated that necessary compliance can be verified at the time of next inspection, may be treated as settled.

3.12.2 Specific objections pointing out overpayments, short and non-realization of Govt. dues, irregular payment of grants, non-utilization of costly stores, equipments and

machinery, irregular purchases and other serious irregularities where the Department/ office concerned has furnished satisfactory reply may be treated as settled subject to verification at the time of next inspection.

3.12.3 All such objection should be abstracted by the dealing assistant of the Headquarters on a separate sheet of paper with the last column "Remarks of Inspecting Officer". This abstract shall be given to the Inspecting party along with the other records at the time of next Inspection for on the spot verification. Such objection shall also be treated as settled for the purpose of Control Register of outstanding inspection reports/ paras and objection book.

### 3.13 Review of Progress of Internal Inspection Reports

3.13.1 HQ section shall submit the following reports to the Principal Secretary (Finance), GNCT of Delhi:

Quarterly: A list of important & interesting cases noticed in IA audit during the preceding quarter will be submitted on 15<sup>th</sup> July, 15<sup>th</sup> Oct, 15<sup>th</sup> Jan & 15<sup>th</sup> April.

Annual: Annual report on the performance of internal inspection wing highlighting the important points noticed and action taken there on shall be submitted to the Chief Secretary through the Principal Secretary (Finance).

GENERAL LIST OF RECORDS TO BE EXAMINED IN AN OFFICE

1. Cash Book
2. GAR-6 Receipt Books
3. Register of Un-disbursed Pay & Allowances
4. Contingent Register
5. Bill Register
6. Paid Vouchers of the selected month(s) and for the period of Audit
7. Permanent Advance Register
8. Surety Bond and Special Pay to Cashier.
9. Theft and Losses Cases, if any
10. Stock Register and Stores Accounts
11. Register of Service Book and Leave Accounts
12. G.P.F. of class IV and Broad Sheet
13. Computer /Typewriter Register
14. Cycle Register
15. Dead Stock Register
16. Register of Un-serviceable Stores
17. Account of employees.
18. Liveries Register.
19. Despatch Register and Stamp Account Register
20. Increment Register
21. O.T.A. Register
22. C.E.A. Register
23. Pay Fixation Cases
24. Pay Bill Register
25. H.R.A. forms
26. Medical Charges Reimbursement Register
27. Stationery Register and Connected Records
28. Procedure and Purchase cases
29. Log Books and P.O.L. Account
30. Pension cases whether timely processed or not.
31. Stock Register of Consumable Articles
32. Employees Group Insurance scheme

33. Any other record/registers maintained by the office
34. All Purchase Records
35. Remittances into Bank
36. T.A. Register.
37. LTC Register
38. New Pension Scheme
39. Outsourcing – list of likely contractors
40. Item wise list of registered suppliers

RECORDS TO BE EXAMINED IN A PAO

1. GPF Ledgers
2. GPF Broadsheets
3. General Index Register Form (CAM-44)
4. Register of Missing GPF Credit/debits (CAM 50)
5. Pension cases finalized
6. Broadsheet of PAO Cheques
7. Broadsheet of PAO Suspense
8. Broadsheet of Long Term Advance
9. Sanction issued by the departmental authorities
10. Paid cheques along with Cheques Payment Register, Cheque Delivered Register, Demand Draft Register and List of Payments
11. Register of Valuables
12. DV Register
13. Periodical Charges Register
14. Special Charges Register
15. Other Payment Register maintained by PAO
16. Objection Book Register
17. Vouchers paid during the period of audit with detailed record of selected month
18. Detailed Posting Register
19. Receipt Scrolls
20. Payment Scrolls
21. Departmental Classified Abstract
22. Inward Claims Register
23. DDO wise bill passing cum expenditure Control Register (CAM-9)
24. Outward Claims Register
25. Register of Public Sector Bank Suspense
26. Consolidated Abstract
27. Monthly Account for the selected month
28. Cheque Books used during the selected month
29. UTEGIS Register
30. Stock Register of Cheque Book (CAM-1)
31. Bill Register

32. Establishment Audit Register
33. Expenditure Control Register
34. Register of selection of month for numerical check of Establishment
35. Provisional payment Register
36. Pension payment and DCRG Register
37. Final payment of CPF cases finalized during the period of audit
38. Transfer Entry Register
39. PAO Check Register
40. Register of Loans (CAM-29)
41. Broadsheet of Loans (CAM-59)
42. Register of Tokens (CAM-5)
43. Register of requisition of Bank drafts (CAM-12)
44. Token Census Register (CAM-7)
45. Register of final post check of pre-checked bills (CAM-32)
46. Intimation to Bank regarding use of Cheque books
47. Register of Payments of grant-in-aid (CAM-28)
49. New Pension Scheme Register



Directorate of Audit  
Govt. of NCT of Delhi

Inspection Report on the Accounts of .....

Period covered under Audit .....

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Name of the Head of the Office

Name of the DDO:

Name of the Inspection Officer and Audit Party:

Period of accounts audited:

Date of Audit:

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Observations of the IO:

Remarks offered by DDO/ HOO/ HOD:

Follow up by Internal Audit at HQ

FORM IIM – 1

(Para 3.1.2 refers)

CONTROL REGISTER OF INTERNAL INSPECTION

Sr. No	Name and Complete Address of Unit	Periodicity of Inspection	Period of Accounts Last Inspected	Duration of Last Inspection	Period of Accounts Due for Inspection	No. of Party Working Days Allotted as per Plan		Dates of Visit as per Annual Plan
						For Internal Audit For	For Supervision	
1	2	3	4	5	6	7	8	9

Dates Allotted for Inspection	Names of IO and Other IA Team Members	Actual Duration of Inspection and No of Working Days	Remarks
10	11	12	13

ANNUAL PLAN OF INSPECTION FOR THE YEAR \_\_\_\_\_

Sr. No	Name of the Unit	Periodicity of Inspection	When Last Inspected	Proposed Dates of Visit	No of Working Days	No of Days for Supervision

(Para 3.1.3 refers)

INTERNAL INSPECTION PROGRAMME FOR THE QUARTER ENDING \_\_\_\_\_

Party No: 1			Party No: 2			Party No: 3			Supervision by DCA-I			Supervision by DCA-II		
Period of Unit	Name of Unit	No of Days	Period of Unit	Name of Unit	No of Days	Period of Unit	Name of Unit	No of Days	Period of Unit	Name of Unit	No of Days	Period of Unit	Name of Unit	No of Days

DIRECTORATE OF AUDIT  
GOVERNMENT OF NCT OF DELHI

Ref: No. DAE/IIW/115:

Dated \_\_\_\_\_

SUB: Internal Inspection of Accounts of ..... (Name of the Unit)

For the Year .....

The Internal inspection of the accounts of your Unit is proposed to be conducted from ..... to ..... The inspection party will be headed by an Inspecting Officer and he will be assisted by Asstt./ Jr. Accounts Officer and UDCs.

A list of records to be examined during internal audit is enclosed. These records may please be kept ready and made available promptly to the inspection party on the day of its arrival. In addition the party will conduct a detailed check of accounts records of one month which will be advised to you by the Inspecting Officer in-charge of the Inspection Party on the day of his arrival.

Deputy Controller of Accounts (Audit)

Encl: As above

The Head of the Office

ALLOTMENT OF DUTIES DURING INSPECTION

Office ..... Period of Inspection .....

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S. No.	Name & Designation	Duties Allotted	Signature of the IA Team Member
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Certified that Duties allotted to me above have been duly Discharged by me Effectively.

Members of the Inspection Party

Inspecting Officer

COMPLETION MEMO

Party No. \_\_\_\_\_

1. Name of the Inspecting Officer.
2. Name and complete address of the office inspected.
3. Period of accounts inspected
4. Dates of visit
5. No. of working days availed of
6. No. of days for which extension taken, if any.
7. No. of days suggested for future audit and reasons therefore.
8. 

	Plan	Non-Plan
a. Budget Provision.		
b. Actual Expenditure		

Assistant / Jr. Accounts Officer

Camp & Date:

Countersigned IO

INFORMATION SHEET OF THE INSPECTION REPORT ON THE ACCOUNTS

Office .....Period .....

1. No. of Bills checked for the selected month: -
  - a. Pay Bills.....
  - b. TA Bills .....
  - c. Contingent Bills .....
  - d. Other Miscellaneous Bills .....
  - e. Works Bills.....
  - f. Suppliers Bills.....
2. No. of service books examined as per list attached.
3. No. of Provident Funds accounts checked.
  - (a) Ledger accounts.
  - (b) Final Payment cases.
  - (c) Advances and part-final withdrawals.
4. Balances as specified in the monthly annual statements in respect of short term advances have been checked and the figures furnished to the PAO were found correct/ wrong.
5. No. of pension cases checked.
6. Names of officers due to retire within next 5 years whose SBs were checked.
7. Paras which merit inclusion in the list of serious financial irregularities.
8. Paras in which cash recoveries suggested.
9. Paras in which any embezzlement detected.
10. No. of preliminary objection memoranda issued.
11. No. of objections settled on the spot.
12. General remarks whether the state of maintenance of accounts is satisfactory or not.
13. Actual date of submission of the report.
14. Difficulties experienced during the inspection if any, as per statement attached.

Assistant / Jr. Accounts Officer (Inspection)

Countersigned Inspecting Officer



VERIFICATION NOTE ON THE COMPLIANCE OF OLD INSPECTION REPORTS ON THE ACCOUNTS OF

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Discussion with HQ of the Outstanding Objections pertaining to the old Inspection Reports on the Accounts of:

..... Report for the period .....

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S.No.	Para No.	Brief Particulars of the Objection	Explanation by the Deptt.	How settled.
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Assistant / Jr. Accounts Officer.

Inspecting Officer

Camp & Date

(Referred to in Para 3.10.1)

## CONTROL REGISTER OF INSPECTION REPORTS

(Register for watching Receipts and Issue of Inspection Reports)

Sr. No	Name of Office Inspected	Period of Accounts Audited	Dates of Visit as per Tour Programme	Names of IA Team Members	Months Selected for Inspection
1	2	3	4	5	6

Date of Completion of Inspection	Date of Receipt of IA Report at HQ	Date of Approval of IA Report	Date of Issue of IA Report	Remarks
7	8	9	10	11

CONTROL REGISTER OF OUTSTANDING INSPECTION REPORT/ PARAS

Name and Complete Postal Address of the Office .....

Sr. No	Period of Accounts Audited	Dates of Audit	No and Date of Letter under which Report was Issued	Paras Settled			Paras Outstanding	Report-wise Breakup of Outstanding Paras	Remarks
				No of Paras	Month of Settlement	No of Paras Settled			
1	2	3	4	5	6	7	8	9	10

## CHAPTER - 4

### INTERNAL AUDIT OF INITIAL AND SUBSIDIARY ACCOUNTS RECORDS

#### 4.1 General Checking of Registers and other Records

4.1.1. The procedure for detailed audit of the initial and subsidiary accounts records of the departmental offices is set forth in the following paragraphs. The most common records and procedures, which have to be scrutinized in IA, are indicated in Annexure-1 to this chapter. The checks suggested in this chapter are only illustrative and not exhaustive.

4.1.2. In examining the various registers, it should be seen in general that:

- a. The register under scrutiny is maintained in the prescribed form.
- b. The registers are page numbered and a certificate of page counting is recorded by a responsible officer on the first page.
- c. All the columns provided therein are correctly filled in.
- d. The transactions recorded therein are entered in chronological order.
- e. There is no evidence of tampering with the entries of pages of the register.
- f. There are no overwriting, erasures, etc. and all corrections are neatly made by drawing a line through the erroneous entry and inserting a fresh entry under proper attestation.
- g. Each register is kept up-to-date and is reviewed by the appropriate authority at regular intervals as provided in the rules.

4.1.3 Checking of Register of Cheques: It shall be seen that:

- a. The register is maintained in proper form viz., CAM- 10.
- b. All the cheques drawn are serially entered in chronological order.
- c. All entries are attested by cheque drawing officer.
- d. The totals of the amounts of cheques drawn are correctly struck and agree with those shown in the compiled accounts rendered to the Pr. AO.
- e. The dates of encashment of the cheques are noted against the relevant entries and an abstract of un-cashed cheques to the end of the month is prepared.
- f. All self cheques shown to have been drawn have been taken to the receipts side of the CB promptly.
- g. Similarly, the register of cheques delivered should also be scrutinized with a view to see that it is maintained properly and necessary balances of outstanding cheques are correctly worked out.

#### 4.2 Scrutiny of Cash Book

4.2.1 The CB is the most important record for internal audit. There shall be only one CB for an office and also one disbursing officer who shall be responsible for the cash of the office and up-keep of the accounts. CB shall be checked in detail for the month selected for detailed audit and subjected to intelligent scrutiny. Casting and carry over of monthly balances shall be checked cent per cent. All receipts of cash as shown in the counterfoils of

receipt book, self-cheques drawn in payment of establishment bills and receipts from other sources and all payments shall be carefully traced into the cashbook. It shall further be seen that it is being maintained properly in the prescribed form GAR 3 and that:

- i. All entries of receipts and payments are made immediately as they occur and attested by the DDO.
- ii. The CB is closed regularly and checked properly.
- iii. The physical verification of the cash balance is done by the DDO at the close of each month and a certificate to that effect is recorded in the CB. If the monthly verification has not been done during the preceding month of inspection, the Inspecting Accounts Officer shall have it physically verified by the DDO in his presence. Such cases shall, however, be rare.
- iv. No money is drawn in anticipation of demands and the permanent advance is not in excess of the normal monthly requirements.
- v. Money received as revenue are remitted in full on the same day or the next day into the bank for credit to Government account and the expenditure is not incurred by diverting departmental receipts or the un-disbursed pay and allowances etc.
- vi. The official handling cash has furnished security of appropriate amount and executed a security bond in accordance with the provisions of rule 275 of the General Financial Rules.
- vii. The analysis of closing balance lying in the cash chest is given at the close of CB for each month and does not include un-disbursed balances which are more than three months old.
- viii. Acquittances are signed in ink or with ball pen and the seals or thumb impressions are authenticated by the disbursing Officer.
- ix. All payments are supported by proper vouchers and payees' receipts for sums exceeding Rs. 5000 are stamped.
- x. Irregular advances are not made to staff and suppliers from the cash in hand.
- xi. Advances drawn for departmental purposes do not remain unadjusted for unduly long periods, for want of accounts supported by vouchers or refund, as may be necessary.
- xii. Adequate arrangements exist for the safe custody of Government money in accordance with the standing instructions of the Government.
- xiii. Government and private money are not mixed up and that transactions relating to non-Government money, if any, handled by the Cashier under any special orders, are accounted for in a separate set of books and kept entirely out of Government account.
- xiv. The totals of the CB, if not checked by the officer in-charge of the CB, are verified by a responsible subordinate other than the writer of the cashbook who initials it as correct.
- xv. 'Account Payee' cheques in favour of Government servants and third parties (being payable only to the concerned payees) issued by PAO after pre-check to DDOs are not being entered in the CB and that the delivery and acknowledgement of such cheques is being watched through separate register.

- xvi. Advances paid to the subordinate staff out of office imprest do not remain unadjusted for unduly long periods.
- xvii. The subsidiary CB maintained by the imprest holder also shall be checked on the lines indicated above for the CB.
- xviii. When money is received from a Government servant, a receipt is granted in Form GAR-6 duly numbered to the payer. This receipt should be signed by a gazetted officer who should satisfy himself at the time of signing of receipt that the amount has been entered in the CB.
- xix. That for every payment, there is a voucher setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in accounts.
- xx. The Controlling Officer and DDO exercise the scrutiny entrusted to them under Supplementary Rule 195 in respect of traveling allowance bills.
- xxi. Payments into Government account are supported by proper challans. These challans should be carefully examined to ascertain that they are genuine.
- xxii. Payments entered in the CB as remittances to Government account should be checked with reference to the records maintained in the Pay and Accounts Offices or have it got verified by making a reference to Pay & Accounts Officer concerned.
- xxiii. All purchases made should be traced into the respective stores ledgers.
- xxiv. Bank accounts where in operation have been opened under the orders of the competent authority. It should be seen that the bank reconciliation statement is properly prepared and the balance as per bank pass book agree with the balance as shown in the CB.
- xxv. Government money is to be kept in strong cash box secured by two locks of different patterns. All keys of the same lock should be kept in the same person's custody and as a general rule, the keys of one lock should be kept apart from the keys of the other lock and in a different person's custody.
- xxvi. The cash chest should never be opened without both the custodians of the keys being present.

#### 4.3 Cheques and Cheque Books

The IA team should see that:

- a. Cheque books are kept in the personal custody of the Drawing Officer and that each of them bears his endorsement that it contain the correct number of cheque forms.
- b. An intimation of the number of cheque book and number of cheques it contains is sent to the banks as soon as a cheque book is brought into use.
- c. Cheques are not signed unless required for immediate encashment or delivery.
- d. The amounts of cheques are written in words as well as in figures on the counterfoils and that the counterfoils are initialed by the person authorized to sign the cheques.
- e. The amounts as shown in the counterfoil of cheque drawn agree with the entries on the payment side of the CB.
- f. All cancelled cheques are stamped "Cancelled" under the initials of the DDO and are preserved for scrutiny.

- g. That payments have actually been made to the persons entitled to receive them.
- h. Cheques have been drawn in favour of the actual payees.
- i. All the paid cheques are traceable in the bank scrolls.
- j. The cheques issued are reconciled monthly with the bank scroll and difference analyzed into actual outstanding, time-barred cheques being cancelled and fresh cheques issued in lieu, where necessary.
- k. Stock account of cheque books is maintained in the prescribed form and that the physical verification of cheque books in stock is carried out at regular intervals.
- l. Every six months, in April and October, stock taking of the cheque books is done by an officer other than the officer in-charge (cheques) and a certificate of physical count is recorded by him in the stock register.

#### 4.4 Receipt Book

IA team should see that:

- a. A stock register in the prescribed form is maintained to keep an account of receipts, issue and balance of receipts books.
- b. There is a proper demand register in which demands falling due are noted to watch recovery.
- c. The dues are realized in time and all realizations entered in the CB and remitted to the bank without delay.
- d. All sums due are received and checked against demand.
- e. Receipts in printed forms are issued in a consecutive order for all money received.
- f. All the receipts books are kept under lock and key in the custody of a responsible officer and one book is issued to an individual officer on receipt of the previous used-up-book.

#### 4.5 Register of Valuables

4.5.1 In the case of offices which receive a sufficient number of valuables such as bank drafts/cheques/postal orders etc., it shall be seen that these valuables are noted in a register of valuables maintained for the purpose. The register shall be examined to see that:

- a. The register is maintained in Form CAM-16.
- b. Each valuable received is entered in the register on the day of its actual receipt and its daily total is entered in the CB as a single entry.
- c. Full particulars of each valuable are recorded in the register.
- d. Proper and complete reference of remittance into bank is shown against each valuable.
- e. There has been no undue delay in the remittance of valuables into the bank for credit to Government account.

- f. The register is closed every fortnight and the bank drafts/cheques for which the corresponding credits are not forthcoming or there is delay in crediting government account by the bank are thoroughly investigated.

#### 4.6 Establishment Check Register in PAO

It shall be seen by the IA team that:

- a. It is maintained in Form CAM-24 as prescribed.
- b. All sanctions for creation of posts are noted in the register in the relevant columns.
- c. The total No. of persons to whom pay and allowances are drawn do not exceed the sanctioned number of posts by seeing that the number of persons for whom substantive pay is drawn plus number of persons for whom officiating pay is drawn did not exceed the total number of sanctioned posts both permanent and temporary (see CAM paras 4.11.7 & 4.11.8).
- d. Where the sanctioned cadre contains its own leave reserve and no officiating arrangement is permissible that the total number of persons for whom substantive pay or officiating pay or leave salary was drawn in the cadre did not exceed the total number of sanctioned posts.

#### 4.7 Establishment Bills

The IA team will see that:

- a. The bills are in the prescribed form and are complete in all respect. A bill register complete in all respect in Form GAR-9 should be maintained.
- b. The arithmetical calculations of the bills are correct.
- c. The absentee statement wherever required, is duly filled in or a no leave certificate furnished.
- d. The enhanced pay of officiating government servant is in accordance with the rules.
- e. Last pay certificate is furnished for a government servant transferred from another establishment.
- f. The amount of the leave salary overdrawn is recovered correctly.
- g. The dates of making over and receiving charge are stated and joining time is in accordance with the relevant rules.
- h. In case of Government servant appointed for the first time, certificate to the effect that the medical certificate of fitness in the prescribed form has been obtained in respect of the Government servant, is furnished.
- i. The increment drawn is supported by an increment certificate.
- j. The number of persons for whom pay or leave salary has been drawn does not exceed sanctioned strength of the establishment.



## 4.8 Audit of Expenditure

4.8.1 Before commencing the audit of expenditure in local audit the budget estimates and the actual expenditure incurred by the office under various heads of account should be examined to see the nature and extent of expenditure under each head of account. It should be seen that the financial rules, delegation of financial powers and other orders specifically pertaining to the office for regulation of its expenditure are themselves in order and that the audit is effectively conducted against them. Further it should be seen that:

- a. There is a sanction, special or general, accorded by the competent authority.
- b. There is a provision of funds sanctioned by the competent authority.
- c. The expenditure has not been unnecessary incurred to prevent the lapse of budget allotment or the charges incurred have not been met from budget allotment of the next year.
- d. In the case of work done or purchases made the accepted tender along with all rejected tenders and comparative statements and notices are filed in the office of the accepting authority along with reasons for non-acceptance of the lowest tender.
- e. When the lowest tender is not accepted reasons therefore should be recorded and approval in writing from the authority next higher to the officer competent to accept the tender should be obtained.
- f. The payment has been made to the proper person and that it has been so acknowledged and recorded that a second payment on the same account is impossible
- g. That charges do not exceed the rates or scales fixed under rules or orders issued by the competent authority
- h. The expenditure is incurred with due regard to the principles of financial propriety
- i. Sub-voucher retained by the disbursing officers are marked "cancelled" immediately after entries made in the contingent register are examined by the disbursing officer so that they cannot be used again
- j. For every payment made, there is a voucher complete in all respect or a certificate of payment where it is not possible or expedient to support a payment by a voucher
- k. The payments have been correctly brought to account in the initial accounting records
- l. The rates paid for work done or supplies made are in accordance with any scale or schedule prescribed by the competent authority.

## 4.9 Pay Bill Register

4.9.1 The salient features of the Pay Bill Register as given below must be scrutinized by the IA team to obviate fraudulent practices. It shall be seen that:

- a. The register is maintained in form GAR-17
- b. All payments made/released to the individuals by way of salaries and other allowances are entered in to the relevant column.

- c. Scale of pay, date of increment, date of birth etc., are noted in the column provided for in the register.
- d. All the advances paid to the individual and the recovery thereof is entered in the register
- e. Details of recoveries other than the regular nature clearly stated
- f. The payment of arrear claims are also noted in the month of payment. A cross reference is given against the original entries to guard against double payment
- g. The entries made in the pay bill register are attested by a responsible officer in token of verification of their correctness.

#### 4.10 Long term/Short Term Advances

4.10.1 There are two kinds of advances sanctioned to Government servants : (a) Interest bearing advances, and (b) interest free advances.

4.10.2 The interest bearing advances are regulated in accordance with the terms and conditions pertaining thereto as have been detailed in Rule 15 to 38-F of Part-II of Compendium of Rules on Advances to Government Servants incorporated in GFR 2005.

4.10.3 The interest free advances are regulated in the light of the provisions as contained in Rules 39 to 86 of the Part II- Compendium of Rules on Advances to Government Servants incorporated in GFR 2005.

4.10.4 Government Servants are also eligible for the grant of House building advance which is regulated by a separate set of rules issued by the Government of India from time to time.

#### 4.11 Register for Advances

The IA team will examine the records to ensure that:

- a. The register is maintained in Form CAM-30 as prescribed and separate folios are earmarked for each type of advance
- b. All payments made and recoveries effected are posted individual wise.
- c. The recoveries are promptly effected as contemplated under the relevant rules
- d. Non recovery/non posting of the recovery in any month/months are properly explained in the remarks column.
- e. The opening balances are correctly carried forward from the previous year register.
- f. Interest accrued is correctly calculated and posted.
- g. The particulars of original mortgage bond and insurance cover are noted in the remarks column, wherever necessary, and the dates of first insurance and subsequent renewals watched.
- h. The fact that the Government servant concerned has accepted the balance is cited in the remarks column.
- i. The interest is recovered as contemplated in the rules.

#### 4.12 House Building Advance

4.12.1 The IA team should ensure that the mortgage bond duly executed is available and kept in safe custody till the liquidation of advance and interest due thereon.

4.12.2 The house built/purchased is kept insured against the risk of fire flood and lightening for an amount not less than the amount of advance and it is kept so insured till liquidation of the advance and interest due thereon.

4.12.3 The recovery has correctly been commenced viz:

- i. In the case of advance for the purchase of land and partly for construction of house from the pay of the month following the month of the completion of the house or from the pay of the 24<sup>th</sup> month after the date on which the advance for the purchase of Plot was paid, whichever is earlier
- ii. In the case of advance for construction of house from the pay of the month following the completion of the house or from the pay of the 18<sup>th</sup> month after the date of disbursement of first installment of advance, whichever is earlier and
- iii. In the case of advance for the purchase of ready built house from the pay of the month following that in which advanced is drawn.

#### 4.13 Motor Conveyance Advance

In the case of MCA, the IA team should ensure that:

- a. Mortgage deed in the prescribed form has been executed in time and is kept in safe custody.
- b. The conveyance has been comprehensively (and not third party) insured for an amount not less than the amount of advance and it is kept so insured till the liquidation of advance and interest due thereon.
- c. Recovery of advance has commenced from the pay leave salary/subsistence allowance of the month in which the advance has been drawn/dispensed.
- d. Interest has been calculated as per the rate in force on the date of sanction and has been recovered in the manner laid down in Rule 20 of Compendium of Rules on Advances to Government Servants.

#### 4.14 Other Interest Bearing and Interest Free Advances

4.14.1 It has to be ensured by the IA team that all the conditions for the grant of such advance as laid down in the General Financial Rules/LTC rule, Medical Attendance rule etc. and any other instructions which may be issued from time to time regulating special kind of advance have been fulfilled and the recoveries thereof is being regulated strictly in accordance with those provisions.

4.14.2 Advances in lieu of Leave Salary: The IA team should see that:

- a. Proper sanction exists.

- b. It is paid to a person who proceeds on leave for a period not less than a month/30 days.
- c. The amount of advance is paid in whole rupees and does not exceed the net amount of leave salary, including allowances, for the first thirty days of leave that is clearly admissible to him after usual deductions on account of income tax, provident fund house rent, recovery of advances etc.
- d. The amount of advance is adjusted in full in the leave salary bill in respect of the leave availed of by the Government servant concerned. If the amount of advance cannot be so adjusted, the balance shall be recovered from the next payment of pay or/and leave salary.

#### 4.15 Advances in Connection with Legal Proceedings

4.15.1 These advances are regulated by orders issued by the Government from time to time. IA team may see that:

- a. For matters unconnected with official duties, no financial assistance is given.
- b. Government assistance will be admissible in the conduct of legal proceedings instituted against a government servant or by a government servant regarding matters connected with a government servant's official position or duties to the following extent:
  - i. No assistance is admissible in cases filed by the government against a government servant.
  - ii. For cases filed by private parties against a government servant, an interest free advance equal to his three months' substantive pay is admissible for the purpose of government servant's defence.
  - iii. For cases filed by a government servant on his being required to vindicate his official conduct, interest free advance will be sanctioned to him. The extent of re-imburement to the government servant will depend on as to what extent the court has vindicated the acts of the government servant in the proceedings.
  - iv. At the time of reimbursement of legal expenses, the entire balance of advance outstanding against the Government servant is recovered from the amount reimbursed to him. If the amount reimbursed is less than the outstanding balance of the advance, the remaining amount is recovered in installments as already fixed.
  - v. No second advance in respect of the same proceedings is given, if more than one advance is given they relate to different proceedings against a Government servant and the recovery of such advances run concurrently.
  - vi. If the advance is sanctioned to a temporary/quasi-permanent Government servant he furnishes a surety of permanent Central Government servant of equivalent or higher status in the prescribed form and

- vii. The amount of advances is debited to the minor head 'Other Advances' subordinate to Major Head 7610 to Government Servants.

#### 4.16 Advance to Families of Government Servants who die while in Service

4.16.1 In the case of sanctioning advance to the family of a government servant dying while in service, the Audit party will see that:

- a. Proper sanctions exist for the lump sum advances paid to family.
- b. It is paid to the family of an employee in permanent or temporary employment who dies while in services (whether on duty or on leave with or without pay) in order to enable the family to meet its immediate requirements.
- c. The amount of advance is limited to Two months' basic pay and DP (pay as defined in F.R. 9(21) (a) of the deceased Government servant subject to a maximum of Rs. 8000 in each case.
- d. The advance is adjusted as early as possible and in any case, within a period of six months from the date of its sanction by deduction from the amount that may be payable on account of arrears of salary due, the death cum retirement gratuity, or the Contribution Provident fund or the General Provident fund or any other payments due to the deceased.

#### 4.17 Register of Un-disbursed Pay and Allowances

It should be ensured by the IA team that:

- a. An account of un-disbursed pay and allowances is kept in a register in Form GAR-25 as required vide note 2 below Rule 92 Central Government, R & P Rules 1983.
- b. Entries of the total and particular amount of un-disbursed pay and allowances is made bill wise serially and subsequent payments thereof entered in the appropriate columns of the register and the CB, under proper attestation.
- c. An abstract of amounts remaining un-disbursed for 3 months is prepared and the amounts are refunded either by cash or by short draws from the next bill.

#### 4.18 Contingent Charges

The usual checks consist in seeing that:

- a. The budget allotment is distributed under the authorized sub-heads of confinement charges and noted in the appropriate columns.
- b. Expenditure has been incurred with due regard to principles of financial propriety, and under proper sanction. Entries are made in the Register as soon as payments are made and attested by Head of office. The register should be maintained in prescribed form.
- c. Tenders have been invited for the purchase of articles required for public service in accordance with the provisions as contained in chapter 6 of the GFR 2005.

- d. Check up in detail all cases of purchases above Rs. 25 lakhs and review critically and comparative statement of quotation received.
- e. Expenditure has not been unnecessarily incurred to prevent the lapse of budget allotment or that the charges incurred in one year have not been spent from the budget allotment of succeeding years.
- f. The expenditure is kept within the available appropriation and that steps have been or are being taken by the drawing officer with a view to obtaining additional appropriation, if the original has been exceeded or is likely to be exceeded.
- g. The monetary and quantitative limits prescribed in respect of certain classes of contingent expenditure are duly observed consistently with the certificate furnished on contingent bills.
- h. Charges which are inadmissible or are in excess of the sanctioned scale have not been split into two or more different bills to make them admissible.
- i. All totals have been correctly made and carried forward.
- j. Permanent advances are used for the authorized objects that they are not unnecessarily multiplied and are acknowledged in April every year by the Head of the Office.
- k. The expenditure incurred is covered under the delegated powers of the authority who has sanctioned such charges.
- l. The powers of the various subordinate authorities to authorize expenditure of contingent nature have been defined in the Standing Guard File on Delegation of financial powers to the HOD/ HOO in GNCT, Delhi which would be a guide for the Inspecting party for such charges.

#### 4.19 Store & Dead Stock Account

IA team should see that:

- a. There is no case of over purchase.
- b. The items of stores so purchased are as per the instructions for the procurement of goods as contained chapter 6 of GFR.
- c. That the purchases of items of dietary and other articles required for day to day use in the Department is being done in accordance with the purchase policy having been laid down by the Administration from time to time with the provisions of GFR.
- d. The items of store have been accounted for in the appropriate stock registers.
- e. The registers of dead stock, stationery, liveries, fuel etc. have all been maintained in the prescribed forms and each article is supported by the vouchers.
- f. The issue entries are supported by documentary evidence such transfers from / to other offices, issue vouchers. Etc.

- g. Articles of dead stock issued for temporary use (i.e. on loan etc.) either within or outside the office are not struck from the Stock Register and their return is watched through a subsidiary list or register.
- h. The stocks are physically verified periodically. Surpluses noticed are brought on stock immediately and losses or deficiencies investigated with a view to regularizing them under the orders of the competent authority. A report of the losses has been made in term of GFR 35.
- i. Losses are not written off piece meal to avoid sanction of the higher authority and that the order for the purchase of stores has not been split to avoid the sanction of competent authority.
- j. The officials handling stores have furnished adequate security. Verify the security furnished and the indemnity bond executed.

#### 4.20 Staff Cars

4.20.1 Use of staff car is a delicate subject. The leader of IA team should be very careful while scrutinizing this document. It is advised that he looks in to it personally and it shall be seen that:

- a. A Gazetted officer has been put in the administrative charge of vehicles
- b. A stock account of all the vehicles in use (together with their spare parts) is maintained and periodically checked
- c. That the history sheet of each Vehicle is maintained
- d. Log books are scrutinized once or twice a week by a senior officer to ensure that there is no misuse.
- e. Staff cars are not used for official journeys outside the headquarter of the office inspected for which traveling allowance is admissible except with the written sanction of the competent authority and that the staff cars are used only by officer authorized to use them
- f. In the case of non duty journey it should be seen that all such journeys are properly billed for, recoveries from the person concerned made promptly and the amount credited to Government Account.
- g. The average running mileage per liter of each vehicle is worked out at the end month in the log book
- h. The running mileage covered per liter of each vehicle is not below the authorized average limit so worked out
- i. Staff cars are not parked at the residence of drivers or the officials
- j. That the entries of POL drawn from time to time are recorded in the log book
- k. Proper accounts of tyres replaced / retreated, petrol oil and lubricant are maintained and the quantity shown as having been purchased on the purchases vouchers / issue

slips tally with the quantity shown as received in petrol accounts etc. of the vehicles i.e. log books.

- I. That the overtime allowance paid to the staff car drivers is in accordance with the rules on the subject enshrined in the staff car rules.

#### 4.21 Review of Service Books

4.21.1 SB is one of the most important documents for a government servant. It is therefore of paramount importance that it is kept in safe custody and kept current.

4.21.2 During local inspection, SBs of officers and staff should be checked with a view to ensuring that they are kept up to date and that they contain a certificate of annual verification of service with reference to the acquaintance roll etc.

- a. They entry in pay columns should also be verified with reference to the office copies of pay bills for the months selected for details audit to see that they agree.
- b. The selection should so made as to complete the verification of all SBs within a cycle of four years as far as possible. If any of the offices are not inspected annually but once in two years or three years only the percentage of check in their cases should be suitably increased to attain this objective.
- c. A list showing the names of Government servant where SBs are checked should be attached with the inspection report to avoid duplication of work and also to facilitate the work of the next inspection party in selection the remaining SBs for verification.
- d. SB of every Government servant is maintained in duplicate. First copy shall be retained and maintained by the Head of the Office and the second copy is given to the Government Servant for safe custody.
- e. Entries of all events in the official career of a government servant are promptly made in his SB and are duly attested by competent authority.
- f. Entries on the first page of SBs are re-attested every five years.
- g. No alteration is made in the date of birth without the sanction of competent authority.
- h. SBs are kept in the safe custody of the Head of Office.
- i. Annual increment of pay has been correctly allowed with reference to the time spent on duty.
- j. Joining time taken is correct.
- k. Leave accounts are maintained properly in the prescribed form and to see that credits afforded to leave accounts are correct and the leave availed of by an official has been debited correctly and balances worked out under attestation.
- l. SBs and leave accounts of the officials who are due to retire during the next five years are checked completely to ensure that the entries are made correctly and there will be no difficulty in finalizing their pension cases. Details of the checking



done in the SBs should be furnished in the proforma given in Annexure-1 to this Chapter by the officer who checked the SB. One copy of the proforma duly completed and signed in respect of all such persons should be handed over to the head of the office and his acknowledgement obtained.

- m. That the necessary entries in regard to the availing of LTC by the government servant including his family have been recorded in the SB under proper attestation.
- n. That all the nominations in regard to the GPF/ DCRG/ CGEIS and details of the family members are pasted in the SBs.
- o. That the declaration permanent status has been duly recorded in the SBs.
- p. That the options available to government servants either under FR 23 or any other Set of rules / instructions in regard to matters of pay have been pasted in the SBs.
- q. Fixation of pay of Government servants on first appointment, promotion, revision of pay scales etc. should also be checked.
- r. Continuity of service is clearly exhibited in the SB.
- s. Verification of service from the date of entry to the last date of local inspection is done with reference to relevant records such as pay bills etc. and note to that effect taken in SBs.
- t. SBs of officers are sent to the Pay and Account Officer for making necessary entries therein on their transfer to Foreign Service and on their re-transfer to Government services.
- u. That Head of the office would inspect annually at least 10% of the SBs and leave accounts and initials in token of having done so in line with GOI Decision No. 3 below SR 190).
- v. In January each year, the government servant shall hand over his copy of SB to his office for up-dating. The office shall update and return it to the government servant within the 30 days of the receipt.
- w. In case the government servant's copy is lost by the government servant , it shall be replaced on payment of a sum of Rs. 500

#### 4.22 Check-List for updating SBs of Impending Retirees

4.22.1 Government Servant retiring in Next Five Years: To ensure that there is no delay in the finalization of PPO of a government servant, the following points should be checked and updated in the cases of the government servants due to retire in the next 5 years:

- a. Name of the government servant and his designation.
- b. Has any entry been made that the Government servant has furnished the Medical certificate of fitness on his first appointment?

- c. Has the GPF Account No. allotted to the government servant been entered on the right hand top of page-1 of his SB?
- d. Have the statements furnished by government servants subject to Family Pension Scheme 1964 showing the details of family been countersigned and pasted with the SBs.
- e. Have the annual certificate of verification of services (including periods of leave including EOL) been recorded?
- f. Have the orders of the competent authority been obtained for counting or otherwise of periods of EOL as qualifying service for pension. Similarly is there clear indication about how the period of suspension or of unemployment preceding reinstatement is to be treated?
- g. Has the entry regarding relaxation of upper/lower age limit been made, where applicable and got attested?
- h. Have the entries regarding revision of pay and increment been made up-to-date?
- i. Are the leave accounts complete to date and duly attested?
- j. Do the entries regarding resumption of duty on return from leave clearly indicate forenoon or afternoon?
- k. Has the note of recovery of leave salary and pension contributions been recorded in respect of persons who remained on Foreign Service?
- l. Have the corrections/overwriting been attested?
- m. Have the entries been attested in SB?
- n. Have the SBs been shown to all the Government servants concerned and their signatures obtained thereon in token of their having inspected their SBs (annually)?
- o. Has the DCRG Nomination been obtained and pasted in the SB?
- p. Has the nomination in respect of CGEIS been obtained and pasted in the SB?
- q. Has the SB been maintained in duplicate and second copy given to the government servant.
- r. Any other important event to be recorded.

#### 4.23 Checking of GPF Accounts of Group 'D' employees

4.23.1 While checking the G.P.F. Accounts of Group 'D' employees, it should be seen that:

- a. Subscription has been properly recovered and credited to the ledger account.
- b. Interest has been calculated correctly.
- c. Advances and withdrawals have been properly sanctioned and accounted for

- d. Nomination, insurance policies and final payments cases should be specially scrutinized
- e. A comprehensive record of all final payments in respect of Group 'D' employees should be kept separate from the connected vouchers so that independent data can be made available to the IA team.
- f. The Broadsheet is maintained in the prescribed form (CAM-48) and positing is made from ledgers and not from schedule and is closed every month, latest by 5<sup>th</sup> of the following month.
- g. The General Index Register has been maintained in prescribed Form CAM-44 and kept up to date.
- h. The pass books have been issued to each subscriber instead to yearly statements.
- i. That the totals of credits and debits in the Broadsheets agree with the total GPF deductions made through Pay Bills and total Payment made out of GPF.

#### 4.24 Checking of Overtime Allowance Claims

The following checks should be conducted while checking OTA claims:

- a. That the payment of overtime allowance is regulated in accordance with the Instructions issued by the Government of India from time to time read with the restrictions imposed by the GNCT of Delhi in the light of the economy instructions.
- b. That the ceiling of hours prescribed for the various categories of staff has been adhered to and the sanction of the competent authority exists.
- c. In cases where the ceiling has exceeded in regard to any categories of staff, necessary sanction of the competent authority has been obtained in relaxation of the restriction imposed in this behalf.
- d. Whether overtime work is resorted to very frequently.
- e. All the records as are required to be maintained in accordance with the overtime rules are being kept.
- f. Only non –gazetted staff drawing pay as laid down from time to time including special pay, personnel pay etc. under FR9(21)(a) are eligible for the OTA.
- g. That staff required attending on Sundays and holidays is granted compensatory leave instead of OTA subject to the exceptions laid down in the OTA instructions.

#### 4.25 Reimbursement of Tuition Fees

4.25.1 Rules regarding reimbursement of tuition fee in respect of children of government servants are contained in the Ministry of Finance O.M. No. 12013/88 Estt. (Allowances) dated 17 October 1988 amended from time to time. It should be mainly seen by the IA team that:

- a. The tuition fee is reimbursed only to those government servants who have put in not less than 1 years service.

Note: Where both husband and wife are in the service of GNCT of Delhi or either of the two is in the Central Government Service, reimbursement of tuition fee is admissible to one of them only.

- b. The concession is not admissible for a child for whom CEA is being claimed.
- c. Child for whom reimbursement of tuition fee is claimed is enrolled in a recognized school.

#### 4.25.2 Entitlement of Tuition Fee per child shall be admissible at prescribed rates approved by the Govt. from time to time.

- a. The concession is not allowed for more than two academic years to a child in the same class;
- b. The amount of scholarship received by a Child, if any, is deducted from the claim for reimbursement of tuition fee;
- c. The claim for reimbursement of tuition fee is made every month of each Government Servant in the prescribed form and it accompanied by a certificate in the prescribed form at the time of initial claim and subsequently at the beginning and in the middle of each academic year.
- d. A register of claims towards reimbursement of tuition fee of children in the prescribed form is being maintained and all payments therein are correctly recorded and properly attested.

#### 4.26 Reimbursement of Medical Claims

4.26.1 With a view to keeping a watch over the claims for reimbursement of Medical expenses preferred by the Government servants, the departmental offices are required to maintain a register in the appropriate form as prescribed in CCS (MA) Rules for recording full details of expenditure reimbursed to individual government servant. In IA, it should be seen that:

- a. The register is maintained properly; on prescribed form and claim of the individual government servant are watched.
- b. The cost of only admissible medicines and injections as per Medical Attendance Rules, is reimbursed;
- c. The bills are countersigned by the Controlling Officer where D.D.O. is not the Head of Office and is not exercising the powers of the Controlling Officer for the purposes of T.A. claim of such category of staff.

- d. The medicines have been purchased only from the authorized sources as laid down in the medical attendance rules/ instructions issued from time to time failing which necessary relaxation has been accorded by the controlling authority and a certificate to this effect has been endorsed on the bill by that authority.
- e. That necessary sanction of the Head of the Department exists in relaxation of rules in emergent cases and that the charges in such cases have been regulated in accordance with the schedule of charges as laid down in the CCS (MA) Rules.
- f. That necessary approval of the competent authority has been obtained in respect of treatments obtained outside the District/ State as per instructions contained as per Medical Attendance Rules.
- g. The traveling allowance claims to and from the place of treatment for journeys made by the patient are in accordance with the instructions as in Appendix- VII appended to Medical Attendance Rules.
- h. Where an advance is granted to meet the expenditure initially, the advance is adjusted against the claim submitted.
- i. The person in respect of whom the medical charges are incurred falls within the definition of family of the Government servant as defined under the Medical Attendance Rules.

#### 4.27 Property Accounts

4.27.1 Adequate importance should be attached to the audit of the accounts relating to immoveable properties, namely: land, buildings (residential and non-residential) and other assets, the records connected with these properties should be scrutinized carefully during audit with a view to safeguard the financial interest of the government.

#### 4.28 Register of Rents

The IA team should check that:

- a. The register is maintained in Form 49 as prescribed in para 9.5.5 of CPWA Code.
- b. All the buildings for which rent is recoverable are entered in the register under proper attestation.
- c. Details like date of occupation, name of the occupant and emoluments etc., are correctly noted.
- d. The rent realized is properly posted and that there are no undue arrears in any case.

#### 4.29 Contingent Vouchers

It should be seen by the IA team that:

- a. All sub-vouchers or bills relating to the selected months as are not submitted to Pay and Accounts office in pursuance of the provisions of rules are made available to internal Audit.

- b. The rates paid agree with those shown in the contract or agreement made (as per quotations approved for the supply of stores)
- c. Every vouchers bear a pay order signed or initialed by disbursing officer, specifying the amount payable both in words and figures and that all pay orders have been signed.
- d. All vouchers bear dated acknowledgement of the payments made,
- e. Where payments are acknowledged in advance and actual payments are made subsequently, separate acknowledgements of payees are obtained at the time of payment, which need not be stamped if the acknowledgements made in advance are already stamped.
- f. Receipts for all net payments exceeding Rs. 5000 are stamped unless they are exempted from stamp duty.
- g. Where a single stamped receipt is obtained from a payee in acknowledgement of payment against more than one voucher at a time, a reference is given on all concerned vouchers and the total amount of all sub-vouchers agrees with the amount for which the acquaintance is obtained.
- h. All paid vouchers and sub-vouchers are stamped 'PAID' or so cancelled that they cannot be used second time and stamps affixed to vouchers are also cancelled.
- i. Cash memos from tradesman are not taken as sub-vouchers unless they contain acknowledgement of receipt of money from the persons named therein (with revenue stamped affixed where amount paid exceeds Rs. 5000) and in cases where acknowledgements could not be obtained, the cash memoranda are stamped 'PAID' and initialed by the DDO.
- j. All vouchers for purchase of stores bear certificate by the competent authority regarding entry of stores in the Stock Register indicating its page number and such vouchers also bear a certificate of competent authority to the effect that the quantity of stores received is correct, their quality is good and they are as per approved specifications. (Chapter 7 of GFR 2005).
- k. There are no erasures, overwriting or alterations of total amount of the bill written in figures and in words and corrections, if any, are properly attested by disbursing officer and amounts of bills tally with the actual payee's receipts.
- l. Suitable notes regarding payments having been made on various sub-vouchers are also kept on the relevant original indents and invoices/ bills to prevent double payment.
- m. Details given in vouchers agree with the connected records in the case of articles received by VPP, the VPP cover together with the invoice of bills showing the details of items paid for may be accepted as a voucher provided the disbursing officer endorses a note on the cover to the effect that the payment was made through the post office,
- n. Where ST/ VAT has been paid, IT team should ensure that the tax paid was in accordance with the relevant provision of the Act and the amount paid was correct.

#### 4.30 Liveries/ Uniforms

4.30.1 Rules regulating supply of uniform and grant of washing allowance to Group 'C' and 'D' employees working in secretariat and attached and subordinate offices of GNCT of Delhi are being followed as laid down in Government of India, Ministry of Personnel Affairs as amended from time to time.

4.30.2 The important points to be examined by the IA team while checking the liveries/ uniform records are:

- a. That the articles of uniform have been issued in accordance with the prescribed scale and only when due.
- b. That the uniform has been issued to employees who are eligible.
- c. That the purchase of livery material has been made strictly in accordance with the instructions as contained in 'Hand Book on Uniform' as amended from time to time.
- d. That the maximum price excluding Sales Tax/ VAT at which the purchase can be made for various articles other than cloth/ uniforms to be purchased from Khadi Gramoudyog has not exceeded.
- e. The Register of liveries is maintained in the prescribed form and entries of receipt as well as issue of liveries to Group-C and D staff are made in the register.

#### 4.31 Grants-in-Aid

4.31.1 Audit of Grants-in-Aid consists of:

- a. Scrutiny of the method by which the sanctioning authority satisfies itself of the fulfillment by the grantee of the conditions precedent to the issue of sanction.
- b. Test check of the accounts of the returns submitted by the grantee to see that the conditions were actually fulfilled.
- c. The test check referred to above is conducted normally in the office of the sanctioning authority. It should be seen that before sanctioning Grants-in-aid, the sanctioning authority has satisfied itself that proper arrangements exist for the scrutiny of the accounts of the grantee and that rules have been framed to ensure that grants are utilized by the grantees for the purpose for which they are intended and that unspent balances are refunded to Government after the close of the financial year.

4.31.2 The following points should receive special attention of the IA team:

- a. The grant-in-aid was properly spent on the specified objects within the time allowed in the sanctioning order or within a reasonable time, if no time limit has been fixed.
- b. Money has not necessarily been drawn in advance of requirements to avoid lapse of funds.
- c. The conditions attached to the grant-in-aid are fulfilled.

- d. Any portion of the amount of grant-in-aid which is not ultimately required for expenditure upon the specified object is promptly refunded to Government and that no unspent balance of the previous grant-in-aid if any is lying with grantee.
- e. The register of grant-in-aid is maintained by the sanctioning authority in a proper form envisaged in Rule 212 (4) of the GFR and all columns provided therein are complete and correctly filled in.
- f. That the UC in Form GFR 19-A is furnished to the Accounts Officer as per provisions contained in GFR 212(1).

#### 4.32 Payment/ Repayment of Loans to Parties other than State Government

4.32.1 The following procedure has been adopted by the CGA in the CAM with regard to the extent of procedure to be followed about the payment/ repayment of loans (CAM-Chapter 10, para 10.3.2 onwards refers)

4.32.2 Payments of loan and advances to parties other than State/ Union Territories Government and Administrations shall be made by the DDO of the respective Departments of the GNCT of Delhi sanctioning payments of loans and advances. The DDO shall present to the PAO concerned, a bill on a simple receipt in a form similar to form GAR 42 duly supported by a copy of the sanction for such payments. He shall also record on the bill after due verification, a certificate to the effect that the conditions specified in the sanction have been satisfied and/ or that a formal undertaking/ agreement has been obtained from the loanee concerned. The PAO will forward to the DDO a crossed cheque drawn in favour of the party concerned and the DDO will deliver it to the loanee and obtained his acquittance (duly stamped wherever necessary) and pass it on to the PAO.

#### 4.33 Procedure for Repayment of Loans and Interest Thereon

4.33.1 The following procedure shall be followed for the repayment of Principal and/ or interest payment on the loans and advances by borrowers e.g., Public Sector undertakings, statutory bodies, institutions, societies, private sector concerned and individuals.

4.33.2 Payment of interest and/ or principal shall be tendered on or before the due date at the specified branch of the Public Sector Bank accredited to the Department concerned which sanctioned the loan or its successor on whose books the accounts of the loans in question are mentioned.

4.33.3 The payment will be made in cash or by cheque draft on schedule bank in Delhi/ New Delhi in favour of the Public Sector Bank Branch mentioned in sub para above. The payment will be accompanied by a Memorandum or Challan in triplicate/ or quadruplicate as the case may be giving the following details:

- a. Name of the loan sanctioning department (or its successor as the case may be).
- b. Number and date of sanction letter with the loan amount sanctioned.
- c. Amount due for payment, separately for interest, and principal and the head(s) of account which the dues are to be credited in the government account.



- d. Separate cheques/ drafts and challans should be submitted for payment of principal and interest and
- e. The date of payment.

4.33.4 Outstation loans may be arranged to tender payment of dues together with Memorandum/ challans in duplicate/ quadruplicate, as the case may be, through their bank to the Public Sector Bank at Delhi/ New Delhi as mentioned in para 4.34.2 above ensuring that payment is tendered at the aforesaid public sector bank branch by the due date.

4.33.5 The receipt of cheque/ draft tendered in payment of dues will be acknowledged by the Public Sector bank through a paper token immediately and after realization of the cheque/ draft duplicate copy of the challans will be given to the tenderer.

4.33.6 The public sector bank collecting the dues shall arrange prompt credit thereof to the Government Account and send original copy of the challans with a credit scroll to the P.A.O. of the Department concerned in accordance with the general instructions issued for handling receipts and payments of the Department concerned.

4.33.7 The repayment of loan shall be watched in accordance with the terms of the sanction read with GFR 216 to 223. Normally, the repayment of a loan shall commence from the 1<sup>st</sup> anniversary date of its drawal in the specified number of annual equal installment of principal amount while a suitable period of moratorium towards repayment of principal might be permitted/ sanctioned by Government No moratorium shall be allowed in respect of payment of interest.

4.33.8 Interest shall be recovered from the loatee, at the rates prescribed by the Government of India from time to time and calculated in accordance with the principle laid-down in Rule 221 of the G.F.R. Instructions issued by the Ministry of Finance (Budget Division) from time to time prescribing the rates of interest to be charged from statutory bodies, corporations, etc. may also be referred to for this purpose in cases of doubt.

4.33.9 When the date of repayment of any installment of principal or interest on a loan advanced to a party falls due on a Sunday or other holiday no interest need be charged for the day or the day for which the recovery gets postponed on this account. However, if the principal or interest is repayable on the 31<sup>st</sup> March of a year and if that day happens to be a holiday the recovery should be made on the immediate preceding working day.

#### 4.34 Loan Register and Broad Sheets

4.34.1 The sanction orders for payments of loans should be generally scrutinized and details of the amount sanctioned, the authority sanctioning the loan and the conditions of each loan should be noted in a Loan register (Form CAM- 29) in the page assigned to it under the attestation of the accounts officer.

4.34.2 Separate page should be allotted for each loan, and repayment and receipt of interest amount should be noted / watched against each loan (or installment of drawal thereof, wherever a loan is not drawn in one lump sum).

4.34.3 It should be seen that a specific provision for levying penal interest in the event of default in the repayment of principal and / or payment of interest thereon on the due dates exists in all sanctions in accordance with GFR 228(2).

4.34.4 A Broad Sheet (Form CAM 59) shall be maintained major and minor head wise (separately for debits and credits) to reconcile the payment and recoveries of loans arising during each month with the accounts figures.

#### 4.35 Utilization Certificates

4.35.1 Receipt of UC to be obtained from the loanees by the sanctioning authority shall be watched in all cases. In cases where conditions like specifications of the particular object or the time within which the loan must be spent have been stipulated in the sanction order, the IA team should ensure that the loanee has met with all conditions as laid down in GFR 226(1).

4.35.2 UCs are not required to be submitted in cases where the loans are sanctioned for giving temporary financial aid to public undertaking etc. to tide over a temporary financial crisis or when the loans are intended for financing their approved capital outlay.

#### 4.36 Guidelines for Detection of Defalcations and Frauds

4.36.1 The process of audit detailed in the preceding paras should be taken only as a guide to intelligent audit and in no case should it be considered as limiting the scope of the auditor's duties. In fact, the efficiency of internal audit depends largely on the intelligence, thoroughness and resourcefulness which are brought to bear on it. Even an apparently minor defect or irregularity might conceal a potential fraud or mis-appropriation which may come out through intelligent probe. An illustrative list of irregularities which are likely to conceal potential frauds is given below for guidance.

- a. Erasures, overwriting, interpolation, and unattested corrections in figures, pass order etc. in account books and registers, bills, presented at Pay & Accounts offices, invoices, sales bills, receipt etc.
- b. Removal of pages from account books and registers.
- c. Tampering in totals and carry forward of totals, specially in CBs and stock books.
- d. Errors in totaling in bills.
- e. Errors in carrying over figures from subsidiary registers to main registers.
- f. Delay in disbursement of money drawn from bank to payees (including moneys) recovered against court attachment, un-disbursed salaries etc.)
- g. Non-availability of challans, in support of remittances entries in CB.

4.36.2 Tampering of figures in Challans: Fictitious entries of remittances in CB will be brought to light during the verification of credits for remittances for selected month(s) direct from the books of the PAO.

4.36.3 It should be ensured that tenders received and opened have been initialed by all the members of the Boards with the following words :

- a. No cutting, omissions, overwriting and rewritings in the tenders, failing which.
- b. All such entries have been initialed by the members of the board.

#### 4.37 Other Points to Watch Out:

The IA team shall watch out for following omissions/ commissions.

- a. Persistent delay in the submissions of payees stamped receipts, suppliers' invoices and countersigned detailed bills to audit. For this purpose, a list of such items should be furnished by the Departmental audit sections to the Outside Audit Department along with the vouchers and other documents for check in Local audit.
- b. Payment made on duplicate invoice, absence of proper reference in invoices to entry in stock books.
- c. Issue in stock accounts not supported by proper indents and acknowledgment, issue on free transfer bills not acknowledged by the recipients.
- d. Failure to cancel such vouchers or paid invoices.
- e. Bills presented at the PAO without entry in the Bill Book, interpolation and alteration of entries in the Bill Book.
- f. Items of stores, work, etc., paid for in bill not being traceable in the relevant registers viz stock accounts, work registers, measurements books etc.
- g. Signing office copies of bills in full, difference between the entries in the office copies and fair copies of bills in regard to name of payee, endorsee etc. or absence of office copies.
- h. Persistent failure to conduct physical verification of stores or to take action on the verification reports;
- i. Entries in important records like CB, stock account, etc. not being attested.
- j. Absence of proper periodical scrutiny of CB, stock books, continent registers by the Head of the office or the authorized Gazetted government servant and
- k. Non reconciliation of departmental figures with those of the PAO.

#### 4.38 Safe Custody of Documents

4.38.1 If during periodical audit serious irregularities are noticed the same should be immediately reported to the HQ/ DCA (Audit) who will bring the matter to the notice of the Director of Audit and will keep himself informed if necessary by visiting the office in which it is detected or suspected. If required, he may take the orders of the Secretary (Finance) for undertakings a special audit. Whenever such cases come to notice the relevant audit vouchers should also be obtained from PAO concerned and listed and returned for safe custody.

4.38.2 When audit checks are complete a detailed report fully explaining the case pointing out the faults in the system of accounts which led to the defalcation and suggesting remedies to prevent a recurrence should be submitted to the Secretary (Finance)/ Director of Audit.

4.38.3 When a case of fraud or embezzlement comes to notice and the relevant records are likely to form valuable evidence to prove a fraud or embezzlement, it would suffice if a photostat copy thereof is taken and kept in the safe custody. The original should be sent to the Head of the office concerned, in case it is clear that he (HOO) is not involved in the fraud or embezzlement and in other cases to his superior authorities.

#### 4.39 Other Registers and Records to be subjected to General Scrutiny

- i. Bill Books.
- ii. Acquittance Rolls.
- iii. Register of Measurement Books.
- iv. Register of Standard Measurement Books.
- v. Standard Measurement Books (para10.2.8 as DAGCW&M CODE)
- vi. Road Metal Register
- vii. Register of Miscellaneous Properties
- viii. Register of Leases and Lease files
- ix. Register of Survey Reports and the Survey Reports
- x. Register of review of Measurement Books by the Divisional Accountant
- xi. Register of Check Measurement by the Executive engineer
- xii. Register of Appropriation
- xiii. Progress Reports.
- xiv. Register of vehicles and Log Books
- xv. Stamp Account
- xvi. Register of books and periodicals
- xvii. Register of value bearing forms
- xviii. Foreign Service Contribution Register
- xix. Register of Telephones

#### 4.40 Audit of Centrally Sponsored Schemes

4.40.1 Scope: In conducting the audit of Centrally Sponsored Schemes, special attention should be paid by the IA team to the following:-

- a. That the Scheme Implementing Unit faithfully followed the conditions laid down in the Scheme Guidelines/ Operation Manual/ Accounts Manual in spending the funds received for the implementation of the Scheme.
- b. That the funds were used in accordance with the relevant financing agreements with due attention to economy and efficiency and only for the purposes for which they were provided.
- c. That all the expenditure has the necessary supporting documentation and that it has been incurred in accordance with Scheme Guidelines, Operational Manual and the Accounts Manual.
- d. That proper and complete records have been kept as prescribed.

- e. That the accounts have been prepared in accordance with consistently applied relevant principles laid down in the Administrative Expenses Manual and give a true and fair view of the financial year of receipts, payment, assets and liabilities.
- f. That in respect of the activities taken up under aid from the donor agencies, the documents and financial statements depict the correct figures.

4.40.2 Management Letter: Apart from the IA report, which is sent at the close of inspection, the IA team may during the course of inspection may issue a 'Management Letter' suggesting modifications and observations, if any, on state of accounting records, systems and controls, which may enhance the efficiency of the organization/ office inspected in terms of better Internal Control System.

4.40.3 Extent & Scope of Internal Audit of Centrally Sponsored Schemes: The extent and scope of internal audit of Centrally Sponsored Schemes is given below. These ceilings are only indicative, the Director of Audit, GNCT of Delhi is free to modify the range area and scope of internal audit as he may feel be necessary.

- a. Purchases: Below Rs. 1 lakh- 20% and 100% above Rs. 1 Lakh.
- b. Accounts: 100% vouching of cash payment vouchers, bank adjustment vouchers.
- c. Cheque Payments: All cheque payments must be vouched to cover 50% of the transactions in each of the months selected.

4.40.3 A list of the cases audited should be mentioned in the report. In the case of "Accounts" (vouching of cash, bank and transfer entry), the name of the months for which vouching has been reviewed shall be mentioned in the report.

4.40.4 Compliance of Previous Report: The IA team will ensure that the compliance report on audit observations pointed out in the earlier reports has been made and corrective action taken wherever necessary.

4.40.5 Finalization of Report: The IA team should discuss results of audit with the officer incharge of scheme implementation and important observations should be brought to his notice for taking timely corrective action. The reports should be prepared after duly taking into account the facts brought out in the discussion. The report should be couched in polite language, offensive or strong words, sarcastic language etc. should on no account figure in the report: No suppositions, assumptions or allegations should be included in the report.

4.40.6 Submission of Internal Audit Report: The Internal Audit reports for Centrally Sponsored Schemes should be submitted in three copies to the HQ who will send two hard copies and a soft copy (electronic copy) of the report to the Head of the Scheme Implementation Unit.

CHECK-LIST: EXTENT AND NATURE OF CHECKS

1. All requisite account records are maintained in the prescribed forms, and the accounts are compiled accurately and in correct manner.
2. Payments are made in accordance with the rules and orders governing them and the arithmetical calculation are correct.
3. Last claims of Govt. Servants are correctly paid and overpayment if any, dealt with promptly to regularize the same.
4. Recoveries / deductions made from the bills are in order.
5. Pay fixations are correct.
6. All payments and receipts are duly accounted for.
7. All transactions are accounted for under the correct head of account and the classification is checked by the JAO/AO to the extent prescribed. NO unauthorized Head of Account operated in the classified Abstract / consolidated Abstract.
8. Various broadsheets, objection books and calendar of returns are maintained properly; the broadsheets are closed regularly every month, and the difference between broadsheet and ledger figures analyzed and step taken to clear expeditiously.
9. The balances outstanding under various Debt Deposit Suspense and Remittance heads are reviewed at periodical intervals and steps taken to clear the same as expeditiously as possible.
10. Interest wherever required has been correctly calculated and accounted for.
11. GPF /CPF accounts are maintained properly and agreed by maintaining the prescribed broadsheets. No missing debits/ credits and un-posted items are kept outstanding for unduly long period and the annual accounts are closed and statement of accounts issued by the due date.
12. Foreign Service contributions, wherever necessary are recovered correctly and in time.
13. Loan and advances and grants-in-aid are correctly paid and overpayments if any, brought to the notice of concerned authorities for appropriate action.
14. Receipt Scrolls/payment scrolls with challans and paid cheques are received in time from the banks, checked properly as per instructions and the discrepancies, if any, pointed out promptly.
15. Payments made by the cheque drawing DDOs are in accordance with the rules and order governing them, their arithmetical calculation are correct and the recoveries/deductions made from bills are in order; the list of payments

accompanied by the paid vouchers are sent by them as per instruction to the concerned PAO by the prescribed dates and properly accounted for by the PAO.

16. The Accounts of receipts realized and remitted by the DDO with duplicate copies of challans are received from them and checked properly with the bank scrolls.
17. The instructions regarding reconciliation of figures under the heads Public Sector Bank suspense and RB Deposits are duly followed.
18. The instructions regarding reconciliation of expenditure and revenue receipt figures are followed.
19. There is no undue delay in the finalization of pension cases.
20. The instructions for maintenance of cash book, contingent register, stock and stores accounts, log books and other accounts records are duly observed.
21. Purchases are made as per as rules and orders governing them, where lowest quotations are not accepted, the reasons therefore are recorded.
22. Verification of the extent and frequency of control and checks exercised by the head of office in order to locate any lacunae in procedures whereby frauds or defalcations may be possible either individually or in collusion. Where necessary steps to remove such lacunae may be suggested.
23. Scrutiny of sanctions and purchase procedures in the office inspected, so as to ensure that they are free from any defect or lacunae.

## CHAPTER -5

### INTERNAL AUDIT OF SPECIFIC OFFICES

#### 5.1 Departmentalized Pay & Accounts Offices

5.1.1 The detailed procedure for IA of the record of the various offices, which are of a general nature and the essential checks to be exercised in such cases have been discussed in Chapter IV. However, there are some offices of the GNCT, Delhi, which require special treatment while conducting IA.

5.1.2 While conducting the audit of these specific offices, the IA teams should carry out checks as outlined in the successive paragraphs of this chapter in addition to the checks suggested in preceding chapter.

5.1.3 PAO under the Departmentalized System of Accounting is the substitute for erstwhile office of the Accountant General for the concerned department. The PAOs are playing multiple role of accounting, recording and reporting of receipts and expenditure to the senior management. Besides, it has been vested with the important responsibility of carrying out pre-check of expenditure in accordance with rules and regulations. The role and scope of IA team's work is therefore enlarged manifold.

5.1.4 In view of the significant role played by a PAO, it is desirable that the members of IA team assigned the task of auditing a PAO are knowledgeable, experienced and skilled. Given below are the guidelines for auditing the general records and special records of a PAO in Table-5.1 and 5.2 respectively.

Table 5.1

#### CHECK-LIST: AUDIT OF RECORDS OF PAY & ACCOUNTS OFFICE

1. All accounts necessary records are maintained in the prescribed forms, and the accounts are compiled accurately and in correct manner.
2. Payments are made in accordance with the rules, and orders governing them and the arithmetical calculations are correct.
3. Last claims of government servants are correctly paid and over payments, if any, brought to the notice of concerned DDO for appropriate action.
4. Recoveries/ deductions made from the bills are in order.
5. Pay fixations are correct.
6. All payments and receipts are duly accounted for.
7. All transactions are accounted for under the heads of account and the classification is checked by the JAO/AAO/IO to the extent prescribed. No unauthorized head of accounts is operated in the classified Abstract/ Consolidated Abstract.



8. All Broadsheets and Objection Books etc. are maintained properly; the broadsheets are closed regularly every month, and the difference between broadsheets and ledger figures analysed and steps taken to clear them expeditiously.
9. The balances outstanding under various debt, deposits, suspense and remittance heads are reviewed at periodical intervals and steps taken to clear the same as expeditiously as possible.
10. Interest wherever required has been correctly calculated and accounted for.
11. GPF/CPF accounts are maintained, properly and agreed by maintaining the prescribed broadsheets; no missing debits/ credits and un-posted items are kept outstanding for unduly long periods and the annual accounts are closed and statement of accounts issued by the due dates.
12. Foreign Service contributions, wherever necessary, are recovered correctly.
13. Loans and advances and grants-in-aid are correctly paid and over-payments, if any, brought to the notice of concerned DDO for appropriate action.
14. Receipt scrolls/ payment scroll with challans and paid cheques are received in time from the primary bank branches, checked properly as per instructions and the discrepancies, if any, pointed out promptly.
15. In the case of payments made by cheque-drawing DDOs, the lists of payments accompanied by paid vouchers are received every week by the prescribed dates from them, checked and properly accounted for.
16. The instructions regarding reconciliation of figures under the heads of Public Sector Bank Suspense and Deposits are duly followed.
17. The instructions regarding reconciliation of expenditure and revenue receipt figures are followed.
18. There is no undue delay in the finalization of pension cases.

Table- 5.2

CHECK-LIST: AUDIT OF SPECIAL RECORDS OF PAY & ACCOUNTS OFFICE

1. Contingent Bills & Objection Book( CAM 26):
  - a. As per Rule 118 of Receipt & Payment rules, on no account may an abstract contingent bill be en-cashed without the certificate that the detailed contingent bills have been submitted to the controlling officer in respect of abstract contingent bills drawn during the month previous to that in which the bill in question is prepared for payment.
  - b. It is to be seen that the advances paid on Abstract Contingent Bills are adjusted within a month and that monthly closing of the Objection Book is being done.
  - c. All expenditure is covered by fund provided for and sanctioned by the competent authority.
2. Cheques & Bills (CAM 15, AO's Check Register):
  - a. As per para 2.6.4 of CAM, 'Accounts Officer's Check Register' in Form CAM 15 is to be maintained personally by the PAO showing the total daily issues and encashment of cheques and the balance of unpaid cheques at the end of each month which should be compared with the total of the cheques outstanding as per the list of outstanding cheques.
  - b. The balance outstanding at the end of each month should be independently tallied with the amount outstanding under the suspense head "PAO Cheques".
3. Date- wise Monthly Statement: The DMS received from the bank on monthly basis is to be checked with reference to the total daily scrolls received by the PAO.
4. Put- Through Statement: The correctness of the amount put through by the RBI CAS Nagpur to the accredited bank is to be verified and amounts of less/ excess put through by the RBI is to be reconciled.
5. Deposit Accounts (Form CAM 63): The broadsheets of Civil Deposits are to be maintained by the PAO in which the details of the amounts deposited on various account is to be entered.
6. Register of Lapsed Deposits (From CAM 63-A): The Register of Lapsed Deposits is to be maintained by the PAO in which the details of amounts lying unclaimed for more than 3 years and lapses to Govt. is to be entered.
7. Broadsheet of Long Term Advances (From CAM-30): The broadsheets of long term advances like HBA, MCA, OMCA, Computer Advance etc. are to be maintained by the PAO in which details of advance paid and recovery of the advance and interest thereon is to be watched.
8. The broadsheets are to be closed and squared and the progressive balances tallied with those of the DDSR Heads Ledger.

9. GPF Broadsheets and ledger (From CAM 47 to 48): GPF ledger in form CAM 47 and broadsheet in form CAM 48 are to be maintained by the PAOs in respect of other than Group D. DDO- wise Broadsheet of Group 'D' GPF Accounts is to be maintained and annual reconciliation of debit and credit statement should be made with all the DDOs.
10. Register of Valuables ( Form CAM 16): All the valuables viz. cheques/ demand drafts received by the PAO from other offices are to be entered in this register and encashment of the said instruments is to be watched in this Register and delay in encashment of the valuables is to be taken up with the bank and other higher authorities.
11. Register of PSB & RB Suspense ( Form CAM-17): The Register of PSB Suspense/ RB Suspense is to be maintained to record the total of each day's payments and receipts as per the scrolls received from the bank and cross tally the total debits/ credits with the Date- wise Monthly Statement.
12. Register of Permanent Advances (Form CAM 61): The PAO has to keep the details of the permanent advances granted to Officers of the Department including the PAO and obtain the acknowledgements of the amounts from the Officers in the 1<sup>st</sup> week of April each year.
13. Cash Book (GAR-3): The Cash book is to be maintained to account for the receipt and disbursement of cash. Physical verification of the Cash in the chest as against the details of Cash Book is to be done at the end of each month and a certificate to the effect recorded therein.
14. DCRG Register: This Register is to be maintained by the PAO and details of payments of Death/ Retirement Gratuity and Immediate Relief to family of deceased Govt. servants are to be entered.
15. Revenue Refunds: Bills for Refund of Revenue should be presented by the DDO to the PAO who will verify the same against the original credits as per records before making payment.
16. DDSR Heads Ledger & Annual Review of Balances (CAM-40): It should be seen that the DDR Heads ledger in prescribed Form CAM- 40 is maintained properly by all the PAO and that Annual Review of the balances under DDSR Heads is furnished to the Pr. AO for consolidation and forwarding to CGA within the prescribed time limits.

5.1.5 It is responsibility of the Internal Audit Party to verify during inspection of the Pay and Accounts Offices that all the instructions issued by the Ministry of Finance in the Civil Account Manual are complied with. Non observance of instructions given in the CAM should be brought to the notice of Directorate of Audit, GNCT, Delhi for necessary action.

5.1.6 Internal Audit of the office of the Controller of Accounts, GNCT of Delhi: The CA, GNCT, Delhi has been declared as Head of the Department of the Accounting Organization of the GNCT. All the administrative functions pertaining to the Accounts Staff are performed by the CA.

5.1.7 The Pr. AO under the over all supervision of the CA, GNCT, Delhi coordinates the work and activities of the PAOs affiliated to different departments. Given below are the guidelines for the audit of Pr. AO.

Table -5. 3
CHECK-LIST: SPECIAL FEATURES OF SCRUTINY OF Pr. PAO
<ol style="list-style-type: none"> <li>1. Month-wise and PAO wise Register of amount put through in Part-I (Form CAM-69) and in Part-II (Form CAM-70) is maintained.</li> <li>2. PAO-wise (separately for Debit &amp; Credit) Broadsheet of PSB in Form CAM-72 is maintained.</li> <li>3. Age- wise analysis of outstanding balances under PSB Suspense in Form CAM-26 (Abstract) has been worked out.</li> <li>4. Details of amount of balance adopted/ transferred if any on proforma basis (Sector-wise i.e. E, F, I, J, K, L &amp;M) under DDSR Heads (closed to balances) as indicated in relevant columns of CAM-41, Computation of Govt. A/c Sector-wise i.e. A, B, C, D, G &amp; H is done in CAM -42 and summary of balances comprising of Sector-wise balances under CAM 41 &amp; 42 is prepared in CAM-43.</li> <li>5. Whether Assets Register in Form D-4 has been maintained (As per Rule 6 of FRBM).</li> <li>6. Whether Age-wise analysis of outstanding balance under PAO Suspense are being maintained in the Broadsheet/ Register.</li> <li>7. Whether TE Register/ JE Register has been maintained in Form CAM-34 and CAM-35.</li> <li>8. A record of investments made by GNCT of Delhi in statutory corporation, Public Sector Companies or Joint Company, Cooperative Bank and societies has been kept in Register of Investments (Form CAM-60) and receipt of dividend/ interest is noted in this register.</li> <li>9. Loans to State Govt. Undertakings/ Autonomous Bodies: Loan to these bodies is recorded in the Loan Register in CAM-29 showing all the conditions attached to the loan.</li> <li>10. Details of Grants-in-Aid: All details of Grants-in-Aid issued are kept in the Register of Grants-in-aid in Form CAM-28 and the details of payment/ receipt of Utilization Certificates etc. have been noted down in the register.</li> <li>11. Appropriation Account for Each Grant/ Appropriation: Head-wise Accounts of the Ministry/ Department is prepared in prescribed form and strictly according to nomenclature/ lettering up to sub-head level.</li> <li>12. Grant Statement (Stage-I) of Appropriation Account: Total Grant (O+S+R) is indicated in Col. 1 &amp; 2. Expenditure in Head-wise appropriation account (Stage-II) is indicated in Col.3 and variation is excess/ saving is shown in Col.4.</li> </ol>

### 13. Reconciliation of Accounts

- a. Monthly total under Col. 5 & Col 11 of CAM 17-A is tallied and reconciled with the monthly report submitted by RBI CAS Nagpur.
  - b. Monthly Reconciliation analysis in Form CAM-68 in respect of all PAOs has been done.
  - c. Item-wise and PAO- wise details of outstanding balances as per CAM-68 and CAM-71 should tally with the balance worked out in PSB Suspense Broadsheet.
  - d. The receipt of statement of monthly reconciliation in Form CAM-71 is being watched.
  - e. Whether the Principal Accounts Office obtains necessary Certificates, in suitable format from PAOs to the effect that the correctness of the accounts figures revealed in the Consolidated Abstract Report/ Contact Report No.5 made available by the Pr. AO has been verified.
  - f. That reconciliation of accounts figures maintained in PAO with those maintained by each CDDO / NCDDO has been carried out.
  - g. A broadsheet in Form CAM-59 is maintained Major/ Minor head- wise (separately for debit and credit) and reconciliation of payments and recoveries of the loans arising during each month with Accounts figures is done.
14. Returns: Whether a certificate to the effect that Grant- wise, category- wise and Major Head wise figures of each PAO have been compared with Proof sheet is attached while sending the monthly account.
15. A certificate signed by Pr. A.O. indicating that the figures for the quarter have been tallied with PAO's to ensure accurate classification below Major Head Level.
16. A list of PAO, which has been excluded from Monthly Accounts is prepared, otherwise NIL statement is attached with the Monthly Accounts.

5.1.8 General Provident Fund Ledgers: Maintaining GPF accounts properly is an important responsibility of a PAO since any shortcoming in this regard affects the morale of the staff apart from possible loss to the government servant and the government as well. Following table gives the check-list for the IA team while looking in to GPF issues.

Table -5.4

CHECK-LIST FOR SCRUTINIZING PROVIDENT FUND RECORDS

1. Special accounts records maintained in Provident Fund Section i.e. General Index Register, Register of nominations, general ledgers, register of assigned policies should be checked to see that these have been properly maintained and posting in the ledger is up-to-date.
2. All cases of final payments of Provident Fund in the month selected for detailed audit should be checked to ensure that the payments, including bonus and interest etc., have been made correctly.
3. It must be seen that Provident Fund broadsheet is closed in time and maintained properly, that totals of debits/ credits agree with the total amount of booked by compilation, squaring up of the broadsheet(s) at the end of each year has been done and tallied with the total figures under concerned head of account at the close of the financial year.
4. It must be seen that the issue of annual statements to the subscriber is not delayed.
5. It should be seen that missing credits/ debits pertaining to pre-departmentalization period have since been adjusted/ are being adjusted and whether action to reduce the number of missing credits/ debits has been taken up with the DDO.
6. Interest calculation may also be checked in a few cases with reference to rates for a particular year.
7. Whether any effort to clear the un-posted items and crediting to the subscribers accounts have been made by the PAO.
8. That the physical verification of nominations and policies financed from GPF has been conducted.
9. That the periodical review of all the ledgers have been conducted with the intention that all the accounts are checked within a period of three years.
10. That the reasons for non-recovery of GPF contribution and refund of GPF advances etc., have been indicated in the ledger wherein the contributions were not received.
11. That the transfer entry of interest and bonus has been incorporated in the same financial year.
12. That the broadsheet of Group 'D' employees is maintained DDO-wise and totals agree with that booked by compilation section and also are being tallied with the quarterly statements of debits/ credits received from the DDO.
13. That the balances carried forward in case of each subscriber in the broadsheet has been attested by the AAO/JAO.

14. That a certificate from the respective Heads of Offices regarding issuance of statements to all concerned has been received.
15. Normally there should not be any missing credits/ debits in the post-departmentalization period. Internal Audit should monitor these cases and facts of such missing credits/ debits should be reported with complete details pointing out the reasons which gave rise to such omissions.
16. When a subscription is made for the first time or a revised rate is adopted, it should be seen that the amount of subscription is within the minimum and maximum limits prescribed under the relevant rules of the fund.
17. Payments made on account of GPF Link Insurance Scheme for the selected month should be checked with reference to orders on the subject.

## 5.2 Audit of Stores & Stock Records

5.2.1 Purpose of Audit: The audit of expenditure of money spent on the purchase of stores cannot itself be a complete audit of final application of the money without the audit of disposal of stores. The audit of stores accounts shall, therefore, be directed to ascertaining that the departmental regulations governing purchase, receipt and issue, custody, condemnation, sale and stock taking of stores are well devised and properly carried out. Important deficiencies in quantities of stores held or any grave defects in the system of control detected in audit are brought to the notice of the Chief Accounting Authority.

5.2.2 Principles and Procedures of IA: The general and essential principles in accordance with which such accounts are to be kept are laid down in Rules 135 to 162 of the GFRs. It should also examine records pertaining to dead stock such as plant, machinery, equipment furniture, fixture etc. and other Records.

5.2.3 Scrutiny of Stock Books (Non Consumable Stores): The principal points to be looked into in auditing the stock books of non-consumable store are that:

- a. The stock books are maintained in the form prescribed by competent authority.
- b. The pages of the stock books are machine numbered and a certificate of page count is recorded therein by a responsible officer.
- c. The closing balances of previous year have not been tampered with and carried over to the current year.
- d. All stores when received are examined, counted measured or weighed as the case may be, before delivery is taken and care entered in the appropriate stock register after verifying that the quantities are correct, their quality is good and they are according to the specification, where prescribed.
- e. Full particulars of all stock articles are entered in the stock registers as are sufficient to identify the articles.

- f. The articles of a similar description such as tables, durries, carpets etc. are put into separate categories, each category comprising articles of the same measurement make and manufacture with the same metal or wood of other material.
- g. Distribution of various items of stock as shown in the stock register compares well with the inventories of stock maintained by the corresponding officers of sections.
- h. For all stores transferred to other offices there are proper acknowledgements in support thereof.
- i. Where according to the rules made by competent authority, articles of dead stock are lent to local bodies, contractors or others on hire charges as determined under the rules are recovered regularly.
- j. Balances of articles are not held in excess of the requirements of a reasonable period or in excess of any prescribed maximum limit.
- k. Excess noticed in the course of physical verification are brought to account immediately so that the store account may represent the true state of the stores.
- l. Shortages and damages as well as unserviceable stores are reported immediately and investigated and written off, where necessary by the competent authority. Pending write off the item in question should not be removed from the stock register.
- m. Stores found surplus, obsolete or unserviceable in the course of inspection are declared as such and ordered to be disposed of by an authority competent to do so in indication the manner of disposal. Proper records for all such stores are also maintained for watching disposal thereof and that there has been no undue delay in their disposal in the manner stipulated by the competent authority.
- n. When the stores found surplus, obsolete or unserviceable are disposed off, the instruction laid down in Govt. of India decisions below Rule 197 of the General Financial Rules are followed.
- o. Account of stores in all cases are subjected to internal check as may be prescribed by competent authority whether or not they are subjected to audit by an audit officer.
- p. Totals and closing balances have been correctly worked out and there are no erasing/ overwriting and Stores acquired/ purchased are utilized within reasonable time as for the purpose for which they are purchased/ acquired.

5.2.5 Scrutiny of Stock Accounts (Consumable Stores): The stock accounts of consumable stores is also subjected to same audit checks are applied in the audit of stock books of non consumable stores as detailed in the preceding para. In addition it should be seen that:

- a. All issues of stores are supported by requisitions and indents in the form prescribed by competent authority and duly approved by the authorized indenting officers.
- b. All stores are issued under the orders of the officer-in-charge of stores.



- c. Written acknowledgements are obtained from the person to whom the stores are ordered to be delivered or from his duly authorized agent
- d. Where a scale has been prescribed by Government or other authority of issue of stores the same has not been exceeded.

### 5.3 Directorate for the Welfare of SC & ST etc.

5.3.1 A number of schemes sponsored by the Central Govt. and Govt. of NCT OF Delhi are being run by the Directorate to provide financial assistance/ Grant-in-aid/ subsidy/ Awards to Scheduled Castes/ Scheduled Tribes/ Other backward classes / Minorities of resident of Delhi. Some of such schemes sponsored by the Central Govt. and Govt. of NCT OF Delhi are as per Annexure-1 to this chapter.

5.3.2 While checking the account of various schemes, audit should ensure:

- a. Whether the beneficiary satisfies all the conditions laid down in the scheme for grant of subsidy/scholarship /loan etc.
- b. Whether the grant-in-aid/ subsidy/scholarship /loan was utilized for the purpose it was given.
- c. Whether proper acquittance had been obtained and kept on record.
- d. Whether the conditions laid down in the scheme regarding mode of payments etc. were fulfilled.
- e. Whether the beneficiary is making the repayment of loan timely as per scheme. In case there is default in repayment the necessary action has been taken for recovery of outstanding loan

### 5.4 National Cadet Corps

5.4.1 The NCC Directorate undertakes two types of activities viz. core activities and ceremonial activities:

- a. Core Activities:
  - i. Training Camps
  - ii. National Integration Camps
  - iii. Trekking and Mountaineering Expedition
  - iv. Adventure Training
  - v. Youth Exchange Programme
  - vi. Sports Training
  - vii. Cultural Activities and
  - viii. Community Development.
- b. Ceremonial Activities:
  - i. Prime Minister's Rally
  - ii. NCC Games

- iii. Flag Hoisting Ceremony at Red Fort
- iv. NCC Day Ceremonies: Independence Day March, Republic Day March etc.

5.4.2 The documents to be scrutinized by the IA team are:

- a. Supply Orders.
- b. Contractors Bills.
- c. Payments Receipt.
- d. Arrival/ Departure Reports.
- e. Daily Ration Strength.
- f. Cash Book.
- g. Daily Messing Expenditure Statements.
- h. Camp Store Ledger
- i. Register of Security Deposits.
- j. Attendance Register.
- k. Stock Book.
- l. Camp POL Account including Mileage Cards/ Car Diaries.
- m. Register of Hired Transport.
- n. Telephone Calls
- o. Rent Register and
- p. Muster Roll of Camp Staff.

5.4.3 It should be ensured that the sanction of competent authority has been obtained for incurring expenditure as per guidelines of GFR. Proper records of expenditure incurred are maintained and any lapse with regards to non observance of the instructions should be highlighted in reports.

## 5.5 Department of Social Welfare

5.6.1 The Department is responsible for providing training, financial assistance and implementing various welfare schemes for the welfare of destitute, deprived, and other vulnerable section of the society. These services are provided through a number of institutional and non institutional programmes. The department is monitoring the following schemes.

Table- 5.5

SCHEMES/ WORKS BEING UNDERTAKEN BY  
DEPARTMENT OF SOCIAL WELFARE

1. Welfare of Persons with Disability
2. Social Security and Social Assistance
3. Institutional and non- institutional care for socially disadvantaged and differently disabled (Mentally Challenged Children & Adults)
4. Relief & Rehabilitation of Physically & mentally handicapped and disabled persons.
5. Financial Assistance Schemes for old & infirm and persons with disability
6. Research, evaluation and training in welfare programmes.
7. Prohibition and Prevention of drug abuse schemes relation to disables, leprosy patients, beggars etc.
8. Participation of Voluntary Sector in welfare programmes.
9. Rehabilitation Schemes, Programmes & Centers in respect of old age, disabled, leprosy affected persons etc.
10. Sheltered Workshops
11. Training-cum-production centers.
12. Prevention, treatment and rehabilitation of beggars, including leprosy affected persons.
13. Welfare schemes for De-notified Tribes.
14. Medical Care for disable, beggars and leprosy affected persons.
15. Probation, Welfare and Correctional Services.
16. Welfare Services & Schemes for prisoners
17. Imparting education to Blind, Deaf & Dumb and Disabled persons
18. Reconciliation-cum-Guidance.
19. Care, Protection and Welfare Schemes for Senior Citizens and
20. Receiving cum Classification Centers for Beggars

5.5.2 During audit IA should see that:

- a. The expenditure has been approved by the Competent Authority.
- b. Proper records of expenditure incurred have been maintained.
- c. The total amount collected from beggars on their admission in the Receiving cum Classification Centre on a particular day has been correctly recorded in the CB and this amount matches with details entered in the JT Register.
- d. The payments shown in the JT Cash Book agrees with the particulars of payments as noted in the JT Register.
- e. The periodical reconciliation between the total amount lying as outstanding the JT Register and the balance of cash in hand has been done.
- f. Each entry in the JT Register and the CB has been authenticated by proper attestation.
- g. Physical verification of cash has been done at the close to each month.
- h. The JT money has been refunded to the beggars only after receipt of court's order releasing them and
- i. No refunds have been charged in the JT CB in respect of beggars shown in the attendance register as 'escaped or died'. The attendance register should for that matter be subjected to a detailed scrutiny.

5.5.3 Financial Assistance: It should be seen that the Financial Assistance as applicable has been given only to those NGOs/institution who fulfilled the criteria / condition for granting the individual Financial Assistance Schemes.

5.5.4 Grant in Aid to Voluntary Organization: it should be seen that the Grant in Aid has been given only to those voluntary organization who fulfilled the criteria / condition for granting the Grant in Aid.

## 5.6 Department of Women and Child Development

5.6.1 This department has been carved out of Department of Social Welfare w.e.f. 14.11.2007 vide Notification No. F55/09/2007/GAD/CN/4323-4433 dated 7.11.2007. Broadly, the Department is responsible for monitoring of the Schemes given in the Table-5.6 below.

Table -5.6	
SCHEMES/ WORK BEING UNDERTAKEN BY DEPARTMENT OF WOMEN AND CHILD WELFARE	
1.	Women and Child Development
2.	Institutional and non-institutional care of women and children
3.	Maternity Benefits

4. Juvenile Justice, Delinquency
5. Child Right, Child Care and Child Protection.
6. Adoption
7. Foster Care Services.
8. Research, Evaluation and Training of Development of programmes relating to Women and Children
9. Participation of Voluntary Sector for the development of women Children.
10. Integrated Child Development Scheme and Projects.
11. Anti-dowry Programme.
12. Stree- Shakti and Gender Resource Center, women Empowerment issues.
13. Financial Assistance Scheme for Welfare of Women & Children.
14. Prohibition and prevention of drug abuse schemes relating to women & child.
15. Rehabilitation Schemes, Programmes & Centers in respect of women & child.
16. Probation, Welfare and Correctional Services.
17. Day Care Centers & Services and
18. Reconciliation-cum-Guidance.

5.6.2 The activities of this Department have increased manifold as may be seen in the table above. Therefore a check-list is given in Table-5.7 for the guidance of the IA team.

Table-5.7 CHECK-LIST: SCRUTINIZING THE ACTIVITIES OF WOMEN AND CHILD WELFARE DEPARTMENT
<p>General Instructions:</p> <ol style="list-style-type: none"> <li>1. The expenditure has been approved by the Competent Authority.</li> <li>2. Proper records have been maintained of the expenditure incurred.</li> </ol>
<p>Training-cum-Production Centers:</p> <ol style="list-style-type: none"> <li>1. All ordered received in writing from various departments have been entered in the job register giving full particulars regarding nature of the work, the quantity of articles for which the order has been received etc. and</li> </ol>

that the date of completion of the job is noted properly.

2. The challans have been prepared and issued to the party concerned at the time of handing over the printed/ manufacture/ tailored articles and that the party's acknowledgement in token of having received the material has been obtained on the office copy of the challan.
3. The bills of completed jobs have been prepared in accordance with the prescribed rates and sent to concerned department for obtaining payment.
4. On receipt of payment, a note to that effect is kept in the bill register against the relevant entry, a receipt in Form GAR-6 A is issued in respect of each payment and all such receipts are properly accounted for in CB under proper attestation.
5. The raw materials have been consumed as per the scales laid down for different jobs undertaken as shown in the bill register.
6. The wastage was not allowed in excess of the prescribed scales.
7. The payments in respect of bill prepared as noted in the bill register have been received and in case of outstanding bills, parties are being constantly reminded. In case the number of outstanding bills heavy, this fact may be reported in IA report to attract the attention of higher authorities.
8. The particulars of work shown as done in the Piece Wage Bill of worker agrees with the particulars available in the bill register on the basis of which the bill was submitted to the party.
9. Proper acquittance of the wages paid to the workers has been obtained and kept on record. The stipend has been paid only for the days of actual attendance and for that matter the attendance register should be subjected to scrutiny.

A proper account of articles manufactured / tailored/ printed by trainee's inter-alia showing therein their disposal by way of sales or transfer to other Institutions of Delhi Administration has been properly maintained.

#### Integrated Child Development Scheme:

1. While auditing a Children Homes, IA team should see that it the dietary articles issued are in accordance with the laid down scales and that the daily diet has been issued only for the number of children shown as present in the attendance register.
2. The sale proceeds in respect of finished goods in so far as the scheme of Functional Literacy is concerned is properly accounted for.
3. In case of Day Care Center or Creches, it should be seen that the fee charged from the parents is as per income group applicable from time to time.

## 5.7 District Jails

5.7.1. The IA team while visiting the District Jails and the Jail Hospitals may look in to the following:

### 5.7.2 Prisoners Welfare Fund:

- a. Record is maintained about the sealing of the wooden box of the welfare fund under the signatures of all the members of the executive committee of the prisoner's welfare fund
- b. It is opened on the first of every month in the presence of at least two/ three members of the committee.
- c. The cash collected from the box is handed over to the treasurer for being credited to the personal ledger account of the prisoner welfare fund opened in the name of the superintendent of the jai by keeping a subsidiary accounts separate from other accounts.
- d. Proper accounts of the receipts and expenditure are maintained by the treasurer and checked by the secretary of the executive committee.
- e. The accounts of the prisoner welfare fund would comprise of cash book ledger, receipt book and ledger, contingent register, vouchers and minute books.
- f. The transactions of receipts and expenditures are entered in the relevant register immediately as soon as they take place and vouchers duly defaced are filed in a separate file kept for the purpose.
- g. The CB should be checked in detail and is signed by the secretary whenever there is a fresh entry in the cash book.
- h. The chairman of the committee should conduct the physical verification of the cash in hand and balance in the passbook. He should also check the vouchers to ensure about the correctness of the accounts maintained by the treasurer. He should record a certificate of such verification in the relevant register under his own signatures in token of conducting such physical verification.
- i. The superintendent of prisons would submit a half yearly report to the DIG prisons indicating the activities, the balance of the fund along with the details of disbursement.

5.7.3 Utilization of Welfare Fund: It should be ensured that the fund is utilized for carrying out the following activities of the Welfare fund:

- a. Aid to prisoners in the various items of collective welfare activities in the jail during the period of imprisonment, such as educational, recreational, vocational etc.
- b. Aid to deserving prisoners in shape of money grants; and

- c. Aid to individual prisoners for equipment for trade or clothing at the time of release.

#### 5.7.4 Register of Under Trial Convicts/ Civil Prisoners:

- a. A register of prisoners admitted the details of all property of a convict / under trial or civil prisoners taken from him or delivered with him on admission into jail received afterwards on his accounts entered in the register maintained for this purpose in Form No. 2.
- b. A book showing when each prisoner is to be released.
- c. A punishment book for the entry of the punishment on prisoners for prison offences.
- d. A Visitors Book for the entry of and observations made by the visitors touching any matters connected with the administration of the prison.
- e. A record of the money and other articles taken from prisoners and all other records as prescribed under rules of the jail manuals.
- f. The cash/ property items has been passed on to the cashier/ officer authorized for the same and proper acquittance taken from them and kept on record.
- g. The register in from No. 19 containing inter-alia information regarding prisoner's cash property and civil prisoner's diet money.
- h. Prisoners fine paid by them at the jail
- i. Miscellaneous receipt ie. search money sale of unserviceable articles should be checked to see that all moneys, the property of a prisoner, fines collected and diet money in respect of Civil prisoners etc. have been duly accounted for. The payees' receipt in support of payments made should also be seen to ensure that payments have correctly been entered and accounts properly balanced.
- j. Cash/ property items taken from under trials have been duly accounted for in the register maintained for the purpose. And when, on release, these items are returned, proper acquittance has been obtained and kept on record.

#### 5.7.5 Prisoners' Diet and Clothing:

- a. The audit should ensure that the dietary articles namely viz. cereals, dal, vegetables, tea or mid day meal i.e. parched or boiled gram tea supplied to various categories of prisoners as per the scale prescribed by the competent authority. The maximum loss of cleaning and winning various grains and pulses etc. within the permissible limits.
- b. The changes of any class of dietary items prescribed by the Medical Officer are approved by the Inspector General (Prisons).
- c. The clothing and bedding for used by the prisoners are supplied by the jail as per the order of superintendent as per the dress code approved by the competent authority.

#### 5.7.6 Factory Accounts:

- a. The prisoners are engaged to perform labour as may be necessary for the conduct of internal management and domestic economy of the jail or to meet any call of emergency. Accordingly the labour to which a convict may be put is of three classes,



namely- hard labour, medium labour and light labour. The jail factory undertakes manufacturing activities like- carpentry, bakery, paper making, weaving, printing and other miscellaneous work like 'namkeen' preparation.

- b. All accounts relating to jail manufacture are kept by the responsible officer of the jail under the supervision of the factory manager or Deputy Superintendent.
- c. Manufacturing CB (Register No. 44): In that all moneys received by way draws on abstract bills of sale proceeds of articles sold or advanced received for supply of finished goods and disbursement / payments made for purpose of material, tools etc. or sale proceeds paid to the cashier have been properly accounted for. Each entry of the receipts / payments should be checked with reference to receipts / issue vouchers obtained.
- d. The balance of CB has been worked out daily and details have been given in red ink at the close of the days as transactions payable to the cashier and available for expenditure
- e. The sale proceeds of goods have been deposited with the cashier as frequently as possible and have not been utilized for any other purpose.
- f. The balance of cash in hand tally with the balance shown in the cash book and the name has been verified by the Deputy Superintendent Jail as well as by the Superintendent Jail daily.

#### 5.7.7 Register of Manufacturing Contingencies (No. 45):

- a. A memo has been prepared to show the progressive totals up to date
- b. The cost of all the supplies made for the maintenance of own other jails has been reduced and those received from other departments / jails added to this progressive totals.
- c. Another memo has also been prepared to show the details of expenditure under different heads of manufacturing carried out in the jails inter-alia showing therein progressive totals of cash profits.

#### 5.7.8 Registers of Receipts and Issue of Raw materials (No. 46):

- a. The articles of every nature paid or not have been entered as and when received.
- b. All the articles issued from stocks have been entered at the time of issue and losses if any by accident or theft have also been shown therein.
- c. The accounts for each month have been closed under the last entry for the month.
- d. Other charges such as railway freight have not been shown therein.

#### 5.7.9 Stock Register of raw material (No. 47 and 47A):

- a. Each article had been allotted a separate page folio and the entries as taken from the register No. 45 and 46 have also been arranged under there appropriate heads. Value of the stores has been entered and the same tallies with the entries shown in the register No. 45.

- b. The incidental charges such as freight have been noted under the articles to which they pertain.
- c. All charges have been classified and entered under the articles to which they pertain. Charges for which classification is not available and not possible have been shown under miscellaneous heads.
- d. The value of article issued from the stock have been entered once a month only for the total quantity issued under each head.
- e. All articles received from the stocks for the manufacturing goods have been entered in the register.

#### 5.7.10 Stock / Sale Book of Manufactured goods (NO. 48 and 48A):

- a. All manufactured articles all sales whether cash or credit as well as articles supplied for the maintenance of manufacturing department of any jail or consumed in the process of manufacturing are entered in the register.
- b. Cases of articles sold or supplied within the jail for its maintenance for more or less than the value originally put upon them, the necessary addition or deductions have been made in the amount shown as value on the receipt side and the excess or deficit shown in the column 'difference from estimated value' on the expenditure side. In case of loss or destroy articles a note of the circumstances has been made in the register under the initials of the superintendent.
- c. All the finished goods, when returned to the stores have been noted in the appropriate column with the actual weight. Further the actual and not the average losses of scrap etc. have also been noted and same is not more than the permissible scale in any case.
- d. The daily balances have been struck.
- e. At the close of each month the total of raw material received, goods manufactured as well as losses have been given and balances struck.
- f. At the end of each month the Deputy Superintendent, Jails has certified that finished goods and stores correspondent with register no. 48, 48A and the balances shown in the register agree with the actual balance as in the process of manufacturing.
- g. The Superintendent of jails has periodically but not less than once in a three months, personally has satisfied himself that the register is correctly kept, the balance shown tally with the actual stock in process of manufacturing and that the loss is actual and not as per scale.
- h. All misc. articles which have been consumed in manufacturing have also been entered in the register under the appropriate heads.
- i. The register has been checked by the Deputy Superintendent of Jails frequently.

#### 5.7.11 Register of Outstanding Balances (No. 51):

- a. Every bill sent to the party for the articles supplied have been entered in this register and a proper watch is kept to ensure that payment in respect of bills prepared have been received. Bills remaining outstanding at the end of the month are carried forward and totals of such bills appear at the end of the month.
- b. Charge of material for manufacturing raw materials for manufacture shall be under the charge of a responsible officers, who shall issue each morning what is required for the days work and received into store in the evening the materials which has been not used up. He shall, as far as possible has satisfied himself that there is no wastage of material, but this shall not relieved the factory manager or DSJ as the case may be, of the responsibility for the safe custody and proper disposal of the manufacture stores.
- c. Responsible officer to keep manufactory account- All accounts relating to jail manufacture shall be kept by a responsible official under the supervision of factory manager or DSJ.

#### 5.8 Jail Hospitals

5.8.1 Besides normal checks suggested in this manual the IA team should also see that:

- a. The stock register of medicines are properly maintained.
- b. The medical officer's recommendations are available, where the patients are sent to outside Hospital for treatment.
- c. The taxi charges for taking the patient to outside Hospital have been claimed only after the competent medical authority of the Jail Hospital has certified that such patients should be taken to State Hospitals, situated outside the Jail for treatment.
- d. The recommendations of medical officers are on record, where special diet has been given to the convict / under trials.

#### 5.9 Directorate of Training & Technical Education

5.9.1 Background: Directorate of Training and Technical Education is entrusted with the responsibility of providing trained technical manpower for the technological up gradation of industrial production, services, productivity and innovation, contributing to the planned growth of the country's economy. With a view to achieving the above objective, Department strives for systematic planning, development, implementation, monitoring and evaluation of programmes and policies relating to technical/vocational education.

5.9.2 As per allocation of Business Rules, Directorate of Training & Technical Education monitoring the following subjects/units.

- a. Technical Education and Training
- b. College of Art
- c. Delhi College of Engineering

- d. College of Pharmacy
- e. Netaji Subhas Institute of Technology (Delhi Institute of Technology)
- f. Polytechnics
- g. Industrial Training Institute
- h. Regulation & control of private technical education institutions
- i. Board of Technical Education
- j. Industrial Apprenticeship.

5.9.3 Sale of Prospectus: During internal inspection following may be ensured by the IA team that copies of prospectus from the head office has properly been accounted for in the stock register and the money realized on account of sale of such forms has correctly been accounted for in the main Cash Book after issuing a receipt in form GAR-6.

5.9.4 Caution Money Receipts, Refund, Forfeiture & Transfer to Lapsed Deposits:

- i. The caution money has been kept intact.
- ii. Any recoveries from the trainees that may be necessary on account of damage to or loss of tools and equipment has been made in cash or by other means.
- iii. Utilization of Caution Money has been resorted to only in those cases where a trainee or is leaving an institute and is otherwise unable to pay.
- iv. The caution money deposited by the trainees of the ITI/ ITC has been refunded to them as soon as they complete the institutional training and handed over the tools and other articles entrusted to them.
- v. A certificate from the instructor concerned to the effect that no article belonging to the institute/ centre has been left with the trainees, has, however, been produced by them along with the application for the refund of the cautions money.
- vi. Both the caution money deposited by the trainees have been refunded to them in the event of their discharge from the institute/hostel on any ground.
- vii. All deposits have been refunded normally on satisfactory completion of the institutional training.
- viii. All balances unclaimed for more than three complete account years from the date they first become repayable, at the close of March in each year have been credited to government as unclaimed deposits under appropriate Head of Account and a note to the effect has also been made in the caution money register.

- ix. Caution money has been forfeited in the case of trainees who discontinue their training after one month of commencement of training and has been deposited in government account after making endorsement to this effect in the caution money register.
- x. The money realized on account of caution money has correctly been accounted for in the caution money register and then in the personal ledger accounts, Cash Book. The entries made in these documents have been attested by the competent authority. The refunds have been under the orders of the competent authority and noted in the caution money register under appropriate column, a proper acquaintance of the recipient has been kept on record.

#### 5.9.5 Stipend

- a. The stipend has been sanctioned under the appropriate order of the selection committee on the basis of merit.
- b. Monthly stipend paid to the individual student is in accordance with the attendance of that student during a particular month wise payment has properly been entered in the stipend register so as to avoid any possibility of double payment to any student.
- c. Proper acquaintance of the beneficiary is kept on record.
- d. Stipend has been granted to trainees only after the aptitude tests are over and decision taken regarding the discharge of supernumeraries.
- e. The award of stipend has been finalized with in a period of about three months of the start of session.

#### 5.9.6 Stock Register:

- a. The receipts of articles of stores have properly been accounted for in the stock registers of the central stores, the issues made out of the same, on the basis of indents have been correctly taken on the receipt side of the Process Register of the shop concerned and the entries made in those two documents correspond with each other.
- b. The quantity of scrap as shown in the register of consumption of Training Material has been properly and correctly transferred to the Central Store and the latter has accounted for the same in their stock register, the Central store has disposed off the scrap the rough sale in the prescribed way and the amount so realized has correctly been deposited with the cashier for onward credit of the same to Govt. account.
- c. The finished goods prepared in the shop viz. Tailoring etc. have been transferred to Central stores and the latter has properly accounted for the same in the register of Finished Goods, the amount realized on account of sale of these goods against issue of TR.5 has correctly been deposited in the Govt. Main Cash Book.
- d. The wastage of material during processing is in accordance with the scales prescribed.

5.9.7 Recurring Expenditure-Diploma Courses: The IA will check to verify the correctness of expenditure as per norms as laid down by All India Council for Technical Education for Diploma Courses.

#### 5.10 Development Department

5.10.1 Background: The main objective of the Development Department is to provide multifarious services to the farmers viz. provisions of better scientific techniques / technology inputs, distribution of subsidy, testing of samples of water and soil, augmenting, irrigation facilities, distribution of fertilizer/ manure on nominal rates, treatment (Indoor/ OPD) in various veterinary dispensaries of ailing animals, supply of medicine, vaccine etc.

5.10.2 Latest technical know how is also provided to persons belonging to SC/ST and General community in Poultry Farming. SC/ST participants are also provided stipend at completion of Training. Lastly development of fisheries activities viz. providing the technical know-how for fish-culture, issue of fishing licence and supply of quality-strained fish seeds to the fish farmers/ fisherman, are also given.

5.10.3 Grant of NOC for electric connection to tube-well for agriculture purposes, construction/ repair of Panchayat Ghars/ Chaupals for SC's /Wells in rural areas are activities which also fall within the ambit of this Department.

5.10.4 The development department consists of the following units:

- a. Horticulture Unit
- b. Fisheries unit
- c. Agriculture unit
- d. Animal Husbandry unit
- e. Plant protection unit
- f. Seed certification Agency unit
- g. Integrated Agriculture Development Programme Unit.
- h. Department of Rural Development.

5.10.5 The IA Team should carry out internal audit of the Development Department in line with all other departments. It may be seen that proper records have been maintained for receipt of fee and that proper receipts have been issued against the fee received.

5.10.6 IA team must see that the amount of fee has been entered in the CB and has been deposited. However following specific points may be looked in to while auditing the Department.

#### 5.10.7 Horticulture Unit:

- a. Technical know-how to the farmers/ kitchen gardener in rural/ urban areas in GNCT of Delhi is being provided
- b. to provide the technical know-how and vegetable seeds, fertilizers/ organic manure, insecticides etc are being provided to the farmers and growers of floriculture crops.
- c. Horticulture/ floriculture inputs like seeds, decorated & ornamental plants/ seedling, bulbs of pulp plants.
- d. Horticulture/ floriculture training to the Govt. Servant & unemployed youths.
- e. Subsidy on erection of poly green houses, net sheds and installation of drip irrigation systems.

#### 5.10.8 Fisheries Unit:

- a. Technical now how for fish culture ( Unit is providing technical know-how to fish farmers free of cost).
- b. Issue of fishing licences for Yamuna water.
- c. Supply of quality strained fish seed
- d. The fish seed procured from various agencies have properly been accounted for in the stock register and the same when sold later on, was correctly accounted for in the Fisheries Income Register and in the Main Cash Book.
- e. Recreation activities to sports lovers: The annual licence fee for cast-net and angling/ daily license fee for angling is charged according to prescribed rates and the receipt in lieu thereof has been issued. The fee charged has correctly been accounted for in the Fisheries income Register and the Cash book.
- f. Auction of Water Rights: The rights were auctioned by the duly constituted Committee appointed for the purpose the amount realized through GAR 6 A was correct and the same was duly accounted for in the Fisheries Income Register and the Main Cash Book.
- g. Penalty: Receipt in Form GAR 6 A is issued for the amounts realized on account of penalties imposed. The same has been accounted for correctly in the Fisheries income Register and Main Cash Book.
- h. A periodical reconciliation statement has been prepared with reference to amount realized as per Fisheries Income Register and amount credited in the Cash Book.

#### 5.10.9 Agriculture Unit:

- a. Enforcement of fertilizer control order, issue of licences to dealers, farmers, co-operative societies etc.
- b. Distribution of store bins to SC/ST landless farmers and agriculture labour.

- c. Subsidized supply of sludge manure to all farmers.
- d. Providing technical know how on crops, vegetables, fruits and flower under farm advisory services and training programme.
- e. Technical know how on worm compost production technique and organic farming.
- f. Sale of worm compost to the farmers at cheaper rates.

#### 5.10.10 Animal Husbandry Unit:

- a. Treatment of all types of sick animals.
- b. Specialized treatment facilities in the discipline of surgery, medicine, gynecology and bacteriology.
- c. Diseases diagnosis facility through different laboratory tests.
- d. Free prophylactic vaccination of livestock against contagious diseases like H.S (Galghontu) & F.M.D (muh-khor)
- e. Prophylactic vaccination of canines against Rabies, Distemper, Hepatitis Leptosporiosis, Parvo etc.
- f. Free artificial insemination with frozen semen in cows and buffaloes.
- g. X-ray facilities of V.P.C Bawana and V.H. Nangloi for large and small animals at V.H. Tishazari for small animals only.
- h. To provide technical opinion in veterolegal cases.
- i. Training to SC/ST candidates and unemployed youth in modern poultry farming
- j. Guidance to farmers for rearing animals like cattle, buffalo, horse, camels, sheep, goat, pig, poultry units.

#### 5.10.11 Treatment of Sick Animal (Foot and Mouth Diseases):

- a. The amounts realized in cash by the doctors at subsidized rates (50%) of the cost of treatment are properly accounted for in the medical register and receipt in form GAR-6 has been issued.
- b. Laboratory Tests: The fee charged for issuing veterinary health certificate in lieu of testing the frozen meat for export is in accordance with the prescribed rates and a GAR-6 is issued for such realizations.
- c. Central Stores: The articles procured in the central stores have properly been accounted for in the stock register and their issues regulated as per the prescribed rules.

#### 5.10.12 Plant Protection Unit:

- a. Ensure enforcement of Insecticide Act, 1968 and rule 1971. Samples of insecticide, herbicide and pesticide are taken and analyzed through notified laboratories and tested for quality.



- b. Prosecution is launched against persons dealing in sub-standard misbranded goods in the court of law.
- c. Issue of licence: The licences are issued, for the sale & stock of the pesticides/ herbicides/ weedicides, pest control and house holds dealers and manufactures of Delhi as per insecticide Act, 1968 and rule 1971.

#### 5.10.13 Seed Certification Agency Unit:

- a. Registration of programme for seed certification
- b. Appeal against the decision of Seed Certification Officer on rejection.
- c. Revalidation of Seeds.
- d. Although the subsidiary records are maintained for all these activities yet the financial transactions of all such activities are reflected in the main cash book and hence while auditing the main cash book, audit of subsidiary records becomes necessary.
- e. That the application register has properly been maintained and that the bill register contains all the relevant information regarding submission of bills, payment received through cash/cheque, number and date of GAR-6 A issued and the details of outstanding bills, proper action is being taken to get the outstanding bills cleared as early as possible.
- f. The fee has been realized as per prescribed rates and all such realization has correctly been accounted for in the main cash book with reference to application/ bill registers and TR5.
- g. The cost of tags issued to the seed producers is correctly realized and the same tallied with the number of tags issued as per stock register maintained by the Inspectors are submitting periodical returns to the office regarding the number of tags issued, number of tags on stock and the amount realized by them for tags issued the amount thus realized in correctly credited in the main cash book.

#### 5.10.14 Soil Testing Lab:

- a. That the Lab is providing soil and water sample testing facility to the soil testing lab farmers of Delhi along with the balanced doses of fertilizer / manure.
- b. That the Lab is conducting free field demonstration on soil testing basis guiding on input of Gypsum, Zinc, Green Manure, Seed and organic manure.
- c. That the test fee in respect of soil and water sample testing and prescribed fee to conduct D/plot etc. have been accounted for, taken into Cash Book and deposited in Bank in well in time.

#### 5.10.15 Integrated Agriculture Development Programme Unit: The Unit carries out enforcement of Seed Act, 1956 & Seed Control Order, 1983 covering:

- i. Grant of Seed license.
- ii. Change of Name / Address

- iii. Renewal of Seed licence.
- iv. Appeal against the decision of licensing authority.

5.10.16 The IA team should see that:

- a. proper records have been maintained for receipt of fee
- b. Proper receipts has been issued against the fee received
- c. The amount of fee has been properly accounted for by entering into the Cash Book
- d. The same has been deposited well in time.

5.11 Department of Rural Development

5.11.1 Background: Rural Development Unit aims to create infrastructural facilities in rural area including the construction of link road, Approach Roads, Drainage, Pounds, Parks, Vyayamshala, Playgrounds and Cremation Grounds and to provide basic facilities to the people of Rural Villages etc.

5.11.2 The audit should see that:

- a. The record for receipt and refund of security deposit, hiring charges of the premises and license fee for allotment of Multi Purpose Community Centers (MPCC) on rental basis have been maintained properly and in prescribed forms.
- b. There is no undue delay in refund of Security Deposit
- c. The amounts received on account of Security Deposit, hiring charges and license fee have been accounted for into Govt. account and deposited into Bank well in time.

5.12 Urban Development

5.12.1 The Urban Development Department of the GNCT of Delhi is concerned with matters relating to Water Supply, Sewage Disposal & Sanitation, Urban Poverty Alleviation and various Municipal Services. The major initiatives of UD Department are given below:

- a. Jawahar Lal Nehru National Urban Renewal Mission (JNNURM)
- b. Commonwealth Games (CG)
- c. Delhi Jal Board (DJB)
- d. Tran Yamuna Area Development Board (TYADB)
- e. MLA Fund (Annexure-2 to this chapter refers)
- f. Urban Poverty Alleviation Cell
- g. MCD
- h. NDMC

5.12.2 While auditing the UD Department usual/ general checks may be exercised as in respect of other DDOs. However the IA team may put added focus on the following points:

- a. The implementing agencies/ departments have ensured that all predatory steps have been taken as per the established procedure and work order has been issued with in a period of maximum 60 days after the funds have been released by the Urban Development Department to them.
- b. The works pertain to the concerned MLA constituency have been executed in / on property belonging to the government / local body for public purpose only and not a private purpose.
- c. The local bodies/ departments have certified that the works executed under the scheme have not been covered and implemented under any of there approved plan scheme and also the "MP Local Area Development Scheme" to avoid any duplication both in physical and financial terms.
- d. If, for any reason the concerned local body/ department/ agency have been unable to take up any work suggested by the MLA, a report in this regard has been sent to the Pr. Secretary (UD) .
- e. In case of change in the MLA, for whatever reason it may be, the following principles would have been followed, as far as possible in execution of works:
  - i. If the work identified by the predecessor MLA was under execution, that should have been completed.
  - ii. If the work identified by the predecessor MLA was pending sanctioned due to administrative reason beyond a period of 45 days from the date on which advice was received for taking up the work, that would also been executed, provided the work was otherwise as per norms.
  - iii. If the predecessor MLA had identified the work, but that was not taken up for execution because of reasons other than those mentioned in the preceding sub-para that could have been executed subject to the confirmation by the successor MLA.

### 5.13 Food and Supply Department

5.13.1 Background: The Department of Food supplies and consumer affairs undertakes the following activities:

- a. Public Distribution System (PDS) of essential commodities with a view to maintain and secure equitable distribution and availability of Specified Food Articles at Fair Prices Shops by enforcing Essential Commodities Act, 1955 and various Control Orders.
- b. Consumer Affairs for protection of the interest of consumers' State and District Commission for the redressal of consumer disputes under the Consumer Protection Act, 1986.
- c. Enforcement of the standards of Weight and Measures Act, 1976 and Weight and Measures (Enforcement) Act, 1985 and rules made there under.

During the audit of the department the IA team should ensure that:

#### 5.13.2 Security Deposits:

- a. Security deposits by the Fair Price shop owners/licencees have been made in accordance with the operation policy as envisaged in the relevant control order and that the same has been entered in the 'security Register' and the security has been got extended from the Fair Price shop owners.

- b. The return of security has been made in pursuance of order of competent authority and proper acknowledgement of such refund is kept on record.

5.13.3 Licence Fee: The same has been realized from the licenses kerosene, coal as per the prescribed scale given in the control order of the policy and that a proper receipt (GAR-6) in token of having received the fee has been issued and that the amount has correctly been deposited with the cashier.

Note: While exercising the above checks audit should consult the relevant files of licence fee/ deposits penalties etc.

5.13.4 Fine and Penalties: The fines/ penalties imposed have been realized correctly and deposited with the cashier and that receipts in form GAR-6 have been issued for such realizations.

5.13.5 Other Cash Realization: The stock register of saleable form is being maintained properly and that money received by the FSO on account of sale of forms, issue of ration cards /duplicate ration cards addition & deletion in ration cards have properly been accounted for and deposited with the cashier correctly.

#### 5.14 Industries Department

5.14.1 Background: The primary functions of Industries Department are:

- a. Grant small scale registration to the unit proposed to be set up (or already set up in Delhi).
- b. To provide financial support, technical support, institutional support & infrastructural support for the overall growth of small scale industries in Delhi.
- c. To discharge the statutory functions under the transaction of business rules of GNCT of Delhi.
- d. To implement, monitor and control the Centrally Sponsored Schemes.
- e. To perform the duties of nodal agency/ nodal authority/ nodal officer on behalf of State Government for various statutory orders issued by Central Government.
- f. To monitor and collect the data of growth in terms of productions, exports and employment in small scale industries sector of Delhi.
- g. To promote, encourage and to develop environment friendly small scale industries in Delhi.
- h. To formulate the policies for regularization & promotion for the overall functioning of the small scale sector.

5.14.2 Scrutiny by IA Team: During the internal audit IA team should see that:

- a. Sale of Forms for Registration:
  - i. That the Registration forms received from the Govt. of India, press have properly been accounted for in the Central Stock Register.
  - ii. That the issue of the forms to the Registration branch by the Central Stock is properly accounted for as receipts by the Registration branch and that the number of forms issued by the Central Stock agrees with Registration Branch.
  - iii. That the issue of forms by the Registration Branch tally with the receipts of the same in the sale point register.

- iv. That amount realized on account of sale agrees with the amount shown in the GAR- 6 issued in token of sale.
- v. That the total sum realized has correctly been accounted for in the Cash Book.

b. Sale of Plots:

- i. That the plots for industrial purpose have been sold on lease basis as per prescribed rates and that the lease money has been realized yearly.
- ii. That in case of defaulters a list is prepared periodically and sent to District Collection Officer for effecting recovery and the required follow up action at the end of Directorate of Industries, is being taken in the matter.
- iii. That the sale price of the plots have been deposited either through cheque or bank draft by the purchaser and the same has been entered in the relevant ledger.
- iv. That the interest is being charged from the defaulter as per the prescribed rates and
- v. That the negotiable document i.e. cheque. Draft etc. received from the purchasers have been deposited in the banks through challans and accounts reconciled with the Pay and Accounts Office periodically.

c. Flatted Factory:

- i. That the monthly prescribed rent is being charged from the occupants.
- ii. That the relevant entry of realization of monthly rent is made in the ledger account.
- iii. That in case the rent is realized by the Estate Manager; the same is sent to the Head Quarter's Office monthly along with the list of total realization made during the month.
- iv. That proper and suitable action has been taken against the defaulters.
- v. That periodical reconciliation is carried out with the Pay and Accounts Office.

5.14.3 Modernization of Handloom in Co-operative Societies: That loans/ grants in aid has been given as per the prescribed scales and utilization certificate has been obtained and kept on records.

5.14.4 Recovery of Loan:

- a. That loan ledger register has been operated loanee-wise.
- b. That all payments charged in the Govt. cash book maintained by the DDO on account of payments of loans to the different units, have properly and correctly been accounted for in the ledger account of the loanee.
- c. That the yearly installments along with the interest therein have correctly been realized on due date and penal interest as per prescribed rates has been charged from the defaulters.
- d. That loan utilization certificate has been obtained and kept on records.

- e. That rebate on the interest of loans wherever admissible, has been allowed as per prescribed rates.
- f. That list of defaulters has been prepared annually and sent to District Collection Officer for effecting recoveries and that the matter has properly been pursued by the Directorate of Industries.
- g. That the calculation in the interest sheets prepared at the time of finalization of accounts is correct.
- h. That monthly reconciliation of the amount of total recoveries effected during a month as incorporated in the ledger accounts has been made with the Pay and Accounts Office.

5.14.5. Grant in Aid/ Subsidies: That various grants in aid/ subsidies given by the Commissioner of Industries to the various Institutions were in accordance with the prescribed rules and sanctioned quarterly when the beneficiary fulfilled the prescribed conditions.

5.14.6 Conversion of Built up Industrial Shed /Plot from Lease Hold to Fee Hold: Sale of Brochure: that total sum realized on account of sale of Brochure has been correctly accounted for and conversion charges @33.5% over and above the normal charges has been recovered from the last power of attorney holder (Original allottee is entitled for 40% rebate in conversion amount.)

#### 5.15 Rehabilitation Services

5.15.1 Background: Rehabilitation Services to provide Vocational Training to the widows of partition period. Simultaneously, Training Institutes were created to provide training under Cutting, Tailoring & Embroidery to the girls. The Director of Social Welfare is also the Head of Department of Rehabilitation Services. The Department of Rehabilitation Services was transferred to Delhi Administration i.e. Govt. of NCT of Delhi in 1974.

5.15.2 At present 16 Training-cum-Production Centers are working under Rehabilitation Services to provide training to women and girls from neglected and weaker strata of the society. In the TCPC of Rehabilitation Services training in stitching, tailoring and embroidery is being given to the girls. In these training centers one year Diploma Course and One year ITI certificate course are offered to girls and also girls may attend non-diploma course to learn stitching and tailoring for their domestic requirements.

5.15.3 Two year Diploma course is a Teacher Training Certificate course in cutting, tailoring and embroidery, method of teaching, drawing & designing. A certificate is being awarded by the Department of Rehabilitation Services.

5.15.4 Scrutiny by IA Team: In view of the above, apart from the general checks the IA team should see that:

- a. The fee received in respect of ITI course in Cutting and Tailoring (one year), Diploma (one year), Non-Diploma (short period) and one year diploma (Teacher Training Course) etc. has been accounted for into government account and deposited timely into the banks.
- b. The pension is being paid to the eligible widows and inhabitants of Kasturaba Niketan, Lajpat Nagar.

- c. The accounts are reconciled with the concerned Pay and Accounts Office and the accounts are properly maintained in prescribed forms.

## 5.16 Registrar of Chit Funds

5.16.1 Background: With the enactment of Chit Fund Act 1982 and Delhi Chit Funds Rules 2007, IA team should ensure that following steps have been completed by an organization /company for commencement or conducting of a chit Fund.

5.16.2 The IA team should in to the following:

- a. Whether the application in Form CF-I submitted for obtaining previous sanction under Section 4 of the Chit Funds Act 1982 and Rule 3 of Delhi Chit Funds Rules, 2007 is accompanied by:
  - i. A cash receipt of fees of Rs.100
  - ii. Security as per Section 20 (1) (a) i.e. 50% of the chit amount deposited in FDR in name of Registrar, Chit Fund, New Delhi Account with the name of company from any approved Bank and 50% of the chit amount in form of Bank Guarantee.
  - iii. A certified copy of resolution passed by the Managing Committee /Board of Directors for commencing /conducting the chit group and authorizing one of the directors /functionaries to file /execute documents with the Office of the Registrar, Chit Fund
  - iv. A copy of Memorandum and Articles of Association of the Company
  - v. A copy of bye-laws framed under the Chit Fund Act, 1982 and rules framed there under.
- b. Whether the application in Form CF-II submitted for registration of chit agreement is accompanied by:
  - i. Chit Agreements, in duplicate, duly affixed with adhesive stamp of Rs.5 on both copies and stamped by the collector, Stamps, Delhi, under Section 7 of the Chit Funds Act 1982 and Rule 6 of Delhi Chit Fund Rule, 2007 duly signed by the Foreman and the every subscriber.
  - ii. Non-judicial stamp papers worth one percent of chit amount purchased in favour of company.
  - iii. The list of subscribers in duplicate containing their names, names of their father/husband, complete address, PAN of subscribers in case the monthly subscription of the chit is Rs.10,000 or more and Affidavit in the prescribed proforma.
- c. Whether a declaration in Form VI, along with court fee stamp of Rs, 5 has been filed by the Foreman in accordance with the provisions of sub-section (1) of Section 9 of the Chit Funds Act, 1982 and Rule 12 of Delhi Chit Fund Rules 2007 confirming that all tickets specified in the Chit Agreement has been subscribed has been submitted with in the period of three months from the date of the registration of the chit.
- d. Whether the security register containing particulars of deposits received with application for registration of the by-laws of a chit is being maintained properly

- e. Whether a true copy of the minutes of the proceedings of every draw certified by the Foreman, affixed with court fee stamp of Rs.5 has been filled with the Registrar with in 21 days from the date of draw to which relates
- f. Whether a true copy of each entry relating to the removal of defaulting subscriber under sub section (3) of section 28 of the Chit Funds Act, 1982 along with court fee stamp of Rs.5 has been filled with the Registrar with in 14 days from the date of such removal.
- g. Whether a true copy of each entry relating to the substitution of defaulting subscriber under sub section (2) of section 29 of the Chit Funds Act, 1982 along with court fee stamp of Rs.5 has been filled with the Registrar with in 14 days from the date of such substitution.
- h. Whether a true copy of each entry relating to relating to transfer of non-prized subscriber's rights under section 37 of the Chit Funds Act, 1982 along with court fee stamp of Rs.5 has been filled with the Registrar with in 14 days within the date of making such entry in the books of the chit.
- i. Whether the security register containing particulars of deposits received with application for registration of the by-laws of a chit is being maintained properly.
- j. Whether the penalty/ penalties for violation of Act and Rules has been levied and recovered correctly.

#### 5.17 Police

Note: As of now internal audit of Delhi Police is carried out by the IA team of the department in place of Directorate of Audit of GNCT of Delhi. This Manual therefore does not carry specific guidelines for the internal audit of the Police Depart.



A. Schemes Sponsored by the Government of India

1. Implementation of the Protection Civil Rights Act, 1955 and SC/ST (Prevention of Atrocities) Act, 1989.
2. Coaching and allied assistance for weaker sections including Scheduled Castes/ Other backward classes / Minorities.
3. Merit-Cum-Mean based scholarship for students belonging to the Minority Communities (Students pursuing technical or professional Course at under graduate /post graduate level).
4. Post metric scholarship for students belonging to the Minority Communities (Students pursuing higher education, from class xi to PhD and technical and vocational Course of xi and xii).
5. Incentive for Inter-Caste-Marriage.

B. Schemes sponsored by the GNCT of Delhi

1. Free supply of stationery to SC / ST/ OBC / Minorities students in schools
2. Merit scholarship to SC / ST/ OBC / Minorities (VI to VIII)
3. Merit scholarship to SC / ST/ OBC / Minorities class IX TO XII
4. Merit scholarship to college/professional institution students SC/ST/OBC/ Minorities/EDS
5. Vocational and Technical scholarship to SC/ST/OBC/ Minorities Students receiving education in various ITI Being run by GNCT of Delhi.
6. Dr, BR Ambedkar State Award to SC/ S T/OBC /Minorities Topper students.
7. Reimbursement of tuition fee SC students in public school
8. Hostel for SC/ST/OBC boys
9. Hostel for SC/ST/OBC Girls students.
10. Pre-Exam Coaching for ST students.
11. Housing subsidy for Scheduled Castes for Rural and Urban areas
12. 9 b. Improvement of living conditions of SC.
13. Dr. Ambedkar Ratan Award
14. Improvement of SC Basties
15. Construction and Improvement of Dhobi Ghats.
16. Payment of Development charges to Electric distribution co. for electric connection for residential plot allotted to Scheduled Castes under 20 points programme.
17. Education loan to Govt. servant for their children study.
18. Composite loan up to Rs.1 lakh for self employment to SC/S T/OBC/ Minorities
19. Loan for self employment up to Rs.5 lakh for big business to SC/ST/OBC/ Minorities
20. Loan for purchasing Light Commercial Vehicle

BROAD CATEGORIES OF ELIGIBLE SCHEMES UNDER  
DELHI MLA LOCAL AREA DEVELOPMENT SCHEME

A. Broad categories of works that can be taken up under MLA-LAD, DELHI

1. Construction of school buildings.
2. Construction of community halls/ Barat Ghars/ Chaupals, other durable assets for public use on public/ government land.
3. Construction of sub-ways wherever found technically land.
4. Hostels specially for working women or school girls.
5. Public libraries.
6. Construction of culverts, foot-bridges/ bridges.
7. Public toilets at different locations.
8. Sports Complexes.
9. Crematoriums or development of burial grounds.
10. Construction of tube-well and water tanks for providing drinking water to the people in villages, town or cities or execution of other works which may help in this respect.
11. Construction of roads and drains including part roads, approach roads, link road as per approved lay-outs.
12. Sanitation.
13. Development of parks (except earth filling, planting of sapling, apply of compost manure)
14. Computer to schools.
15. Street lighting.
16. Provisions of common services/ community services including maintenance of group toilets, courtyard and common path and similar other services in privately owned katra subject to the stipulations that no ceiling on individual works or on total quantum of works per MLA will be imposed.
17. Bus Stop and Bus 'Q' Shelter.
18. Garbage collection Centre like one's in NDMC area.
19. Solar Traffic Lights.
20. Rain Water Harvesting in government and public buildings and places including buildings and places of Local Bodies.
21. Rain Water Harvesting in government and public buildings and places including buildings and places of Local Bodies.
22. Relief to the victims of Natural Disaster/ National Calamity declared by the Govt. The funds shall be released to the concerned Relief.
23. Commissioner/ District Authorities engaged in rehabilitation work and / or towards procurement of relief material. (As per limit fixed for the year 2004-05).

B. The following categories of works not allowed under MLA-LAD, DELHI

1. Office buildings, residential buildings and other buildings relating to Central or State Governments, Departments, Agencies and Organizations.
2. Works pertaining to commercial organizations, trusts, registered societies, private institution or co-operative institutions.
3. Grants and loans.
4. Memorials or memorial buildings.
5. Purchase of inventory or stock of any type.
6. Acquisition of land or any compensation for land acquired.
7. Assets for an individual benefit except those which are part of approved Schemes.
8. Place for religious worship.

## CHAPTER - 6

### INTERNAL AUDIT OF PUBLIC WORKS

#### 6.1 Introduction

6.1.1 The responsibility for conducting statutory audit of works accounts of the PWD, Irrigation and Flood Control Divisions of GNCT of Delhi devolves upon Accountant General (Audit), Delhi. The Directorate of Audit, GNCT of Delhi is vested with the responsibility of conducting local audit of the works accounts of these offices.

6.1.2 Local Audit of the Works Divisions is conducted with the objective of:

- a. Carrying out test audit of works accounts- vouchers etc. which are not audited in the accounts offices or cannot be checked completely except in local audit.
- b. To see that the initial account from which the accounts rendered by Divisional Officers are compiled are properly maintained in the prescribed forms and that financial rules and orders are being carried out, and

#### 6.2 Guidelines for Scrutiny of Public Works Records

6.2.1 The primary object of the IA of the PW Divisions/Offices is to ensure, by scrutiny of accounts records, general information obtained by discussions, issue of questionnaire and half margins, whether the initial accounts wherefrom the accounts rendered by the departmental officers are compiled have been properly maintained in the prescribed forms and in accordance with the rules and orders.

6.2.2 The IA team has to ensure that the accounts are current, up to date, that adequate care has been exercised for accuracy over the original records, that the norms of financial propriety have been observed and the targets as envisaged in the budget have been appropriately carried-out/ fulfilled.

6.2.3 While conducting the IA, the Inspecting officer shall also avail of the opportunity of advising the departmental officers/ accountants on matter affecting accounts, budget, financial propriety of transactions and other related matters on which his advice/ assistance may be sought.

6.2.4 The transactions falling in the selected month(s) shall be examined in detail. In addition, one Final bill paid during the period of audit shall be selected for detailed scrutiny by the IO, which shall be checked right from the tender stage. If during the course of IA any extraneous transaction(s) come to his notice, the same shall be scrutinized thoroughly even though the same may not be covered under the selected months(s).

6.2.5 Cases where works have either been discontinued or stopped after incurring substantial expenditure should be investigated to ascertain reasons thereof and to find out if stoppage of work is not due to default on the part of the contractor, in which case it should be examined whether penal action under the relevant clauses of the agreement has been taken.

6.2.6 It should be verified with reference to the bank scrolls whether the money stated to be remitted through the challans has actually been credited to the government account. The remittance particularly of cash remaining unverified in this manner shall be investigated as it might, some times, reveal embezzlement of government money.

### 6.3 Distribution of Work amongst IA Team Members

6.3.1 The detailed distribution of duties in connection with the local audit of Divisions of PWD, Irrigation and Flood Control Department are given in Annexure-1 to this chapter. These records may be allocated amongst the IA team members for scrutiny by the team leader.

### 6.4 Documents to be collected

6.4.1 The IA team should collect the files of the previous Inspection Reports before commencing the internal audit.

6.4.2 Period of Audit: An IA team should conduct a general review of all the accounts records maintained by an office since the last inspection or in case of new units, since the formation of the office. Apart from the general review, it should also conduct a detail check of accounts records of one month in a year to be selected by IO/ DCA (Audit). The percentage of bills/vouchers/ cases etc. other than those pertaining to the accounts of the selected month, which are to be checked in detail, the remaining records will be looked in to as per discretion of the head of the IA team in consultation with DCA (IA).

### 6.5 Extent and Nature of IA

6.5.1 The IA team will carry out the IA of a PW Division as given below:

- a. Detailed scrutiny of accounts records required to be maintained by the CDDO.
- b. Verification of payment and accounting procedures in the departmentalized system of accounts including procedure to be followed by CDDO to see in particular that the scope and extent of pre check and post check by PAO's are adequate and that the procedures for maintenance of provident fund accounts, finalization of pensions cases etc. are being duly observed.
- c. Verification of the extent and frequency of control and checks exercised by the head of office, in order to locate any lacunae in procedures whereby frauds or defalcations may be possible either individually or in collusion. Where necessary, steps to remove such lacunae will be suggested.
- d. Scrutiny of sanctioning and purchase procedures in the office inspected, so as to ensure that they are free from any defect or lacunae.
- e. Checking of procedures in regard to disposal of assets to ensure that there exit adequate scrapping/ condemning procedures.
- f. Scrutiny of general office management procedure adopted by the heads of offices locally where these have financial and accounting implications so as to suggest tightening up administrative and financial control, savings in expenditure and streamlining of account.
- g. That the procedure for maintenance of provident fund accounts of Group 'D' staff are adequate and that procedure for settlement thereof is being observed scrupulously .

6.5.2 Internal audit parties will inter- alia exercise the following checks during inspection of accounts records of the CDDO and Non-CDDO.

- a. All accounts records required to be maintained, are maintained in the prescribed forms.

- b. Payments made by the cheque drawing DDOs are in accordance with the rules and orders governing them, their arithmetical calculations are correct and the recoveries/ deductions made from bills are in order; the list of payments accompanied by paid vouchers are sent every week by them as per instructions to the concerned PAO by the prescribed dates.
- c. The instructions for the maintenance of CBs, contingent register, stock and stores accounts, log books and other accounts records are duly observed.
- d. 'Account Payee' cheques (in favour of government servants and third parties, being payable only to the concerned payees) issued by PAO's after pre check of relevant bills to DDOs are not being entered in the CB maintained by them and that the delivery and acknowledgement of such cheques is being watched through a separate register required to be maintained for the purpose.
- e. Pay fixations are correct.
- f. The weekly accounts of receipts with duplicate copies of challans are being sent to the concerned PAO.
- g. Purchases are made as per rules and orders governing them where lowest quotations are not accepted, the reasons there of are recorded.
- h. All sub-vouchers pertaining to contingent charges not sent to the PAO along with contingent bills are available in office or otherwise in order and have been properly cancelled.
- i. GPF/CPF accounts of Group D employees are maintained properly and
- j. The instructions for processing and submission of pension cases to the concerned PAO are observed.

## 6.6 General Checks for Scrutinizing Receipts

### 6.6.1 The IA team should carry out the following checks while scrutinizing the receipts:

- a. That all revenue or debt to government are correctly and properly assessed, realized and credited.
- b. That adequate regulations and procedure have been prescribed in a Departmental Code/ Manual to secure effective check on collection and accounting of all revenue receipts and funds.
- c. IA to see the nature of checks exercised by the DDO to ensure prompt detection and investigation of irregularities, leakage or loss of revenue due to double refunds, refunds with reference to fraudulent and forged vouchers/ challans or other types of commission in the process of levy/ collection of taxes in ordering refunds.
- d. Money received on behalf of Government has been brought to account in the CB and a receipt in Form-3 issued to the payer. In case of money received in the shape of cheque, final acquittance has been given after its realization. It may be seen that temporary receipt in Form 3-A is given in such cases and on realization same is taken back and final receipt in Form 3 is issued.
- e. That for cheque received for inter-division payment, no receipt is given. In such cases acknowledgement is given in the form prescribed in CGA's OM No. 18(4)/92/TA/237 dated 16.3.1993 and OM No. 18(4)/92/TA/169 dated 23.03.1994 in token of receipt of cheque.

## 6.7 Procedure of Local Audit

6.7.1 IA team will conduct general examination of the initial records of cash and stock, MBs, and detailed accounts of works for the entire period covered by the IA team.

6.7.2 Review the procedure observed by Divisional Accountant in discharging the duties entrusted to him in connection with his audit functions, and the periodical inspections by him of the accounts of Sub Divisional Officers on the spot.

6.7.3 Pay special attention to any arrears of confusion noticed in the account work of the Division and to devise remedies therefore to be applied in consultation with the Divisional Officer and Divisional Accountant, and

6.7.4 See that irregularities brought to notice at the previous Inspection as well as those noticed by the SE or EE at their respective inspections of the division or sub division have been remedied and that the correct procedure is being observed in respect of all matters the procedure relating to which was considered defective previously.

## 6.8 Detailed Audit of Selected Month(s)

6.8.1 The selection of months account to be taken up for detailed audit and major and minor works to be examined in detail shall be intimated to audit party. The information regarding selection should not be disclosed to the office inspected till the inspection work is actually started.

6.8.2 Ordinarily the work to be selected shall be such as has been completed during the financial year in which the Inspection is conducted or the year preceding there to, and preferably final bill in respect of which has been paid. Selection shall, however depend upon the merits of each case.

## 6.9 Check-List for Detailed Scrutiny of Selected Month(s) Account

A Check- list for detailed audit of accounts of the selected month(s) is given in the Table 6.1 below.

TABLE- 6.1 CHECK-LIST FOR DETAILED SCRUTINY OF ACCOUNTS OF SELECTED MONTH(S)	
1.	All invoiced cash and transfer entry charges shown in the schedule dockets shall be checked in detail.
2.	The total amount of such charges agrees with the aggregate total of the vouchers produced for examination. <ol style="list-style-type: none"><li>There is on record a correct voucher in support of each item of expenditure, where a voucher is not required to be sent to the Pay and Accounts Office with the monthly accounts.</li><li>The charge is in order and is traceable in the concerned schedule docket.</li><li>Schedule docket does not contain any item treated as invoiced charge which should not have been so classified.</li><li>The vouchers are checked by the Divisional Accountant at the appropriate time and duly cancelled as required under the rules.</li></ol>

3. Audited Vouchers:

- a. The quantities paid for are traceable with the supporting details in the record of measurements quoted in the vouchers.
- b. In each case the record of measurement itself is in order.
- c. The rates at which several items of work or supply are shown in a voucher were in accordance with the terms and conditions of the relevant agreement, order, etc.
- d. The terms and conditions of the agreement had been duly sanctioned by competent authority before the liability was incurred and that the agreement is in order.

4. Examination of foils of cheques: IA should examine the foils of cheques paid during the selected month with counterfoils, CB and vouchers to see that:

- a. Payments have actually been made to the persons entitled to receive them
- b. The cheques have been drawn in favour of actual payees
- c. The endorsement and acknowledgements of the payees on cheques do not give rise to any suspicion of a fraudulent payment.
- d. Examination of the voucher and transfer entries effecting the stock or works account to see that the charges or credits to those accounts are shown correctly under the appropriate sub-head or suspense account and in the contractors' ledger or materials account concerned.

5. Examination of all Transfer Entries: IA should scrutinize all transfer entries made during the selected month, involving rectification of errors to ensure that such rectification was 'necessary and in order' and that the original error does not disclose a defect in the system of accounting or indicate any financial irregularity.

6. Scrutiny of Stock Accounts of selected month to see that:

- a. They are maintained in accordance with rules and kept up to date.
- b. The quantities of both receipts and issues have been correctly taken into account.
- c. Necessary authority/acknowledgment exists for each receipt/ issue of stores.
- d. Both receipts and issues are correctly valued, and
- e. The issues to works have been charged to appropriate sub-head or suspense accounts and carried to the ledger or materials account concerned.



## 7. Checking of Works Abstracts and Register of Works

- a. That total charges on each work agree with the total of the relevant schedule docket
- b. That the Works Abstracts have been correctly posted into the Register of Works, and that all entries in the Register of Works were reviewed by the Divisional Officer at the proper time.

6.10 Delay in Settlement of Final Bills: These cases shall be investigated to ascertain the causes of delay and in particular to ensure that these are not due to the reason that the final bill indicates minus payments to the contractors as there are large recoveries to be made from the contractors due to:

- a. His having been paid at rates higher than admissible in the running accounts bills
- b. Recoveries for secured advances have not been made.
- c. Recoveries for material issued to him having not been effected from his running payments etc. and
- d. Penal recovery or compensation levied for delay in execution postponed till final bill.

## 6.11 Detailed Audit of Selected Works

6.11.1 Records to be obtained: Among others, the following records/ documents will be obtained from the Divisional Officer before commencing scrutiny:

- a. Detailed technically sanctioned estimate.
- b. NIT as approved, comparative statement, both rejected and accepted tenders, agreement entered into with the successful tenderer.
- c. Papers leading to the scrutiny of the tender, recommendations of the Divisional Officer and decision of the competent authority.
- d. Files relating to the work- both of accounts and correspondence branches.
- e. Office copies of all running bills with relevant MB.
- f. Accounts of materials issued to the contractors and theoretical consumption statement of material used on the work.
- g. Contractor's ledger, Cement Register, CTE's Report, Site Order Book
- h. Statements of extra, substituted and deviated items together with analysis of rates relating to the work.
- i. Inspection reports of SE & CE and AG's relating to the works.
- j. Log-books of machinery lent to the contractor on hire etc.
- k. Any other record needed for examination of final bill.

## 6.12 Check-List for Selected Works

The records relating to the selected work should be examined in detail to scrutinize the points given in the Table 6.2 below.

Table - 6.2  
CHECK-LIST FOR DETAILED SCRUTINY OF SELECTED WORK

1. Scrutiny of Final Works: The examination of selected works should aim at:
  - i. All charges incurred on the works fall within the scope of the work and quantities executed compare reasonably with quantities given in the statement, savings due to abandonment of one more items of work or otherwise have not been utilized for additional work beyond the scope of the original estimate.
  - ii. There have been no material addition and alterations in the sanctioned designs/ scope of work without the sanction of the competent authority,
  - iii. All payments for work done have been made in accordance with the agreement of the work,
  - iv. In case of percentage tender, rates provided for in the contract are in accordance with the schedule of rates and proper analysis of rates have been prepared, if these have not been derived from the SRs, it should be seen that the rates allowed are not detrimental to financial interest of the govt.,
  - v. Quantities of material used on the work compare favourably with the theoretical consumption statement and these do not indicate substantial variation when compared with the actual issues both to the contractor for work or issues direct for work.
2. It should be seen that the accounts reflect accurately actual cost of work done and all recoverable charges have been made good to government.
3. The contractor on whose behalf recoverable charges are incurred does not get the benefit of any concession to which he would have not been entitled to if he had incurred the charges himself, and
4. There has been no irregularity in the upkeep of the accounts including initial records relating thereto.
5. Accepted/ Rejected Tenders and NIT
  - i. It has been prepared properly in accordance with the rules,
  - ii. Is based on sanctioned estimate and analysis of rates exist for all items not derived from the schedule of rates,
  - iii. It has been approved by authority competent to accept tenders,
  - iv. Reasons exist for deviations in description of items of work vis-à-vis sanctioned estimate or approved drawing and designs and these are covered by sanction of competent authority ,
  - v. No condition of the approved N.I.T. is either omitted from the tender or any new condition subsequently incorporated except with the express

- approval of the competent authority in writing and,
- vi. The comparative statement has been correctly prepared incorporating all tenders received and it has been checked and certified by the Divisional Accountant as provided in CPWD Works Manual.

#### 6. Agreements

- i. It has been properly executed and signed by both parties and sealed,
- ii. None of the clauses incorporated therein is ambiguous,
- iii. Contains quantities of the material to be issued to the contractor and rates at which he would be charged.
- iv. The place of delivery is clearly specified.
- v. The agreements are kept in the personal custody of EE/AE. Agreements with architects shall likewise be examined to see, inter-alia, that the terms of payment are not unduly liberal. It shall also be seen whether payment is admissible on each item or only on some specified items.

#### 7. Paid bills

Expenditure incurred on the work shall be checked ab-initio with reference to payment vouchers, stock accounts, transfer entries and the MBs to ensure that:

- i. The measurements have been properly recorded and test checked by superior authorities at appropriate intervals to the prescribed percentage
- ii. Deductions for voids have been made at the prescribed rate from the measurement of boulders, stone metal, manure and good-earth etc.
- iii. Total quantities as worked out in the MB and as abstracted for payment tallies with the quantities actually billed for and there are no discrepancies.
- iv. The rates at which the payment has been made are the same as entered in the contract/ agreement.
- v. The reasons for payment at part rates in running bills, if any, allowed have been recorded and are convincing and do not allow any undue financial benefit to the contractor and the full rates have not been paid for incomplete items of work
- vi. Quantities actually executed do not exceed quantities stipulated in the agreement without valid reasons and these are approved by the competent authority
- vii. In cases of abnormally high or low-rated items quoted by the contractor, the variation between the quantities executed vis-a vis those shown in the agreement are within the permissible limits and excesses, if any, have been approved by the competent authority

- viii. The Contractors Ledger should be checked to see that the debits for the cost of materials issued have been correctly worked out and posted in the ledger. It should also be seen that unless ordered otherwise all recoverable dues are made from each running account bill and that the ledger balances are cleared at the time of finalizing the accounts of a contractor.
- ix. The theoretical data for consumption of materials such as cement etc. should be got worked out on the basis of actual work done and compared with the quantities issued to see that the materials have not been issued in excess of requirement and action has been taken by the Divisional Officer to take back on completion of the work any material found to have been issued in excess of the theoretical requirements in accordance with provision of para 10.3.9 of CPWA Code.

8. Material Recovery Statement: It shall be examined to see that:

- i. The up to date issue of material shown therein is correct and tallies with MAS Accounts.
- ii. The rate or recovery is the same as stipulated in the agreement.
- iii. Materials not stipulated in the agreement are not issued unless specific orders have been obtained from the competent authority and rate of recovery also approved, and
- iv. MAS account is maintained correctly and in accordance with rules.

9. Extra/ Substituted / Deviated Items: These items shall be examined to ensure that:

- i. These have been sanctioned by competent authorities to the extent of delegated powers given to them.
- ii. Reasons as to why these could not be foreseen at the time of preparation of the detailed estimate have been recorded.
- iii. These are not covered by the scope of agreement.
- iv. These have not been provided/ executed merely to provide either financial assistance or avoid loss to contractor due to his having quoted abnormally low rates to tide over difficulty in procuring certain special type of material contemplated in the agreement.
- v. Analysis of rate in respect of all such items has been prepared, where these are not taken from the SRs.
- vi. The percentage above quoted by the contractor is allowed on such items only which have been taken from the SR on the basis of which the detailed estimate has been provided, and
- vii. Where payment in respect of these items is allowed to the contractor in anticipation of the finalization of rates and approval thereof by the competent authority, the rate of provisional payment is not on the high side so as to result in possible overpayment and that over payment, if any, made in the above manner is promptly recovered.

10. Reports on Technical Inspection: The technical inspection reports of the Superior officer shall be gone through to ascertain that:
  - i. The progress of the work from time to time has been satisfactory and
  - ii. The contractor promptly removed defects in the execution of the work. The reports of the CTE shall be seen to ensure that recovery pointed out against the contractors has been made expeditiously.
  
11. Site Order Book and Progress of Work: Site order Book shall be examined to find out that:
  - i. The contractor has been carrying out the work as instructed by the Department and has rectified all defects noticed and pointed out to him.
  - ii. It contains a Note of compliance by the contractor signed by a responsible officer. It shall also be seen that the contractor maintains the progress of work as per time schedule incorporated in the agreement and in case of breach of clause suitable action has been taken against him
  - iii. Where the work can not be carried out according to the approved programme, the contractor has applied for extension of time in the manner laid down and this has been approved by the competent authority, well in time.
  - iv. Cases of unrealistic time limit should be investigated to find out if there has been any financial impact. In the case of residential building the delayed completion might have resulted in loss of revenue due to non occupancy of the quarters.
  - v. The tenders for service should be invited simultaneously with the awarding of building work, so as to ensure that the completion of building synchronizes with that of the services.
  
12. T & P Issued to Contractors: These shall be examined to see that:
  - i. Recoveries of hire charges have been promptly made at stipulated rates,
  - ii. Cost of damages has been correctly assessed and recovered and
  - iii. Where the supply is not stipulated in the agreement, the T& P have been given for bonafide use on the work and recovery has been made at the economic rates approved by the Chief Engineer.
  
13. Checks to be applied to Lump-Sum Contracts
  - i. That the detailed drawings and specifications for the work were ready before tenders were invited
  - ii. That the estimated rates shown in the notice inviting tenders were based on reliable data as computed from the schedule of rates.
  - iii. That the general system of recording certificates for making intermediates and final payments is based on the method laid down by local administration in para 11.2.2 of CPWA code and
  - iv. That extra items were not covered by the scope of the contract.

## 6.13 Scrutiny of Cash Book

6.13.1 The following points are to be borne in mind while conducting audit of CB maintained by Divisional Officer:

- i. That a CB is maintained in the prescribed form i.e. CPWA-I and instructions for maintenance of CB indicated in the CPWA Code and Book of Forms has been observed.
- ii. That the pages of CB are machine numbered and a certificate of count of pages has been recorded on the first page before a CB is brought into use.
- iii. That all monetary transactions have been entered in the CB as soon as, they have occurred and attested by Divisional Officer.
- iv. That the CB is closed regularly and properly checked and that at the end of each month the Divisional Officer has personally verified the cash balance and has recorded a signed and dated certificate to that effect.
- v. That the totals have been checked by a person other than the writer of the CB.
- vi. That surprise physical verification of cash has been conducted at periodical intervals by the Divisional Officer.
- vii. That for every entry there is a voucher setting forth full and clear particulars of the claim and all information, necessary for its proper classification and identification in accounts.
- viii. That amounts received have been paid in full into the bank without undue delay, for credit to Govt. Accounts under proper head.  

Note - The verification of credits of the selected month's receipts should be made with reference to the bank reconciliation statements of receipts prepared by the Divisional Officer.
- ix. That when money is received from the Government servant a receipt in Form CPWA-3 has been issued to the payee. This receipt is to be signed by the Divisional Officer who should satisfy himself at the time of signing the receipt that the amount has been entered in the CB.
- x. That erasure or overwriting of an entry once made in the CB is prohibited. If a mistake is discovered it should be corrected by drawing a line through the incorrect entry and recording the correct entry in red ink between the lines and initialled by the Divisional Officer. If the accounts of the month have been closed no correction of error in amount, classification or name of work should be made in that book but a Transfer Entry should be prepared for the necessary correction. A suitable remark should be recorded against the original erroneous entry in the CB and connected records.
- xi. That adequate security as envisaged in Rule 275 of G.F. Rs. in respect of Cashier has been obtained, accepted by the competent authority and relevant documents kept in the safe custody of the HOO.
- xii. That government money has been kept in strong cash box secured by double lock.
- xiii. That the account payee cheques issued by the PAO/ Cheque drawing DDO in favour of Government servants and third parties, being payable only to the parties, are not entered in the CB. The delivery and acknowledgements of such cheques should however, be watched through a separate register.

- xiv. That there is no delay in making entries of the passed vouchers or adjustment in CB and there is no tendency to keep unduly large cash balance in hand.
- xv. That correction of the entries in the CB for the current month is ensured and it should be seen that the resultant book balances agree in each case with the cash in hand plus the amount of imprest and temporary advances.
- xvi. Pay and allowances of regular establishment entered in main CB are to be carried over to subsidiary CB Form GAR-3. If any amounts remain un-disbursed the same should be noted in the Register of Un-Disbursed Pay and Allowance etc (Form GAR-25).
- xvii. The entries in the CB should be checked with those of Acquaintance Roll, office copies of vouchers and Cheque-Book counterfoils. Besides this the Divisional Officer should maintain a register in form Appendix- 31 of CPWD works Manual in respect of Running Bills of Contractor. All the records are to be authenticated by Divisional Officer.
- xviii. That cuttings, over writings etc. in all records have been authenticated by the Divisional Officer. The Divisional Accountant should affix his dated initial after the last entry of the day's transaction in the Divisional CB in token of check (Paragraph 22.2.2 of CPWA Code.) Carry over of total from one page to another has been done correctly.
- xix. That CB is being balanced on the date prescribed for closing the cash account of the month. When the transactions are numerous, a weekly or daily balance is advisable and cash is counted whenever balance is struck.
- xx. That a certificate to the effect of counting of actual balance in cash chest and agreement of the same with details of closing balance of CB has been recorded in Form 5 and tallies and actual cash in hand on that date has been recorded in the CB and SCB. Closing Balance of SCB agrees with the outstanding amount indicated in the Register of un-disbursed pay and allowances etc.
- xxi. That the cash in chest of main CB and that of SCB should be kept in separate cash chest. The cash chest should be secured by two lock of different pattern.
- xxii. The duplicate key of Divisional chest has been placed in a separate sealed covers and lodged with different officer of higher rank. A duplicate Key Register has been maintained and once a year, in the month of April the keys have been sent, for examined and returned under fresh seal. Note to this effect has been made in the Register of Duplicate Key.
- xxiii. That surprise check of cash in hand of cashier has been done at least once a month. The result of such counting to be recorded in the CB Book showing the date of examination and the amount found.
- xxiv. That each entry of payment/ receipt recorded in the CB has been compared with office copy of vouchers, counterfoil of Receipt Book/ Cheque Book, office copy of challan, Form 51, list of cheques drawn and amount remitted into Bank during the month.
- xxv. That the Divisional Officer cannot incur expenditure more than that of the LOC issued in his favour. Monies realized by him in cash and used for various office expenses out of it have been deposited into the bank at the end of the month by drawing a cheque in his own favour and endorsed by himself with the words 'Received payment by transfer credit to the Public Works Department'.

- xxvi. Imprest: Imprest given to subordinate officer of the Division for day to day petty expenses should be kept as low as possible and should in no case exceed the limit prescribed in Rules. The account of Imprest has been kept in duplicate in Form-2. The original along with supported voucher sent to Division for recoupment or closure (if the occasion demands so), the Divisional Officer based on the trend of recoupment means decrease the imprest amount or increase (not more than the permissible maximum limit). The account must, in any case, be rendered to Division Officer before the close of CB of the month on the date fixed for the purpose. If some vouchers were found to objectionable while recouping imprest the same have been kept under MPWA, the outcome of the removal of objection be seen.
- xxvii. Temporary Advance: It is given to subordinate against passed bill for making disbursement of payment to the work-charged staff of the Division. Form of this account is also Form-2. The account of temporary advance has been closed as soon as possible and un-disbursed amount, if any, has been taken in the CB.

#### 6.14 Scrutiny of Subsidiary Cash Book

6.14.1 In addition to scrutiny of entries in the main CB the inspecting officer is expected to exercise his check over the entries in the subsidiary CB in GAR-3 regarding payment of pay and allowances of establishment with reference to the paid vouchers. The bill register in Form GAR 9 should be checked to see that the same is maintained properly in accordance with the rules. Any abnormal delay in payment of claims of establishment should be investigated.

6.14.2 The account of un-disbursed pay and allowances kept in Form GAR 25 should be checked to ensure that the amount is not kept beyond the prescribed period, and in CB the amount remain unpaid during the prescribed period, suitable action has been taken by the Divisional Officer to refund the same by short drawal in the subsequent bills. Entries made in the register of un-disbursed amounts should also be checked with reference to the respective bills and the entries in the CB and it should be ensured that subsequently payments are properly noted and attested by a Gazetted officer.

6.14.3 Arithmetical accuracy of the CB of all the sub-divisions for the period covered by audit may be checked in addition to the Divisional CB by the field audit parties. The field Audit parties may apply other checks to the selected sub divisions only.

#### 6.15 Scrutiny of Cheque Books, Receipt Books & Cash Memo Books

These documents should be examined by the IA team to see that:

- a. All books when they are received are entered in the Register of Cheque Books, Receipt Books, Cash Memo books and that the register is maintained and reviewed properly as laid down in Paras 23.1.1 to 23.1.3 of CPWA code.
- b. Cheque- books on receipt have been carefully examined by the DDO and a certificate of count of number of forms contained in each books has been recorded.
- c. The intimation about the cheque book to be used is being sent to the Bank in the prescribed form attached with the cheque-book, before the book is brought into use. Further, that all the cheques in the cheque book are being affixed with the code number of the bank on which the cheques are to be drawn, before the book is brought into use.
- d. The cheque-books have been kept in the safe custody of DDO under lock and key.



- e. The correct type of cheque forms are used by the cheque-drawing DDO's as laid down in para 1.8.1 to 1.11.2 of Civil Accounts Manual.
- f. A stock register of cheque-books in the prescribed form is maintained by the DDO.
- g. The periodical verification of cheque-books has been conducted by an officer other than the officer-in-charge (cheques) and a certificate of physical count is recorded by him in stock register.
- h. The register of daily account of cheque form used during the day is maintained properly and all columns have been completely filled in and attested by the DDO.
- i. In case of loss of any cheque, the bank has been informed in time so as to avoid any payment.
- j. The cheques are not signed unless required for immediate encashment or delivering to the person concerned.
- k. Amounts of cheques are written both in words as well as in figures.
- l. Time-barred cheques are cancelled and fresh cheques issued in lieu thereof, wherever necessary.
- m. The counterfoils of used books are returned properly to the Divisional Officer for record and bear the check certificate of the Divisional Accountant.
- n. No receipt is signed before the receipt of the money has been recorded in the CB, and that the receipt is signed only by an officer duly authorized on this behalf.

#### 6.16 Tender Registers

6.16.1 Tender Sale Register: The register of sale of tender forms is scrutinized to see that:

- a. All tender forms on receipt have been taken on stock.
- b. The amounts realized from sale of tender forms have been incorporated in the CB at the end of the day.
- c. The Divisional Officer has carried- out physical verification of the balance number of tender forms and recorded a certificate to this effect in the register. Similar action has been taken by the Sub-Divisional Officer in respect of the tenders sold by him and
- d. Price fixed and charged for the tender form is according to the prescribed standards.

6.16.2 Register of Opening of Tenders: The register of opening of tenders being a subsidiary CB which accounts for the account of earnest money received from the intending contractors with tender should be examined to ascertain that:

- a. Earnest Money Deposit as prescribed in the tender document has been received in one of the forms specified in the NIT
- b. Such deposits of Earnest Money which are not refunded on the same day are accounted for in the CB or noted in the Register of Interest Bearing securities in Form 85 and
- c. Stamped acknowledgements have been obtained for amounts refunded on the same day.

#### 6.17 Scrutiny of Stock Accounts

6.17.1 The initial stock accounts kept in a Division should be examined as per the broad outlines mentioned in para 41 of the secret Memo of Instructions issued by the Comptroller and Auditor General of India.

6.17.2 The IA team should examine to ensure that:

- i. The initial records are kept in proper form in accordance with the rules and strictly in the order in which they have taken place.
- ii. No fictitious or double adjustments have been made.
- iii. Each transaction is supported by necessary authority and each issue by an acknowledgment.
- iv. All the materials received are examined, counted and properly accounted for in the goods received sheet either by the store keeper or any other person nominated.
- v. Issue rate has been prescribed for each item at the beginning of each year, reviewed and revised in the midstream, whenever necessary, under the rules.
- vi. The suspense head 'stock' is charged only when expenditure connection with the acquisition of stock of materials of every procurement involving outlay as prescribed from time to time is being covered by an estimate approved by the competent authority.
- vii. The issues to work are correctly classified.
- viii. In case of issue to contractors it may be seen that:
  - The supplies are as per contract.
  - The supplies are on the rates specified therein.
  - The delivery is not given at a point as per NIT where delivery is stipulated in the contract and
  - Surplus material is not taken to stock except in the circumstances analyzed under para 10.3.9 and 10.3.13 of the CPWA Code.
- ix. Large quantities of stores are not accumulated.
- x. The stock has been physically verified at regular intervals and a certificate in this regard recorded in the stock accounts books. Prompt action has been taken to adjust excesses or shortages representing differences in value subsequent on the revision of rates at the end of the year
- xi. Losses of stock revealed as result of verification of stock are brought to the notice of the competent authority for necessary sanction.
- xii. Material is not purchased in excess of requirements and purchases are made at competitive rates and in doing so no favouritism is shown to a particular supplier.
- xiii. Materials borne on DGS&D rate contracts are procured from the enlisted firms whose rates are the lowest and terms most favourable to the government and direct purchases in such cases are not resorted to,
- xiv. The reserve stock limit has not been exceeded without prior approval of the competent authority, the limit so fixed is also not excessive vis-à-vis the actual requirements,
- xv. Obsolete items are not unnecessarily stocked and are disposed off regularly under orders of the competent authority to the best advantage of the government

- xvi. A priced vocabulary of stores is maintained by the Divisional Officer and kept up to date.
- xvii. Goods received sheets are properly written up and there is no delay in accounting the material received, a regular GRS is maintained and the used books with copies are promptly returned to the Divisional Office.
- xviii. The provision of the rules regarding preparation of indents and issue of material are strictly followed.
- xix. A register of Bin-Cards is maintained and adequate care taken for proper maintenance and safe custody of Bin-Cards; the Bin-Cards have been verified by the Divisional Officer with the Priced stores ledger, completed Bin-Cards are promptly returned by the SDO to the Divisional Office,
- xx. Priced stores Ledgers are maintained in accordance with the rules.
- xxi. Whether the annual stock taking has been done as per para 154 of CPWD Code and the physical balances and books balances have been agreed and in case of discrepancies action as required under para 7.2.37 of CPWA Code has been taken. Losses of stock which are due to the negligence of departmental officers should be brought to the notice of Government for necessary action.

#### 6.18 Charges Relating to Stock

6.18.1 In the case of vouchers and transfer entries of the selected month affecting either the stock account or the account of the work, it shall be seen that:

- a. The charges or credits to these accounts are shown correctly under the appropriate sub-head or suspense account and in the contractors ledger or the material account concerned.
- b. For charges relating to collection of road metal, corresponding entries in the 'Road Metal Returned Account' are traceable.

6.18.2 Purchase of Material: IA team may see that the materials are purchased at competitive rates after call of proper quotations and that materials borne on DGS&D rate contracts are procured from the enlisted firms whose rates are the lowest and terms most favourable to the government and direct purchases in such cases are not resorted to.

6.18.3 Goods Received Sheet: It should be verified that the goods received sheets are properly written up as per paras 7.2.5 to 7.2.7 of the CPWA code and there is no delay in accounting for the receipt of material. The Register of Goods Receipt sheets in Form 12A may also be examined to verify that the used books, with copies are promptly returned to the Divisional Office.

6.18.4 Bin Cards: Apart from checking the posting in the bin cards for selected Month(s) from respective goods received sheets, the register for Bin cards should be scrutinized to ensure that:

- a. Adequate care is taken for the proper maintenance and safe custody of these important records;
- b. The Divisional Officer verifies the Bin cards periodically with the Priced stores ledger; and

- c. The completed Bin cards are returned by the Sub-Divisional Officer to the Division promptly.

#### 6.18.5 Scrutiny of Accounts of Tools and Plants:

- a. All articles received are properly examined, counted and accounted for in the Tools and Plants Received sheets maintained in Form CPWA 13 without any exception or omission.
- b. Issues are made only on proper indents in Form CPWA-14 and after obtaining the acknowledgement of the officer/ person authorized to receive.
- c. Both the receipt and issue are entered promptly in the T&P Ledger, which is kept up to date and maintained properly.
- d. The accounts of T&P articles issued for use to subordinates, contractors or local bodies etc. under orders of the competent authority are received back periodically in good condition and without delay.
- e. Hire charges of Tools and Plants to local bodies /contractors are worked out in accordance with the rules and recovered regularly without delay.
- f. Physical verification is carried out by the Divisional Officer as prescribed under the rules and discrepancies noticed are regularized without delay.
- g. Articles are not disposed of by sale or otherwise without sanction of the competent authority and the sale proceeds are realized with utmost promptitude.
- h. There is no delay in the posting of Tools and Plants Ledgers.

#### 6.19 Measurement Book Register

##### 6.19.1 Register of Measurement Books: The register should be examined to see that:

- a. A register of MBs has been maintained in Form CPWA 92.
- b. All the MBs, have been numbered serially and entered in the register,
- c. The register is maintained properly and in accordance with the instructions contained in Para 10.2.7 of the CPWA Code, the entries are correctly noted therein.
- d. Generally there is no delay in recording the completed MB.
- e. It should also be seen that the complete MBs are promptly returned and or retained for the prescribed period after the date of completion of work.

##### 6.19.2 Measurement Book: It is a very important account record since payments for all works are made on the basis of measurements recorded in it except payment to work charged staff, work done by daily labour not susceptible of measurement. It should be specially seen that:

- a. The MB has been maintained in Form CPWA-23.
- b. No page in a MB is missing.
- c. The entries in MB are made as per instructions contained in the fly leaves of the MB and entries therein are made only by officers authorized to do so,
- d. The checks prescribed to be exercised by the superior officers have been carried out and a register of test check of measurements is maintained,

- e. There is no delay in payments after the measurements are recorded.
- f. Dates of measurement to be compared with dates of payment to see that inevitable payments are not postponed to abide excess over appropriation.
- g. A few payments made are checked in the MB to ascertain that the content col. of the MB is arithmetically correct, the rates shown in the abstract of the cost are correct as per agreement, grand totals are correctly worked-out and the quantity and amount have been correctly worked-out and entered in the MB.
- h. The test check of measurements has not been performed after considerable lapse of time after the record of measurements leading to the corrections in measurement as a result of test check having escaped notice at the time of payment and
- i. That the quantities from page to page have been correctly carried over and wherever deductions are shown, the quantities are reduced to that extent. In case of road and horticulture work it shall be ensured that necessary deductions for voids at the prescribed percentage have been made from the gross quantities in MB for collections of boulders, stone, road metal, sludge, manure etc. and also for settlement of earth in case of filling etc.
- j. The MB is periodically reviewed by the Divisional Accountant and record thereof is kept in a register.
- k. The detailed sheet of measurements attached with the detailed sanctioned estimates compares well with the actual recorded measurements and does not indicate any wrong measurements by a JE or perfunctory test check of measurement by his superior officers.
- l. The pages containing detailed measurements paid for are scored out by a diagonal red ink line and the abstract of measurement bears an endorsement in red ink giving reference to the number and date of the voucher of payment as laid down in para 10.2.18 of CPWA Code.
- m. The contractor's acceptance is obtained below of each act of measurement on the same day on which the entries are recorded in the MB.
- n. All MBs belonging to the Division have been serially numbered and a register in form CPWA 92 has been maintained to record serial number of each MB on receipt, Sub Division to which it is issued, the date of issue, date of its return to Divisional Office and the date of its record after the review in the Divisional Office is completed.
- o. A similar register has been maintained in the Sub Divisional Office showing the name of person to whom the MBs are issued.
- p. The MB no longer to be used in the Sub-Division or with JE has been withdrawn promptly even though not completely written up and re-issued and the MB has been reviewed by Divisional Accountant as directed by Divisional Officer.
- q. Whether the Sub Divisional Officer has sent the MB in use in Sub Division to the Divisional Office from time to time, so that at least once a year the entries recorded in each of the Books have been checked up to percentage check fixed.
- r. Whether annual review of MBs has been conducted regularly every year. An AE or JE in charge of work is transferred, whether they have handed over the MBs issued to their successors. These should be shown as received back from him and re-issued to the relieving officer.

- s. The transfer has been recorded in MB after last entry in each book under dated signature of relieving officer and relieved officer and that the MB has been written as per the instructions laid down in paragraph 10.2.8 of CPWA Code.
  - t. Any page left blank inadvertently has been cancelled by diagonal lines and that the cancellation has been attested and dated. And each measurement has been dated and initialed by person making the measurement and accepted by the contactor (in the case of contract).
- 6.19.3 Loss of MB: In case of loss of a MB, an FIR has been lodged with the Police and intimation has been sent to CE and SE, investigation is done and result thereof is to be seen in Audit and measurements in MB have been re-constructed. In case of write-off a MB a case for the same has been prepared in form Appendix 9 of CPWD Works Manual.
- 6.19.4 Standard Measurement Book: It should be seen by the IA team that:
- a. The SMBs are serially numbered distinct from the regular MB and a separate register is maintained to watch the issue and receipt of these books
  - b. All entries are made in ink, legibly and certified as correct by a responsible officer
  - c. The SMB are reviewed by the Divisional Accountant/ Divisional Officer periodically to ensure that the entries have not been tampered with, all corrections in measurements consequent upon additions/ alterations to the buildings have been made and the standard MB updated.
  - d. In case of payments based on the SMB, the subordinates preparing the bills have recorded a certificate to the effect that the whole of the work or work since the previous running bill, as the case may be, as per SMB has been done and that it has not been billed for previously in any shape or paid.
  - e. The SMBs have been maintained in Form 23-A. These should be accounted for in a register of SMBs Form No. 92 (Part-II)
  - f. Certificates in token of check of SMBs have been recorded as mentioned in Book of Forms.
  - g. The person who had recorded the measurement has recorded dated certificate 'Measured by me' and sign his full name. SDO has recorded a certificate that he has checked measurement cent-percent and Divisional Officer has recorded a certificate that he has checked measurement at least 10%.
- 6.20 Contractors' Ledger: This shall be examined to see that:
- a. The postings are made as and when payments are made for works or supplies, closing balances worked out at the end of each month, work-wise closing balances are given and authenticated by the Divisional Accountant.
  - b. It is properly maintained as per procedure and instructions laid down.
  - c. The debits for the cost of materials issued to the contractor have been regularly posted in the ledger.
  - d. Recoveries are regularly made from the running bills of the contractor unless orders to the contrary are obtained,
  - e. Ledger balances are cleared at the time of payment of final bill.
  - f. All secured advances outstanding for over six months are adjusted with utmost promptitude.

- g. The divisional accountant has reconciled month by month the balances as appearing in the works abstract with the corresponding balances of the account in the ledger.
- h. Debits for value of stock supplied to the contractor during the selected month are checked from the original receipts obtained from the contractor and agreed with the entries in the monthly abstract of stock issued and with the rates stipulated in the agreement.
- i. The unstamped receipts for material issued are properly acknowledged by the contractor and are correctly filled in, and
- j. There are no balances outstanding after the final bill of the contractor has been passed/ paid and minus balances, if any, are examined carefully and the Divisional Officers asked to clear those with utmost promptitude.

6.21 Material at Site Account: It shall be seen that:

- a. The MAS Accounts have been maintained in the prescribed form and in accordance with the instructions contained in CPWA Code,
- b. Value of materials at site shown in the Register of Works (Suspense head-Materials) agrees with balances shown in Form 35,
- c. The issue of materials to work are correctly classified under issues to contractor's and issues direct to works, the issues to contractors being debited to contractors account in the contractors' ledger.
- d. Proper numerical account of the receipts, issues and balances of surplus materials at the site of completed works and of dismantled materials are maintained.
- e. Un-used balances are physically verified at least once in a year.
- f. Surplus materials are disposed of in accordance with provision contained in Para 10.3.13 of CPWA Code. Credit for surplus materials returned by the contractors is given at the rates specified in the agreement and such materials are taken over as provided in Para 10.3.9 *ibid*.

6.22 Deposit Register: The Register should be checked to see that:

- a. It is maintained in the prescribed form (Para 15.5.1) of CPWA Code and that the transactions have been posted up to date under the respective prescribed detailed heads.
- b. Complete reference to Agreements of security deposits is quoted.
- c. Notes regarding repayments/ refunds are duly made and attested.
- d. It is closed every month, balance of each item has been struck and page wise totalling done,
- e. An abstract of credits, debits and balances under each class of deposit prepared and signed by the Divisional Officer at the end of each month.
- f. The outstanding items are cleared with utmost expedition and those remaining for more than three complete accounting years are reviewed and adjusted in March accounts each year as 'Deposits Lapsed to Government'.
- g. Cash deposits of contractors as securities if cleared for conversion into one of the recognized forms of interest bearing security, the corresponding entries are

traceable in the register of interest bearing securities and these are physically available.

- h. Expenditure incurred in excess of the deposits received on deposit works is charged to Misc. PW Advances.

## 6.23 Workshop Accounts

6.23.1 During inspection of a division having a workshop for execution of repairs to Tools and Plants or of small manufacture jobs, it should be seen that the Accounts of the works executed are maintained in the ordinary forms for repairs work or for manufacture operations. In the case of larger work shop, the system of accounts should be carefully reviewed to see that:

- a. It is in accordance with the procedure prescribed by audit.
- b. Proforma accounts are maintained with reasonable accuracy.

6.23.2 The annual proforma accounts should be verified to see that the capital account, the out turn account and the profit and loss account are prepared in accordance with para 14.3.1 of the C.P.W.A code and do not indicate any financial irregularity or laxity of control.

## 6.24 Scrutiny of Accounts Relating to Work Charged Establishment

6.24.1 Provident Fund: The accounts of work charged provident fund maintained in the Divisional Office should be scrutinized to see that:

- a. Postings of monthly subscription and emoluments in respect of prescribed percentage of account of selected month/ months are correct.
- b. Calculation of Government contribution and interest for previous year in respect of the accounts selected is correct.
- c. Sanctions to advance from these accounts are in order.
- d. Nominations in respect of these accounts are on records and also in order, and
- e. All final payments have been correctly made.

6.24.2 A certificate that the required checks have been exercised should be recorded over the signatures of the inspecting officer and sent to Head Quarters along with the forwarding memo of the draft inspection report.

## 6.25 Work Charged Establishment Salary Bills

Both the pay bills and register of pay bills shall be examined to see that:

- a. Sanction of the competent authority exists for each post.
- b. Provision for payment exists under each sub-head or the sanctioned estimates.
- c. Payment does not exceed the rates prescribed by the competent authority for any particular class of post,
- d. Each payment has been properly acknowledged, bills are prepared in proper form



- e. Separate record is maintained for unpaid wages and of their subsequent payments
- f. Posting in the register are made as per instructions and are attested by the Divisional Accountant
- g. Reference to sanction, scale of pay and name of the work to which the establishment is charged is noted in the register of fixed charges and attested by the Divisional Accountant.
- h. Number and date of payment voucher is indicated in the register in the appropriate column.

#### 6.26 Register of Land and Buildings Records

This shall be examined to see that:

- a. It is maintained in the prescribed form and kept up to date and complete,
- b. It exhibits cost of land distinctly from that to the cost of building/ buildings constructed thereon,
- c. Title deeds are properly executed,
- d. Cost of residential buildings in the register tallies with the cost shown in the last capital and Revenue Accounts of such buildings.
- e. The register contains factually correct record of all government property such as buildings constructed or purchased, land acquired, roads, bridges etc. and their values.
- f. The capital cost entered in the register agrees with the completion cost as exhibited in the register of works and any subsequent increases or decreases are also correctly recorded.
- g. A separate detailed inventory of fixtures and fittings is maintained.
- h. Annual check of the buildings is carried out by the Divisional Officer to ensure that adequate measures have been taken for their proper maintenance and there has been no encroachment of the government land and the register bears testimony of the check.
- i. Corrections made in the capital cost of the building have been verified and attested by the Divisional Officer and he has satisfied himself thoroughly that the entries are correct and kept up to date.

#### 6.27 Register of Rents of Buildings and Lands

The IA team will ensure that:

- a. It has been correctly maintained and reviewed by the Divisional Officer periodically,
- b. Prescribed rents are recovered in all cases except when the accommodation is allowed rent free or at reduced rates under the sanction of the competent authority; cases of rent remaining outstanding for abnormally long periods do not reveal any lacuna in the procedure of recovery or laxity or negligence to effect recovery properly,

- c. No building or site is removed from the register on the pleas that it is intended to be occupied rent-free.
- d. Necessary additions to the rentable buildings are made in the register as and when new properties are acquired.
- e. Action to revise the standard rent is taken when additions and improvements are made to any building and for this purpose a comparison is made with the register of Lands and Buildings,
- f. Rent of the buildings has been revised quinquennially.
- g. Any expenditure on the construction, acquisition or equipment of a building necessitating revision of rent has been duly taken into consideration at the time of the revision of rent.
- h. Lands leased have been entered in the register; lease deeds are properly executed, lease money is correctly fixed and collected as and when it becomes due.

#### 6.28 Road Metal Account

IA team shall examine the following to ensure that:

- a. The account is maintained in accordance with the rules,
- b. The rate book or the schedule of rates is revised from time to time and kept up to date.
- c. Adjustment of charges of the quarries is correctly made.
- d. The accounts are verified as stipulated in paras 7.4.2 and 10.3.14 of CPWA Code and
- e. On change in the incumbency of the Executive Engineer responsible for the maintenance of account of this article, necessary adjustment as a result of discrepancies observed on check measurements has been made, that all surpluses have been brought on at once to the quantity account bill. The value thereof is recovered or sanction to write off obtained. A red ink remark should be made at once and carried forward month to month till the deficiency has been set right.

#### 6.29 Scrutiny of Manufacture Accounts

The IA team may ensure that:

- a. A separate detailed account is maintained for each manufacturing operation and out turn subordinate to stock or work concerned.
- b. The out turn account showing the quantities and values of each class of articles manufactured is compared with the corresponding estimated figures as prepared every month in Form CPWA 36 and enclosed with the works abstract.
- c. The account of every operation is closed at least once a year at the end of the working seasons, notwithstanding the fact the operation may continue from year to year.
- d. The rates fixed for valuing manufactured articles are not in excess of market rates.
- e. The difference between the operation and out turn is adjusted under the orders of the competent authority before the accounts of the manufacture are closed.

- f. The outstanding balances under the sub-head manufacture in the stock abstract book are supported by details leading to individual operation.
- g. The operations are all current undertaken after proper sanction and
- h. The charges under 'Land and klins' in connection with manufactures extending more than one season are reviewed periodically by debit to operation account of several seasons under the orders of the competent authority.

### 6.30 Transfer Entries

6.30.1 The transfer entries shall be examined to see that these are generally in conformity with the procedure laid down, the transfer entry register is maintained properly and reviewed by the Divisional Officer, and transfer entries relating to rectification of errors do not indicate any defects in the accounting system such as:

- a. Expenditure deliberately charged to wrong estimates in the absence of sanction of the correct estimates,
- b. Material issued unnecessarily to the work merely to show the utilization of amounts/ grants and re-transferred to stock later on etc.

### 6.31 Register of Revenue Receipts

This shall be examined to ensure that:

- a. It is maintained as per provisions of rules.
- b. It is put up to the Divisional Officer for signatures after entering the total receipts during the month as also the progressive totals.
- c. iii. The receipts are promptly classified under different minor heads.

### 6.32 Register of Miscellaneous Recoveries

IA team should ensure that:

- a. The register has been maintained in the prescribed form, in a proper manner and reviewed at periodical intervals.
- b. Orders in regard to such recoveries from the contractor, other parties or persons which can not be watched through any other account are entered in this register.
- c. The credits anticipated in the estimates of the works are promptly posted in this register on receipt of the estimates in regard to such works and the accounts of which are not kept by sub-head.
- d. The realization is carefully watched and references to voucher Nos/Receipt Nos. are invariably recorded.
- e. If the recovery is due to be made from the contractor, it may be seen that the final bill has not been already paid.

### 6.33 Register of Miscellaneous Sanctions

The register shall be examined to ensure:

- a. All miscellaneous sanctions accorded by authorities higher than the Divisional Officer such as that of advertisement charges, charges of typewriters, office accommodation, write off of losses are entered in the register
- b. Expenditure when incurred is noted against each item giving reference to voucher no. etc.
- c. Expenditure is not in excess of the sanctioned amount and
- d. If it has exceeded the amount of sanction, see proper action towards its regularization has been initiated.

#### 6.34 Register of Interest Bearing Securities

It shall be seen by the IA team that:

- a. The securities are furnished by all officials in charge of cash or stores according to the scales prescribed.
- b. These are covered by proper agreements bringing out the conditions of the security reference to such an agreement is shown in the column for this purpose in the register,
- c. Provisions of Para 15.6.1 of CPWA Code regarding their accounts are scrupulously observed.
- d. Register showing receipts and disposal of these securities is maintained properly in Form CPWA. 85,
- e. All these securities as per details in the register physically exist and for those not produced acknowledgements of the depositors or of their authorized persons exist.
- f. Security deposits of contractors or employees have been paid to the saving bank accounts or converted into interest Bearing Securities at the cost of the depositors when expressly desired by them in writing.
- g. Government securities tendered as security are taken at the face value or 5% below market price, whichever is less at the time of deposit, subsequent appreciation or depreciation in value being adjusted, and
- h. It is returned or retransferred only after the completion of the period stipulated in the bond or agreement.

#### 6.35 Register of Purchases

6.35.1 It shall be ensured that it is maintained in the proper form, postings are up to date, page wise totals have been worked out, abstract of credits and debits is prepared each month and duly authenticated, action to clear unclaimed balances taken as per provisions contained in para 13.2.5 read with para 13.4.1 and 15.4.3 of CPWA Code and reasons for delay in old outstanding items investigated and that there is no item of minus balance.

#### 6.36 Register of Miscellaneous PW Advances

In addition to the checks prescribed in Para 13.2.5 of CPWA Code, the IA team may see that:

- a. Huge balances do not appear as 'Expenditure incurred in excess of the Amounts Deposited' in case of deposit works, and
- b. The Divisional Officer has taken action to recover the outstanding amount promptly, if excess expenditure has been incurred.

### 6.37 Contract Documents

6.37.1 These documents shall be examined to see that the provisions of the relevant GFRs are scrupulously observed.

6.37.2 Cases where competitive rates have not been sought, high tenders have been accepted or other irregularities in the procedure observed are brought to the notice of proper authority. If high rates have been accepted, these are not due to defective planning, non-preparation of drawings/ designs, non-availability of complete site of work, inadequacy of time for completion of work etc.

6.37.3 Cases in which there is possibility of connivance of an officer of the contracting department with the contracting party are brought to the notice of the higher authority.

6.37.4 In respect of lump sum contracts, detailed drawings and specifications were ready before tenders were invited and estimated rates shown in the notice inviting tenders are based on reliable data as computed from Schedule of Rates, extra items were not covered by the scope of the contract.

6.37.5 In case of intermediate payments, certificate has been given by an officer not below the rank of SDO that by superficial/ general measurements or by the method otherwise laid down he has satisfied himself that the value of the work done is not less than the specified amount in conformity with the contract agreement and that with the exception of authorized additions and alterations the work has been done according to the prescribed drawings and specifications.

6.37.6 Tenders and Comparative Statements: Tenders received including those rejected shall be examined to ascertain that:

- a. The tenders were given wide publicity and the period of notice allowed was commensurate with the magnitude of work.
- b. Tenders are received in the prescribed form and in sealed cover.
- c. These bear the initials of the officer opening them.
- d. The rates quoted are not over-written or changed without attestation by the tenderer.
- e. Conditions of earnest money deposits have been strictly followed.
- f. Tenders have not been sold after the expiry of the notified date.
- g. Tenders were issued only to the contractors qualified for the purpose as per terms of NIT and exceptions, if any, are covered under orders of the competent authority.
- h. Comparative statements are properly prepared, checked and certified by the Divisional Accountant.
- i. If negotiated, the negotiations were conducted by the competent authority and in doing so prescribed principles were observed.

6.37.7 Register of Agreements: This shall be examined to see that:

- a. All accepted tenders have been properly entered in the Register of Agreements according to the serial number allotted to each agreement.
- b. all columns are properly filled in and the date of actual completion of the work noted in the prescribed column of each contract.
- c. All the agreements noted in the register are available with the office which is responsible for their safe custody and

6.37.8 Work Orders and Register of Work Orders: It shall be seen that:

- a. Work orders are not sanctioned as a matter of routine since normally tenders are required to be invited for works costing over prescribed limits by EE/AE.
- b. Reasons for dispensing with calling of tenders are recorded and are accepted.
- c. Amount of work order is within delegated powers of the officer issuing work order,
- d. Rates allowed in the work are not in excess of the estimated rate/ schedule of rates and where exceptions are made, reasons justifying higher rates have been recorded.
- e. Rates allowed are not in excess of the rates which might have been received if tenders were invited, this shall be ascertained by study of a couple of tenders for comparable items received by the Divisions, and
- f. All the work orders sanctioned during the year by the Divisional Officer and other superior officers are entered in a register and the annual limits prescribed in this regard are not exceeded.

6.37.9 Supply Orders and Register of Local Purchases: These shall be examined to ensure that:

- a. The orders were placed only after obtaining competitive rates after calling quotations/ tenders,
- b. Local purchases were not resorted to in respect of purchase of materials borne on rate contract beyond the limits prescribed,
- c. The original quotations and the comparative statements in each case are available,
- d. Orders of supplies are placed on the lowest tenderer, keeping in view the quantity of goods, period and place of delivery, taxes, discounts etc.
- e. No extraneous conditions have been accepted.
- f. Rates in respect of material obtained through DGS&D are in conformity with the approved rate contract.
- g. All supply orders for local purchase are entered in the Register of Local Purchases which is maintained properly, progressive totals of the amount of supply orders are worked out and these are within the limits prescribed for local purchases.

6.37.10 Contractor's Bill Register: It shall be seen that:

- a. The register is reviewed regularly by the Divisional Officers.
- b. There are no undue delays in payment of bills and

- c. Reference to cash voucher No. and date is given in respect of each paid bill.

6.37.11 Works Abstract: The register shall be examined to see that:

- a. The accounts of major works are kept sub-head wise wherever necessary and charges correctly allocated there to.
- b. The works abstracts for major and minor works are kept separately and transfer from one head to another is supported by appropriate transfer entries duly approved by the Divisional Officer.
- c. The balances appearing under suspense head 'Contractor' and 'Labourers' are verified by the Divisional Accountant and Sub-Divisional Officer respectively and these agree with the amounts appearing in the contractors' ledger and the register of unpaid wages respectively.
- d. The work abstract of the selected month compare with the postings in the Register of works and tallies with the schedule of works expenditure for the month.
- e. The total charges on each works agrees with the charges as shown in the respective schedule docket,
- f. Works abstract has been correctly prepared, signed by the Divisional Accountant and the Divisional Officer and posted in the Register of works, and
- g. The entries in the works register are reviewed by the Divisional Officer at periodical intervals.

6.37.12 Register of Works: It shall be seen by the IA party that:

- a. Monthly postings are examined and attested by the Divisional Officer.
- b. There is evidence to indicate that reasons for delay in closing of the accounts in completing measurements of the work done or in settling bills are examined.
- c. The works abstract are returned to SDO promptly after entering details in the Register of Works.
- d. All liabilities and suspense accounts are cleared before closing of the accounts of the work.
- e. Suspense items appearing in the register tally with those shown in the contractor's ledgers as amounts due to and from them and entered in the register of unpaid wages maintained by the SDO.
- f. Cases where expenditure is likely to exceed the estimated cost of work have been submitted to the SE for sanction.
- g. Instructions regarding clearance of suspense accounts on completion of works are adhered to.

6.37.13 Register of Sanctioned Estimates:

- a. This register shall be examined to see whether it is maintained in proper form and that no estimate is technically sanctioned without getting prior administrative approval and expenditure sanction.

- b. The estimates of component and parts of a project Work sanctioned by the Divisional Officer should be seen with reference to the detailed project estimates to ensure that the sanction is within the competence of the Divisional Officer.
- c. The entries of progressive expenditure and figures of sanctioned estimates and allotments etc. in respect of individual works in the schedule of works expenditure (Form CPWA-64) for the months of March and September shall be checked with the Register of Works to the extent of 50% in the case of September and 100% in the case of March.

6.37.14 Priced Store Ledger: IA team should examine that:

- a. The register has been maintained in Form-12 in the Accounts Branch of the Divisions.
- b. Different pages for different article of stores say cement, steel (diameter wise), sanitary fittings, electrical items etc. have been allotted for each article.
- c. The receipts in the ledger have been posted from copies of Goods Receipt Sheet (Form-8A) and all detailed are filled in GRS.
- d. Issue of stores has been made against the Indents (Form-7). The issue of articles to contractor should be linked with contractor ledger, MAS Account and contractor bill. If issues are towards work done departmentally, the slip signed by the person who has finally been benefited by the issue and Work Abstract are to be seen.
- e. The ledger has been closed at the end of each month. The monthly total of receipts, issues and balances have been worked out for each sub-head and a consolidated abstract prepared for all the sub heads. The same should be reconciled with the summary of Stock Receipt (Form 9) and summary of Indents (Form-10).
- f. At the end of each year, the amount of annual excess or shortfall have been worked and adjusted in the manner indicated in paragraph 7.2.34 of the CPWA Code.
- g. In case of excess or shortfall due to revision of rates etc. the same has been worked out on proforma.
- h. The excesses have been credited to Revenue or as Receipt on Capital Account and the short falls have been charged off as 'Losses on Stock'.
- i. The following drill has been done by the Divisional Officer:
  - Arrange to close the Priced Store Ledger and attest the same.
  - As certain market rates, wherever necessary and shown in column 11 of the form, the Divisional Accountant has examined whether the issue rates (exclusive of the element of storage charges) are more or less in conformity with the rates of materials and incidental shown under columns for the stores received and also that they are within the market rates (column 11)
  - If as a result of the review or revision of percentage for recovery of storage charges/ handling and other incidental charges, it is found that the issue rates need revision, the Divisional Accountant has put up a case to the Divisional Officer, indicating the necessity for revision of issue rates. The Divisional Officer, will decide, if necessary, the revision of issue rates.



## 6.38 Profit and Losses in Stores

6.38.1 It may be seen by audit that whether at the end of year, the Issue Rate for the next year is fixed. The difference in Account Balance (Balance of Stock minus issue rate) and Priced Store Ledger Balance at the end of the year has been analyzed in accordance with the procedure indicated in paragraph 7.2.34 of CPWA Code.

6.38.2 Profit or loss due to revision of rates has been worked out and adjusted as credit to Revenue (if profit) or debit to "Other Expenditure- Losses on stock" (if loss).

- a. Physical verification of stores has been conducted as per paragraph 7.2.35 of CPWA Code once a year. The value of store found surplus or deficit has been accounted for in account in accordance with the procedure laid down in paragraph 7.2.36 of CPWA Code.
- b. Clerical errors in value of accounts of Stock have been rectified in the manner indicated in paragraph 7.2.38, 7.2.40 & 7.2.41 of CPWA Code.
- c. When quantities are found surplus or short, either as a result of stock taking or otherwise, corrections have been effected in ledger treating all additions as receipts and all reductions as issue with suitable remarks. Similar adjustments have been made for material declared unserviceable on receipt of a Survey Report in Form -18.

## 6.39 Sale Account

6.39.1 A sale account in Form 19 should be prepared by SDO for every sale of materials and tools and plant to municipalities, local funds, public and to contractors for private use. It should be seen by the IA team that in such cases amount payable has been recovered fully and that:

- a. All adjustment of the value of stock sold treated as issue and entries therefore have been made by the Division Officer in Priced Store Ledger.
- b. The Sub-Divisional Officer has cleared the amount of such items from works account of all outstanding against contractor account of recoverable value of material issued to contractor from MAS account and Work Abstract.
- c. Supervision charges prescribed by the department in addition to value of stock including storage charges etc. have been recovered. The amount of supervision charges has been accounted for as revenue receipt or capital receipt and not receipt on account of stock.
- d. Copy of sale account has been sent to PAO along with Monthly Account.

## 6.40 Expenditure during the Month of March

6.40.1 Expenditure booked towards the close of the financial year and particularly during the month of March shall be examined to see that:

- a. The expenditure is not unusually heavy as compared with previous months.
- b. There is no indication of relaxation/ overlooking of rules and regulations due to rush of expenditure.
- c. Expenditure is not charged to the accounts unless payments have actually been made.

- d. Payments have not been made before the services are rendered by the party or stores actually received.
- e. Advance payment/ secured advances have not been made in an irregular manner, especially on the last day of financial year to avoid lapse of budget.
- f. Purchases of material are provided in the estimates and are not charged off to some estimates in which savings are available and such debits received as stores are used up on other works.
- g. The date of closing of the divisional and sub-divisional accounts verified and causes of delay in submission of the cash or stock account by the Sub-divisions investigated.
- h. Adjustment to write back expenditure do not indicate that the original entry was made to avoid lapse of budget provision and.
- i. If rush of expenditure was due to late allotment of funds on account of which proportionate expenditure could not be incurred during previous months, in such cases reasons for belated allotment of funds shall be investigated and brought to the notice of appropriate authorities to remedy this tendency.

#### 6.41 e-Tendering

6.41.1 IT has entered every sphere of work culture. E-Governance is the long term vision of the government. The IT Department of GNCT of Delhi has issued broad guidelines, consultation with DGS&D which are available on-line for the benefit of the Departments.

6.41.2 IA Teams are advised to study the guidelines as given in Annexure-2 to this chapter and ensure that the same are adhered to by the departments who resort to E Tendering.

A. Distribution of Duties: Inspecting officer should Scrutinize

1. General review of CB.
2. Tracing of sale of tenders in CB.
3. Tracing of receipts in the CB to the extent laid down in para 40 of the secret Memorandum of Instructions issued by the CAG.
4. Cheque Book and scrutiny of paid cheques.
5. Remittance of Securities.
6. Register of tenders received and accepted and review of all regular contracts including lump sum contracts and a percentage of other made since the last inspection.
7. Register of Securities.
8. Register of Cheque and Receipt Books.
9. Disposal of previous Inspection reports.
10. Register of Divisional Accountant's Audit objections.
11. Register of interest bearing securities.
12. Comparative statement of accepted tenders.
13. Transaction of remittance Head I & II.
14. Schedule of rates.
15. Review of inspection reports of superintending Engineers, Divisional officers and Divisional Accountants.
16. Review of the balances of stores, system of acquisition of stores and stores verification (on the basis of check carried out by the JAO/AAO vide item 5 of his duty list.)
17. Review of the baking arrangements to see that they are generally satisfactory.

B. Distribution of Duties: JAO/AAO should Scrutinize

1. Complete examination of selected work.
2. Materials at site account of selected work.
3. Register of Miscellaneous P.W. advances
4. Disposal of memo of special points.
5. General review of stock accounts after: -
  - i. Test audit of stock account including general review and check of selected months; and
  - ii. Test check of stores ledger and the bin cards including tracing the posting of the ledger and bin cards from the relevant goods received sheets and

indents for 2 months.

6. Examination of the reports of Chief Technical Examiner for selected work.
7. Selection of name of sub-division to be test checked by auditor.
8. Contractors' ledger (for selected work) to be checked completely.
9. Review of abnormal rates quoted by the contractors in respect of selected work.
10. Review of all works done by the auditor.
11. Review of tools and plant ledgers after the same are test audited by the auditor.
12. Review of the procedure for assessment and realization of revenue, special attention being paid to cases where the revenue derived from any particular property appears to be less vis-à-vis previous years.
13. Review of manufacturing operations.
14. Review of the system of extent of check of measurement by Divisional and Sub Divisional Officers and review of check of MBs by Divisional Accountant.
15. Review of arbitration cases.
16. Audit of selected month.
17. Material at site Account of selected month.
18. CB for the selected month including 100% checking of arithmetical accuracy of CB since last inspection.
19. TE. Book entries since last Inspection.
20. Examination of the Reports of Chief Technical Examiner for the work of selected month and other works.
21. Contractors' ledger for the work of selected month including complete checking of the ledger since last inspection.
22. Review of abnormal rates in respect of works of selected months.
23. Examination of Divisional registers of Chief Technical Examiner.
24. Check of prescribed percentage of service books, including check of pay fixation cases.
25. Examination of Imprest Accounts
26. Review of Expenditure in demolition, restoration etc.
27. Examination of Workshop Account, Road Metal Account, Manufacture Account and Stock Account
28. Review of other records as considered necessary by the IO.

### C. The Auditor should Scrutinize

1. Register of Agreements.
2. Register of Work orders.
3. Subsidiary CBs general review.
4. Register of duplicate keys.
5. Register of unpaid wages.
6. Register of Incumbency.
7. Register of purchases.
8. Register of revenue/ refund of revenue.
9. Register of Deposits.
10. Register of MBs.
11. Register of review of MB by Divisional Accountants.
12. Register of Works general reviews.
13. Check of entries of estimates etc. and register of works.
14. Check of progressive expenditure in individual works.
15. Check of schedule of works expenditure: CPWA- 64 for September and March.
16. Register of Railway receipts.
17. Register of Miscellaneous recoveries.
18. Register of local purchase of materials.
19. Register of Stationery.
20. Register of Cash Settlement Suspense Account
21. Register of maintenance of cycles.
22. Register of sanctioned estimates.
23. Register of fixed charges.
24. Checking of records for properties both movable and immovable.
25. Jeep accounts and log books.
26. Work charged provident fund accounts for selected months & all final payments.
27. Register of Miscellaneous sanctions.
28. Register of standard MBs.
29. Review of MBs and SMBs.
30. Tracing of transaction in Price Store Ledger and Bin cards.
31. Tracing two months transactions in the relevant initial records.
32. Road Metal Returns.
33. Account of swept cement and binding wire.
34. Register of dismantled material.

35. Register of auction of stores and other material.
36. Yard stick and service records of work charged staff.
37. Delay in payment of final bills.
38. Outstanding accounts returns.
39. Arrear Pay bills.
40. Case of fictitious stock adjustments.
41. G.P. Fund Accounts of class IV Employees.
42. Transactions pertaining to Head III (B)
43. Test audit of the accounts of one sub division to be selected by JAO/AAO.
44. Register of rents of buildings and lands.
45. Remittances made in to Bank.
46. Contingency Register
47. Acquittance Rolls
48. Register of Miscellaneous Properties
49. Register of Leases and Lease Records
50. Register of survey reports and the survey reports
51. Register of check measurement by the EE
52. Register of Appropriation
53. Progress Reports
54. Registers of Vehicles and Log Books
55. Stamp Account
56. Register of Books and Periodicals
57. Register of Value Bearing Forms
58. OTA and CEA Registers
59. All other records as considered by the IO

BROAD GUIDELINES OF E-TENDERING ISSUED BY

GOVERNMENT OF NCT OF DELHI  
Department of Information Technology, 9th level, B-wing  
Delhi Secretariat

Order

No F.10 (9)/2008/IT/951-56

Dated- 28-02-2008

Sub: Introduction of e-Tender in GNCTD - Procedure to be followed

1. Government have initiated several reforms in tendering process for public works with a view to bring in simplification of the procedure, greater transparency and healthy competition in procurement. In order to bring more transparency and ease in the tendering process Govt of NCT of Delhi has initiated e-procurement project and accordingly, Government has entered

into an agreement with DGS&D to use DGS&D e-procurement platform for its procurement activities, publication of Tender Notices, NIT, Bid submission, Bid evaluation and Award of Contract for goods/ materials/equipment/ works/ services, etc required by them

2. Initially following modules of e-tendering will be implemented by DGS&D

" Supplier Registration Module, Indent Management, creation and publication of Tender Notice, Notice inviting tender (NIT), Bid submission, Bid evaluation and Award of Contract, Catalogue Management through Rate Contract (RC)"

Thereafter e-Auction module, Contract Management module and e-payment modules will be implemented within a year of signing of MOU.

3. Initially e-procurement solution will be implemented in the following six departments;

1. Public Work Deptt.
2. Health and Family Welfare.
3. Irrigation and Flood Control
4. Delhi Jal Board
5. Delhi Transport Corporation
6. Delhi State Industrial & Infrastructure Development Corporation Ltd.

4. Government of NCT of Delhi have authorized the above six departments/ Corporations to take up e- procurement through electronic process through e-procurement platform, of DGS&D , stating that, notwithstanding any existing orders and executive instructions in force 'e' procurement processes shall be valid for procurement of goods and services .

5. The participating departments shall issue necessary orders amendments /changes in the existing procedures, as deemed necessary, for switching over from the conventional / existing procurement processes to equivalent e-procurement process.

6. All the existing procedures prescribed in GFR,2005 instructions of Central Vigilance Commission applicable to the processing of conventional tenders are all applicable to the bids to be procured through e-Procurement. The Copy of Agreement signed between Department of Information Technology and DGS&D as Annexure I and the guideline /procedures to be followed in introduction of e-procurement is attached as Annexure II.

The above orders shall come into force with immediate effect.

This issues with the concurrence of Finance Department, GNCTD vide U.O. no 458 dated 25/02/08.

Sd-  
(Deepak Virmani)  
Deputy Secretary (IT), GNCTD

CC to:

1. Principal Secretary (PWD), C- Wing, 5th Floor, Delhi Secretariat
2. CEO, DJB, Varunalya, Karol Bagh, Delhi
3. Principal Secretary (Health & FW), A -Wing, 9th Floor, Delhi Sectt.
4. Divisional Commissioner, GNCTD, 5, Sham Nath Marg, Delhi
5. Chairman, DTC, Headquarters, I.P. Estate, New Delhi-110002.
6. MD, DSIIIDC, N-Block, Bombay Life Building, Connaught Circus, New Delhi



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Guidelines/ Procedure to be Followed  
Introduction of 'e' -Procurement Solution

1. Notice inviting Tender (NIT) / Tender Documents: The Notice Inviting Tenders (NIT) and Tender documents etc., shall be in the Standard formats as applicable to conventional Tenders and will be finalized / approved by the officers competent as in the case of conventional Tenders.

2. Publication of NIT: The officers competent to publish NIT in case of conventional Tenders will host the NIT in the <http://delhi.govtprocurement.com>. Simultaneously, a notification should also be published in the leading newspapers, as per existing rules, in the following format,

Name of the Department: .....

Name of the work: .....

Estimated Cost: Rs .....

Date of release of tender through e-procurement solution:

Last date / Time for receipt of tenders through e-procurement solution

.....

Further details can be seen at: <http://delhi.govtprocurement.com/>

3. Registration of Contractors: The contractor will register with the DGS&D. DGS&D will charge an annual enrollment fee of Rs. 6,000/-, from each vendor willing to participate in e-Tender of GNCTD, as is being charged in case of DGS&D e-Tenders. The vendor prepares a banker cheque/Draft in favour of DGS&D's ASP and deposit it at DGS&D e-procurement help desk Press Room at Gate No 6 Delhi Secretariat. A receipt will be given by DGS&D help desk on behalf of DGS&D. The detail of Payment can be obtain from DGS&D Help Desk.

4. Digital Certificate: Digital Certificate is required for issuance, opening, evaluation etc. of the Bids. GNCTD has nominated DSIIDC for issue of Digital Certificate to the officers of Departments or Corporations of GNCTD and for Contractors. Type –II digital certificate can be procured from the DSIIDC after paying the requisite amount and completion of formalities. The cost of DC along with other formalities are available at <http://delhi.govtprocurement.com>.

In order to submit the bids electronically contractors/suppliers are required to have Type –II Digit Certificate. D.C. can be obtained from any of the certifying agency as attached.

5. Formation of Evaluation Committee: If required, a evaluation committee can be formed to evaluate the bids as done in the conventional tenders.

6. Payment of cost of Tender documents: The collection of cost of Tender documents is dispensed away with , as there is no physical supply of tender documents and also to have absolute anonymity of the bidders participating in e- procurement solution . The bidders can view / download the tender documents, from the <http://delhi.govtprocurement.com> .

7. Submission of Bids: The bidders who are desirous of participating in 'e' procurement shall submit their Technical bids, price bids etc., in the standard formats prescribed in the

Tender documents, displayed at <http://delhi.govtprocurement.com> . The bidders should upload the scanned copies of all the relevant certificates, documents etc., in the <http://delhi.govtprocurement.com> in support of their Technical bids. The bidder shall sign on all the statements, documents, certificates, uploaded by him, owning responsibility for their correctness / authenticity.

8. Payment of Bid Security (Earnest Money Deposit): The EMD shall be in the form of three DD / BG shall be from a bank , as per the guideline. Zerox copy of the DD / BG is to be scanned and uploaded along with the Bid, and the original DD / BG shall be sent to the concerned Deptt so as to reach before the date of closing of the Bids. Failure to furnish the original DD / BG before the closing of the bid, will entail rejection of bid and blacklisting.

9. Technical bids / Price bids opening: The Technical bids will be opened online by the concerned officer/officers at the time and date as specified in the tender documents. All the Statements, documents, certificates, DD / BG etc., uploaded by the Bidder will be verified and downloaded, for technical evaluation. The clarifications, particulars, if any, required from the bidders, will be obtained either online or in the conventional method by addressing the bidders. The technical bids will be evaluated against the specified parameters / criteria, same as in the case of conventional tenders and the technically qualified bidders will be identified. The result of Technical bid evaluation will be displayed on the <http://delhi.govtprocurement.com> which can be seen by all the bidders who participated in the Tenders. Similarly, at the specified date and time, the price bids of all the technically qualified bidders will be opened online by the concerned officer/officers and the result will be displayed on the <http://delhi.govtprocurement.com> which can be seen by all the bidders who participated in the Tenders. Till the technical bids are opened, the identity of the bidders who participated in the Tenders are to be kept confidential. Similarly, till the price bids are opened, the bid - offers are to be kept confidential

10. Processing of Tenders: The concerned officer/officers will evaluate and process the tenders as done in the conventional tenders and will communicate the decision to the bidder online.

11. Payment of performance Guarantee: The bidder will submit the Performance Guarantee as done in Conventional Tenders.

12. Participation of Bidders at the time of opening of bids: Bidders have two options to participate in tendering process at the time of opening of bids:

- i. Bidders can come at the place of opening of bids (electronically) as done in the conventional tender process.
- ii. Bidders can visualize to process online.

13. Financial Rules for e-Procurement: The e-procure system would be applicable for purchase of goods, outsourcing of services and execution of work as prescribed in GFR/PWD manual .

14. Signing of Agreement: After the award of the contract, an agreement may be signed as done in Conventional Tenders.

## CHAPTER -7

### INTERNAL AUDIT OF HOSPITALS

#### 7.1 Introduction

7.1.1 Medical and public Health is one of priority Sector of GNCT of Delhi. It spends significant amount of public money on the erecting and maintenance of hospitals and health care systems. The planning and installation of hospitals and health care systems might lead to mismanagement and not fulfill its aims and give rise to enormous losses with a negative impact on the state finances.

7.1.2 For the effective audit of in patient health care institution i.e. Hospitals, the following audit criteria is of paramount importance:

- a. Compliance: To check whether the statutory provisions enacted for the provision of health care services have been complied with.
- b. Accounting Accuracy: The completeness, legality, validity and correctness of the accounts should be checked.
- c. Effectiveness: This includes examining whether a needs oriented catalogue of medical services that is based on demographic and diagnostic needs has been drawn and whether these services are rendered by the hospitals as a function of their level of equipment and service capabilities
- d. Economy: In the audit of hospitals, economy generally means the attainment of the required level of health care provision with the best possible input of public resources. It includes compliance with contacting guidelines for invest and procurement, staff management system and the best possible utilization of the hospital as well as its medico-technical equipment.
- e. Efficiency: It is measured in terms of the use of public resources to ensure the provision of medical services while maintaining state of the art medical standards.

7.1.3 Public Health Services continue to remain a significant activity of government both in terms of the profound humanitarian and equity issues as well as the level of public sector health services contribute effectively to public accountability and to the efficient and effective use of resources. The health care system is extended widely into the following areas:

- a. Patient care: Medical services are administered in hospitals
- b. Preventive medicine
- c. Care programmes for drug addicts
- d. Social insurance (sickness insurance)
- e. Government health-care programmes

#### 7.2 Basic Principles and Procedures of Internal Audit of Hospitals

7.2.1 Primarily, the IA of hospitals should cover the correctness of accounting and compliance with existing provisions of economy, efficiency and effectiveness.

- a. Economy: In the audit of a hospital, economy generally means the attainment of the required level of health-care provision with the least possible input of public resources; audit criteria in this field compliance with contracting guidelines for investment and procurement, a well- balanced national staff management system, and the best possible utilization of hospital as well as its medico- technical equipment,
- b. Efficiency: Efficiency is measured in terms of the use of public resources to ensure the provision of medical services while maintaining state- of-the art medical standards.
- c. Effectiveness: Effectiveness is the key bench mark - i.e. examining whether a need-oriented catalogue of medical services that is based on demographic and diagnostic needs has been drawn up and whether these services is being rendered by the hospitals commensurate with the resourced applied in terms of equipment, specialized staff, money etc.

7.2.2 The general and essential principles in accordance with which such accounts are to be kept are laid down in Rule 190 to 193 of GFR 2005 dealing with the purchase of dead stock, such as plant, machinery, equipment, furniture, fixture etc. and other stores.

7.2.3 Idle Machinery and Equipment: The IA team should check the records of machinery and equipment lying idle, which were purchased without proper infrastructure or sufficient requirement.

7.2.4 Annual Maintenance Contract (AMC): The IA team should scrutinize the AMC of various machines and equipment installed by a department/ unit.

7.2.5 Records Relating to Diagnostic Charges: IA should checked whether proper records have been kept for separate tests and that all receipts/ fees have been entered in to concerned register and accounted for in the government account.

7.2.6 Issue of Linen/ Diet to Patients: IA should check the issuance of linen and diet as per records of indoor patients and test check the same with hospital admission records.

7.2.7 Records of Medical / Nursing Colleges: The IA team should check the records of these institutions to see that:

- a. Records relating to government and non-government accounts including transactions of sale of prospectus, fee, stipends, scholarship, library, mess charges, general security, caution money, canteen deposit etc. have been kept correctly.
- b. All stock registers of the colleges have been maintained properly and
- c. Periodical physical verification has been done regularly.
- d. Allotment of government quarters has been done as per rules laid down.
- e. Recovery of licence fee has been made properly.
- f. That in cases of unauthorized overstay in government quarters, penal rent recovery has been done as per Estate Rules.

### 7.3 Nursing Homes/ Private Wards

The IA team should examine that:

- a. The allotment of Nursing Homes/ Private Wards is as per rules laid down.
- b. The amount realized through Nursing Home receipt books as an advance has correctly been accounted for in the Nursing Home Cash Book and credit for the same afforded in the individual ledger account of the patient.
- c. The amount credited in the individual ledger and Nursing Home cash book by way GAR-6 has correctly been taken in the Govt. cash book.
- d. The GAR-6 was issued for all the Pathological and another test carried out in the Hospital in respect of each patient and amount has been taken in to government account correctly .
- e. Arithmetical calculation in the individual's ledger is corrected and no ledger was closed with debit balance.
- f. Proper acquittance has been obtained and kept on record for the refunds made to the patients on discharge etc.
- g. The money received ob behalf of the Govt. is remitted to the treasury without delay.
- h. Each patient ledger is kept up to date and
- i. No patient is admitted in the Nursing Home without the prescribed security money unless the competent authority has ordered otherwise.

#### 7.4 Scrutiny of Contracts and Agreements, Tenders etc.

These records will be examined to see that:

- a. The particulars regarding quantity and rates are furnished and the prices stipulated are firm, particulars of contracts providing price variation clause of provisional rates, should be carefully examined.
- b. There is no omission or ambiguity on any of important clauses e.g. inspection of stores date and place of delivery, dispatch instructions, name of consignee, penalty for delay etc.
- c. It is signed by an authority which is competent to enter into the contract. In case, the signature on order is that of an authority who is not competent to enter into the contract a certificate to the effect that the same has been approved by the competent authorities recorded thereon monitoring also the designation of the authority whose approval has been obtained.
- d. If the acceptance of tender provides for payment to a party other than the contracting firm, a power of attorney is already registered on the books of the office.
- e. The provision for the payment of ST/VAT/ED etc. should be checked with reference to the instructions issued by the Government of NCT of Delhi from time to time. Vague provisions, such as ST/VAT will be paid, if legally leviable should be objected to and the contracting officers be asked to state in definite terms whether ST/ VAT, excise duty, etc. are payable and, if so, at what rate and on what amount.
- f. The contract has not been made by or on behalf of a minor.
- g. The security deposit in the appropriate form and of correct amount has been taken within the period stipulates in the contract and that in the event of default, penalties leviable under conditions of the contract have been enforced.
- h. All the conditions and requirements printed on the contract form have been complied with; and

- i. If the contract has been entered into with a firm, each one of the partners has signed all the documents consulting the contract and if any partner be absent, these documents are signed by his duly constituted attorney.

Note: Acceptance of tenders placed in the later part of a financial year should be specially scrutinized and any tendency to rush of expenditure brought to notice. Request for dispatch of heavy goods by passenger train, at cost (in freight) which is disproportionate to the value of the materials should be examined in details. In such cases, the IA party should see where a higher rate was also paid for urgent delivery and whether the circumstances really justified the extra expenditure.

## 7.5 Audit of Purchases

### 7.5.1 Purchase shall be examined to see that:

- a. These are properly sanctioned by competent authority and are made subject to usual restrictions regarding the existence of necessary appropriation and to any monetary limits and other conditions prescribed generally or in regard to specific articles or class of articles as laid down in Schedule V and annexure thereto of Delegation of Financial Power Rules, 1978 as envisaged in Rule 138 of GFR 2005.
- b. The instructions governing purchase of stores as laid down in the chapter Procurement of goods and services of GFR 2005 are followed so as to ensure that they are made in most economical manner in accordance with the definite requirement of the public service and the purchase orders are not split up to avoid the necessity for obtaining the sanction of higher authority with reference to the total amount of the orders;
- c. In so far as can be ascertained from the purchase files, demand of other indenting officers received at the time have been bulked together as far as possible to secure the advantage of bulk supply rate etc. and if so, whether the total quantity in respect of all the individual contracts issued against the bulked indents does not exceed the quantity of bulked items.
- d. Whether purchase has been effected by single tender or negotiation, if so whether sanction of the competent authority has been obtained and reasons recorded for resorting to this method of purchase.
- e. All tenders were opened on the due date and numbered and initialled with date by the officers opening them.
- f. The comparative statement duly signed is on record and has been checked with original tenders.
- g. Whether any delayed/ late tender has been incorporated in comparative statement and considered, and whether orders of the competent authority have been obtained for acceptance of these tenders.
- h. The lowest offer has been accepted. If not, the difference between the lowest offer and the offer accepted and the reasons rejecting the lowest offer should be examined. It should also be seen whether the reasons are adequate, when favourable quotations are rejected on the grounds that the capability of the firm was not tried before hand.

- i. The successful tenderer has not indirectly derived an advantage over the tenders by insertion of special conditions which have the effect of raising the rate quoted by him.
- j. The purchase price accepted is within the limit of the estimated price of the indenter and if not, it should be examined whether confirmation about availability of additional funds was obtained.
- k. Suitable security as also sanction of the competent authority has been obtained.
- l. No stores of defective and inferior nature are accepted and a certificate of being 'satisfactory quality' is on record.
- m. The specifications indicated in the quotations agree with those shown in the notice inviting tender.
- n. In the case of 'Repeat Order' it has been ensured that the original purchase order was placed on the basis of lowest acceptable offer and not on delivery preference; there is no downward trend in the market for the item in question, the time gap does not exceed 90 days reckoned from date of issue of the original order and the quantity does not exceed 100% of the original orders.
- o. An item available under DGS&D Rate Contract/Running Contract is purchased by placing a 'Supply Order' or in the alternate purchase order is placed on the rate contract holder at the stipulated in the Rate Contract / Running Contract.

## 7.6 Stores Records

### 7.6.1 The stores records shall be scrutinized to see that:

- a. All stocks in the Stores & purchase are accounted for in the bin cards maintained in the prescribed forms.
- b. Bin card is maintained for every item of the Vocabulary of Medical Stores (VMS) irrespective of the fact whether there is any stock or not for any item.
- c. The opening balances shown in the bin cards agree with the closing balance of the previous bin cards and have been properly attested.
- d. The receipt and issue entries are supported by regular receipt and issue vouchers, transfer notes and loss statements etc. 10% of issue entries have been checked by section in-charge of store section.
- e. There are no erasures and that alteration, if any have been properly attested.
- f. The bin cards are closed monthly and the final balance of each card is correctly struck.
- g. Surplus stores noticed during stock verification as per procedure are brought on charge immediately.
- h. Deficits are investigated and follow up action taken under orders of the competent authority.
- i. No bin card is destroyed; after three months of the close of the year and inventory of bin cards is prepared and the cards are kept in safe custody.
- j. Verification of stocks of selected items is conducted daily.
- k. Where on representation from a supplier a sample is tested, the fee for retesting has been recovered from the firm.

- i. After the drug is confirmed to be sub-standard on the basis of the test, whether the supplying firm has either replaced the sub-standard drug with the standard drug or reimbursed the cost of the sub-standard drug.

## 7.7 Scrutiny of Stock Books (Non-Consumable)

7.7.1 The principal points to be looked into in auditing the stock books of non-consumable stores are that:

- a. The stock books are maintained in the forms prescribed by the competent authority.
- b. The pages of the stock books are machine numbered and a certificate of page count is recorded therein by a responsible officer.
- c. The closing balances of the previous year have not been tampered with and carried over to the current year correctly.
- d. All stores when received are examined, counted, measured or weighted as the case may be, before delivery is taken and are entered in the appropriate stock register after verifying that the quantities are correct, their quality is good and they are according to the specification, where prescribed.
- e. Full particulars of all stock articles are entered in the stock registers as are sufficient to identify the articles.
- f. The articles of similar description such as tables, durries, carpets etc. are put into separate categories, each category comprising articles of same measurement, make and manufacture with the same metal or wood or other metal.
- g. Distribution of various items of stock as shown in the stock register tallies with the inventories of stock maintained by the corresponding officers of the sections.
- h. For all stores transferred to other offices there are proper acknowledgments in support thereof.
- i. Where according to the rules made by competent authority, articles of dead stock are lent to local bodies, contractors or others on hire charges as determined under the rules are recovered regularly.
- j. Periodical verification /valuation /inspection are duly carried out and certificates to the effect are recorded on the stock registers over the signature of the incharge of the store. Periodicity of verification is once in two months for valuable items and once in a year for other items.
- k. Balances of articles are not held in excess of requirements of reasonable period or in excess of any prescribed maximum limit.
- l. Excess noticed in the course of physical verification are brought to account immediately so that the store account may represent the true states of the store.
- m. Shortages and damages as well unserviceable stores are reported immediately and investigated in accordance with the provisions of rule 33 of new GFR 2005( rules 17 to 19 of GFR 1963) and written off, where necessary by the competent authority. Pending write off the item in question should not be removed from the stock register.
- n. When the stores found surplus, obsolete or unserviceable in the course of inspection are declared as such and ordered to be disposed of by an authority competent to do so indicating the manner of disposal. Proper records for all such stores are also maintained for watching disposal thereof and that there has been no undue delay in their disposal in the stipulated by the competent authority.



- o. Account of stores in all cases are subjected to internal check as may be prescribed by the competent authority whether or not they are subjected to audit by an audit officer.
- p. Totals and closing balances have been correctly worked out and there are no erasing / overwriting; and
- q. Stores acquired / purchased are utilized within reasonable time as for the purpose for which they are acquired.

## 7.8 Scrutiny of Stock Accounts (Consumable Stores)

7.8.1 The stock accounts of consumable stores are also subjected to the same audit checks are applied in the audit of stock books of non-consumable stores as detailed in the preceding para. In addition it should be seen that:

- a. All stores are issued under the orders of the officer-in-charge of stores.
- b. Written acknowledgements are obtained from the person to whom the stores are ordered to be delivered or from his duly authorized agent.
- c. Where a scale has been prescribed by the Government or other authority of issue of stores the same has not been exceeded.
- d. All issues of stores are supported by requisitions and indents in the form prescribed by the competent authority and duly approved by the authorized indenting officers.

## 7.9 Scrutiny of Earnest Money and Security Deposit Register

- a. The register is maintained in prescribed form.
- b. Earnest money whenever taken is deposited into the Govt. account without delay.
- c. At the time of release of earnest money the acknowledgement of the authorized recipient is taken.
- d. The security deposits are taken as per the prescribed rates laid down by the competent authority.
- e. The refund of the security deposit is made after obtaining no demand certificate from the concerned section and also the original receipt from the claimant.

## 7.10 Loss Statement

It shall be seen by the IA team that:

- a. Losses have been properly investigated and written off under the order of the competent authority.
- b. Proper steps have been taken to prevent losses of avoidable nature.
- c. Losses are not written off in piecemeal to avoid obtaining sanction of higher authority.
- d. Surpluses are not set off against deficiencies except after satisfactory reasons.
- e. In respect of breakages, shortages, losses of stores in transit, suppliers are informed of losses and the same recovered from them normally.
- f. Any tendency to charge losses to the Depot as a matter of course or to treat the maximum loss up to the prescribed percentage as a normal one is brought to the notice of competent authority.

### 7.11 Registers of Stores under Objection/ Unserviceable/Obsolete Category

The IA team should see that:

- a. All stores not brought on charge because of objection as a result of inspection or otherwise have been recorded in this register.
- b. The stores entered in these registers have been declared unserviceable/obsolete under the order of the competent authority.
- c. The stores are disposed of under orders of the competent authority in accordance with the procedure laid down in and instructions issued by GNCT of Delhi from time to time.
- d. Proper auction sale accounts are prepared and sale proceeds deposited in the Government account.

### 7.12. Life Register of Medicines etc.

It shall be seen by the IA team that:

- a. The date of expiry of medicines is correctly mentioned.
- b. The register is reviewed regularly by the Competent Authority and
- c. Timely action for the disposal of item nearing expiry date is taken.

### 7.13 Other Records

The following registers shall be examined to see that they are maintained properly and reviewed regularly by a responsible officer.

- a. Register for registration of Indenters
- b. Register for Registration of Firms
- c. Rate Enquiry Register.
- d. Register of Blank Bin cards and for VMS/NIV items
- e. Register of Annual Indents and supplementary Indents.
- f. Register of packing cases.

## CHAPTER -8

### AUDIT OF RECEIPTS, GRANTS-IN-AID AND LOANS

#### 8.1 Introduction

8.1.1 Delhi's tax revenue collection is generated from following:

- a. Value Added Tax
- b. Stamps and Registration Fee
- c. Tax on Motor Vehicles
- d. State Excise
- e. Non-Tax revenues

8.1.2. Planning Receipt Audit: Audit of receipts includes an examination of the system and procedures and their efficacy. It is therefore imperative that IA teams do this job diligently to avoid loss of revenue to the government. The IA teams should ensure:

- a. Identification of potential tax assesses, ensuring compliance of laws as well as detection and prevention of tax evasion.
- b. Prompt investigation or losses of revenue through fraud, default or mistake.
- c. Appropriate action to safeguard the interests of the government on the orders passed by department of appellate authorities.
- d. Exercise of discretionary powers in an appropriate manner including levy of penalties and vitiation of prosecution.
- e. Any measures introduced to strengthen or improper revenue administration.
- f. Amounts that may have fallen into arrears, maintenance of records of arrears and action taken for the recovery of the amounts of arrears.
- g. Other ancillary and non assessment functions including expenditure incurred by the departments.
- h. Achievement of targets, accounting and reporting of receipts and their cross verification and reconciliation with the accounts records.
- i. Amounts of refunds, rebates, drawbacks, remissions and abatements to see that these are correctly assessed and accounted for.
- j. That double refunds, fraudulent and forged refund orders or other losses of revenue through fraud, default or mistake are promptly brought to legend and investigated, and
- k. That all revenue receipts collected by department of officers are promptly remitted to the bank or the PAO as the case may be, and that the receipts as per their records are reconciled with those booked in govt. accounts on the basis of receipted challans in accordance with the procedure laid down in Civil Accounts Manual.

#### 8.2 Audit of Grants in Aids and Loans

8.2.1 The IA team should satisfy itself of:

- a. The accounts of all grantee institutions or organization shall be open to inspection by the sanctioning authority and audit. A provision to this effect should therefore be made/ incorporated in all the orders sanctioning grants in aid.
- b. Where any grant and/ or loan is given for any specific purpose to any institution or organization or authority, the audit should satisfy as to the fulfillment of the condition subject to which the grants and/or loans were given.
- c. In respect of non recurring grants to an institution or organization, a certificate of actual utilization of the grants received for the purpose for which it was sanctioned in Form GFR.19-A should be insisted upon in the order sanctioning the grants-in-aid.
- d. The utilization certificate in respect of grants sanctioned as per Rule 209(6) of GFR should also disclose whether the specified, quantified and qualitative targets that should have been reached against the amount utilized, were in fact reached and if not, the reasons therefore.
- e. The utilization certificate should contain an output based performance assessment instead of input based performance assessment.
- f. The utilization certificate should be submitted within twelve months of the closure of the financial year by the grantee institution and its receipt should be ensured by the Department concerned.
- g. In respect of recurring grants, it should be ensured that utilization certificate on provisional basis in respect of previous financial year is submitted before releasing grants for the subsequent financial year.
- h. It should also be seen that release of grants-in-aid in excess of 75% of the total amount sanctioned for the subsequent financial year shall be done only after the utilization certificate and the Annual Audited statement relating to grants-in-aid released in the preceding year are submitted.
- i. Even flow of expenditure during the year should also be checked.
- j. Unutilized grants allowed to be carried forward should also be taken into account while regulating the grants for the subsequent year.
- k. It should also be seen that the grantee Institution/Organization have submitted performance-cum-achievement reports soon after the end of the financial year within the prescribed time limit as per grant-in-aid sanction order.
- l. A register of grants in aid in Form GFR-39 should also be maintained by the sanctioning authority.
- m. All the sanctions for grants-in-aid should be noted in the register of grants-in-aid under proper attestation.
- n. It should also be ensured that moneys have not been unnecessarily drawn in advance of requirement to avoid lapse of funds.
- o. Audit should verify whether systems and procedure are in place for efficient utilization of the grants-in-aid and these are being complied with for:
  - i. Determination of amount of assistance and its timely release.

- ii. Proper accounting or assistance by the grantee including maintenance of accounts in prescribed formats.
- iii. Ensuring the fulfillment of conditions of government assistance.
- iv. Monitoring and ensuring the economical, efficient and effective use of assistance including achievement of the objectives of assistance.
- v. Refund to the government of any unutilized amount.
- vi. In the case of loans, their repayment as prescribed and recovery of interest including penal interest according to applicable conditions.
- vii. Clear enunciation of purpose for the sanction of the Government assistance.

## CHAPTER - 9

### PERFORMANCE AUDIT

#### 9.1 Introduction

9.1.1 The term 'Audit' in general includes financial audit, regularity audit and PA. In that, PA is concerned with the evaluation of execution of schemes/ projects/ programmes or any other activity of the government and it embraces the following:

- a. Economy: Audit of the economy of administrative activities in accordance with sound administrative principles and practices and management policies.
- b. Efficiency: Audit of the efficiency of utilization of human, financial and other resources including examination of information systems, performance measures and monitoring arrangements and procedures followed by audited entities for remedying identified deficiencies.
- c. Effectiveness: Audit of the effectiveness of performance in relation to the achievement of the objectives of the audited entity and audit of the actual impact of activities compared with the intended impact.

#### 9.2 Definition and Basic Objectives of PA

9.2.1 Definition: PA is an independent assessment or examination of the extent to which an entity, programme or organization operates in terms of efficiency, effectiveness and economy.

9.2.2 Objectives of PA: The basic objectives of PA is to improve public sector administration and accountability by way of:

- a. The quality of information and advice available to government for the formulation of policy.
- b. The existence and effectiveness of administrative machinery to inform the government whether programme objectives and targets have been determined with a view to fulfilling policy objective.
- c. Whether and to what extent, stated programme objectives have been met
- d. The economy, efficiency, effectiveness, equity and ethics of the means used to implement a programme/ activity.
- e. The intended and unintended, direct and indirect other impacts of programmes/ activities; for example, the environmental impact of government activity etc. and
- f. Compliance to applicable laws and regulations in the context of the PA objectives.

9.2.3 Basic Principles of PA: The basic principles of PA may be outlined as under:

- a. PA is an assessment of efficiency and effectiveness of the programmes, with due regard to economy;
- b. Apart from the question whether the things are being done the right way, it also addresses the question of whether the right things are being done, in other words, it also focuses on what is not being done rather than only on what is being done;
- c. Distinction between regularity and PA should always be kept in mind.

- d. PA is undertaken with the objective of improving performance of public sector programmes and, therefore, an assessment of the expected impact-qualitative and quantitative – on the programme must be made before undertaking the audit;
- e. The subjects selected for PA could be a programme, segments of a programme-including the processes, procedures and systems, and entity itself or parts of an entity, etc.;
- f. The subjects of PA could be financial, non-financial or public interest and governance issues;
- g. While the PA may and should assess the implementation of the policy through one or more programmes, the scope of audit should be limited to assessing and impact of the implementation of policy and the policy per se should not be questioned;
- h. PA should be conducted in time, when there is scope for remedial.

### 9.3 Planning and Preparation before undertaking PA

9.3.1 Developing Measurable Objectives/ Performance Indicators: The responsibility for the development of measurable objectives and performance indicators as also the system of measurement rests with the Government departments or heads of entities. They are also required to define intermediate and final outputs and outcomes in measurable and monitorable terms. An IA team should discuss these issues with the concerned departments/ offices before commencing PA.

9.3.2 Interaction with the Entity: PA envisages a high degree of interaction with the auditable entities, right from the selection of subject(s) through the actual process of PA, developing and finalizing the PA report.

9.3.3 Para 4.1, Chapter III of Auditing Standards of SAI (CAG) India lay down the field standards as following:

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

9.3.4 The planning steps highlighted in the Auditing Standards of SAI India (Para 4.3, Chapter III) stipulate:

- a. Collect information about the audited entity and its organization in order to assess risk and to determine materiality;
- b. Define the objective and scope of the audit;
- c. Undertake preliminary analysis to determine the approach to be adopted and the nature and extent of enquiries to be made later;
- d. Highlight special problems foreseen when planning the audit;
- e. Prepare staff assignment and a schedule for the audit;
- f. Identify staff requirements and a team for the audit; and
- g. Familiarize the audited entity about the scope, objectives and the assessment criteria of the audit and discuss with them as necessary.

9.3.5 Understanding the Subject: The first step in planning the individual PA is to develop a sound understanding of the subject of audit. Such understanding will help in

identifying the key audit issues.

9.3.6 List of Sources of Information: The IA team should study the following documents/ papers/ reports etc., which will help in conducting a meaningful PA.

- a. Plan, budget documents, vision/mission statements and strategic plan of the entity.
- b. Enabling legislation.
- c. Entity organizational chart, programme execution format and accountability relationships.
- d. Annual reports, performance budget and accounts, etc.
- e. Programme documents – containing the parameters of the programme – EFC/PIB notes and minutes and Note for Cabinet documents etc.
- f. Programme guidelines issued by the entity, administrative and implementation instructions, information feedback/ monitoring reports and action thereon and minutes of the meetings on relevant subject, etc.
- g. Administrative and technical inspection reports within the entity, proceedings of the monitoring meeting, internal audit reports etc.
- h. Evaluation reports and surveys sponsored by the entity, independent evaluations and surveys; publications/reports by the UN agencies, World Bank etc. on the subject.
- i. Past audit reports of financial/ regularity or PA and their follow-up.

#### 9.4 Annual Operational Plan

The Annual Operational Plan for PA should be developed by the HQ, which inter alia should:

- a. Consist of the PA of the subjects, including the subjects brought forward from the previous years that are to be implemented during the year;
- b. Provide an opportunity to review the plan in the light of new developments and risk assessment since the approval of Annual Plan.

#### 9.5 Risk Analysis

9.5.1 A risk analysis should be carried out with reference to the various parameters of the entity, programme or the subject after a careful study of all relevant documents mentioned under para 9.3.6 above.

9.5.2 The risk factors can be attributed to the different forms of inputs, processes, information systems, accountability relationships, outputs and outcomes on the basis of the perceived weakness in the design parameters, organizational structure, information system, transparency, criteria or means adopted for monitoring and review, etc.

9.5.3 It is incumbent upon the PA team to verify correctness of the reported data of 'inputs' and 'outputs' while applying the test of efficiency. For example, the money stated to have been utilized on a programme might not be used entirely on the programme. Parts of the inputs may have been used on other items, part could be unutilized in the form of deposits, another part could be advances to vendors, etc.

#### 9.6 Guidelines for PA Team

The IA team should observe the guidelines as laid down by the CAG of India (Performance Auditing Guidelines) for conducting PA listed in Table 9.1 below.



Table - 9.1

GUIDELINES FOR THE IA TEAM FOR TAKING UP PERFORMANCE AUDIT

1. Information on the programme/ subject of audit as given below:
  - a. Programme inputs/ outputs.
  - b. Programme process and resource flow chart with explanatory note.
  - c. Execution structure or institutional design.
  - d. Expected cost-benefit/ input-output as per the programme design.
  - e. Programme beneficiaries.
  - f. Performance measures if any set in the programme.
  - g. Expected programme objectives and impacts.
2. Scope of PA in terms of period of operations to be audited, segment or activities or entities to be audited, etc.
3. Criteria to assess if the programme objectives fulfill the policy objectives.
4. Basis for comparison of the intended impact with the actual impact.
5. Programme evaluation techniques to be used in the PA.
6. Impact evaluation, if possible on the basis of available evidence – i.e. whether the observed impacts are attributed to the programme or there are other reasons also.
7. Audit evidence including their type i.e. primary and secondary corroborative evidence under the categories of documentary, physical, oral or analytical, source and evidence gathering techniques such as direct observation, survey, photographs, interviews, etc.
8. Expected value addition to the programme through PA.
9. Expert or consultancy services/ outsourcing if required.
10. Evaluation of internal control system.
11. Risk analysis and Sampling Techniques.
12. Recommendations development process and test of recommendations on the internal control parameters;
13. Report writing procedures.
14. Series of actions/steps expected at each stage for entity involvement.
15. Entry and Exit Conferences and minutes thereof.
16. Periodic reporting to the HQ, Report approval, printing and presentation to HOD/ Secretary concerned.

## 9.7 Quantitative Analysis

9.7.1 Where practicable, an entire population should be analyzed. But in most cases, it may not be possible due to the volume of data and information associated with a programme or entity.

9.7.2 Where it is not feasible to analyze the entire population, due to any constraints, sampling techniques have to be used. The nature of the population should be examined to decide the most appropriate sampling methodology.

9.7.3 The sample selected and the sampling approach and methodology should be documented and shared with the entity. When using either a statistical or non-statistical sampling approach, the audit team should select an appropriate audit sample, perform audit procedures on the sample and evaluate sample results so as to provide sufficient audit evidence.

9.7.4 When selecting an audit sample, specific audit objectives and the attributes of the population from which the sample is to be drawn should be taken into account. In determining the sample size, it should be considered whether sampling risk would be reduced to an acceptably low level. The sample items are to be selected so as to have a reasonable expectation that all sampling units in the population have an equal chance of selection. To each item selected, audit procedures appropriate to the particular audit objective should be applied. It should also be considered as to what conditions would constitute an anomaly or error in the context of the audit objectives. The audit team should consider the nature and cause of any errors identified and their possible effect on the particular audit objective and on other areas of the audit.

9.7.5 Errors found in the sample should be projected to the population. The auditor should consider the effect of the projected error on the particular audit objective and on other areas of the audit.

## 9.8 Developing Findings and Recommendation

9.8.1 Audit findings are identified by relating audit observations to audit criteria. Audit observations are based on the analysis of information collected during the audit. Audit findings should be developed and evaluated throughout the various phases of PA.

9.8.2 Potential findings identified in the planning stage or during the preliminary study should be followed up on the detailed examination phase of the audit since the auditor, rather than carrying a hindsight audit, is expected to take into account the circumstances prevailing at the time of events, it may be desirable that avoidable and unavoidable causes of findings are segregated.

9.8.3 If the dialogue with the entity during the entire process of PA has been consistent, constructive and effective, both the IO and the entity may be required to focus only on the recommendations and their implementation, at the close of the PA.

## 9.9 Check-List for Developing PA Recommendations

The IA team should seek answers to the questions for developing qualitatively good recommendations as given in the Table - 9.2 below.

Table – 9.2	
CHECK-LIST FOR DEVELOPING PA RECOMMENDATION	
1.	What was the objective of the Programme taken for PA?
2.	What was needed to be done?
3.	What were the bench marks?
4.	Why does it need to be done?
5.	What is the distribution of responsibilities among the field managers?

6. What was the implementation time-frame?
7. If there was time over-run, what were the major reasons?
8. Who were the end beneficiaries?
9. What is the expected impact, when implemented successfully?
10. Has the Programme been implemented in an economical way? If not, what were the major reasons for cost over-run?
11. Are there limitations/ risks in the implementation of the recommendation?
12. Is there any value addition in the implementation of the recommendations contained in the PA report?
13. Are the recommendations of the PA report cost-effective?

#### 9.10 Exit Conference: Discussion with HOO and HOD

9.10.1 Discussion papers and audit observations during audit serve to confirm the facts with HOO/ HOD and help in the finalization of the draft audit report.

9.10.2 The written response of the entity to the draft PA report should be achieved through correspondence, personal meetings and the presentation of the draft audit report. The response of the HOO/ HOD should also have the approval of the Secretary of the Department.

9.10.3 The response and entity will ensure that the matters of facts, figures and conclusion are accepted as the audit proceeds.

9.10.4 In case of disagreement between audit findings and the entity, the reasons for such disagreement should be fully analyzed.

#### 9.11 Follow- up Procedure

9.11.1 The IA team should, after the draft PA report is ready, hold an exit conference with the HOD. A written record of the proceedings of the exit conference, should be kept on record. The IO shall give full consideration to the observations and comments of the HOD while finalizing the draft PA report.

9.11.2 All audit reports must contain recommendation arising out of audit findings and the cause of audit findings;

9.11.3 As the PA revolves around the audit objectives, the follow-up procedure is built around the recommendations and the impact of PA is measured on the basis of implementation of the recommendations; and

9.11.4 Follow-up procedure is conducted with reference to the nominal information on the implementation of the recommendations and quality of implementation of recommendations through a more detailed follow-up audit.

#### 9.12 PA in Information Technology Environment

9.12.1 Information Technology (IT) is being increasingly used for public sector programme planning, execution and monitoring. The sharing or integration of information between entities raised issues such as the risk of security breaches and unauthorized manipulation of information.

9.12.2 Auditors should not only be aware of the uses of IT, they should also develop strategies and techniques for providing assurance to stakeholders about value for money from the use of IT, security of the systems, existence of proper process controls and the completeness and accuracy of the outputs.

9.12.3 The approach towards PA in an IT environment should involve the following: inter-related processes:

- a. Obtain an understanding of the entities IT systems and determine their significance to the PA objective;
- b. Identify the extent of IT systems auditing required to achieve the PA objective.
- c. Develop and use appropriate Computer Assisted Audit Techniques (CAAT) to facilitate the audit.

9.12.4 PA in an IT environment should:

- a. Identify any deficiencies in IT controls and the resulting effect on the efficiency, economy and effectiveness of the performance of the entity;
- b. Examine the IT systems development and maintenance practices of the entity, compared to industry better practice;
- c. Compare the IT strategic planning, risk management and project management practices of the entity
- d. Determine whether system outputs meet entity quality and service deliver parameters.

9.12.5 Assess whether the IT systems enhance the IT economy, efficiency and effectiveness of the entity's programme management, in particular in relation to programmes planning, execution, monitoring and feedback.

9.12.6 The IA may also examine whether the IT system has enhanced the efficiency with which the entity manages its programmes/ activities and whether the conversion to an IT system has any beneficial results for the stakeholders in the entity.

9.12.7 The IA should assess if the IT systems have facilitated improved programme management.

### 9.13 Computer Assisted Audit Techniques

9.13.1 IA teams are increasingly using Computer Assisted Audit Techniques (CAAT). The CAAT utilize custom developed software programmes to aid in the execution of the audit. They can be used for both sampling of system transaction data and for testing the system as a whole.

9.13.2 CAAT tools can be developed to:

- a. Access and extract information from auditee databases.
- b. Total, summarize, sort, compare and select from large volumes of data in accordance with specified criteria.
- c. Tabulate, check and perform calculations on the data.

- d. Perform sampling, statistical processing and analysis.
- e. Provide reports designed to meet particular audit needs and
- f. Facilitate audit planning and control such as electronic audit working papers that supports effective indexing, reviewing and reporting.

9.13.3 CAAT can be used to validate the processes in the programme or to analyze the data.

9.13.4 CAAT tools should be developed/ modified keeping in view the IT environment in the entity and the audit objectives. CAAT can be utilized in PA of both IT and non-IT environments.

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Note: Contents of this chapter rely substantially on the 'Performance Auditing Guidelines' issued by the Comptroller and Auditor General of India, the Supreme Audit Institution of India.

CHAPTER-10  
NEW PENSION SCHEME

10.1 Salient Features of New Pension Scheme

10.1.1 The new Defined contributory Pension Scheme is mandatory for all new employees of the central Government who are appointed on or after 01.01.2004 ( except the Armed forces in the first stage vide GOI MOF Notification no. 5/7/2003/ECB&PR dated 22.12.2003). The NPS is equally applicable to the new entrants on or after 01.01.2004 as to GNCT Fin. (Budget) Deptt. Order No. F.-14(1)/2004-in (B) DS(FB)/175 dated 19.07.2006.

10.1.2 The IA team should examine the cases falling under NPS keeping in view the salient features of NPS as given below:

- a. The NPS is to work on defined contribution basis and will have two tiers- Tier-I and II.
- b. Contribution to Tier-I is mandatory for all government servants joining government service on or after 01.01.2004. Tier-II will be optional at the discretion of the government servants.
- c. In Tier-I government servant will have to make a contribution of 10% of his basic pay plus DA, which will be deducted from his Salary Bill every month. The government will make an equal matching contribution.
- d. Tier –I contribution (and the investment returns) will be kept in a non withdrawal pension Tier-I Account. Tier –II contributions will be kept in a separate account that can be withdrawn at the option of the govt. servant. Government will not make any contribution to Tier-II account.
- e. A government servant can exit at on attaining the age of 60 years from Tier-I of the NPS. At exit, it would be mandatory for him to invest 40% of pension wealth to purchase an Annuity which will provide for pension for the lifetime of the employee and his dependent parents/ spouse. In the case of government servants who leave the scheme before attaining the age of 60, the mandatory annualization would be 80% of the Pension Wealth.
- f. On Joining government service, the govt. servant is required to provide his particular in the prescribed form as given in Annexure-1 to this chapter.
- g. The DDO concerned has to submit the information in prescribed format Annexure-II (to this chapter) to the PAO.
- h. On receipt of Annexure-II, the PAO is to allot a unique 16 digit Permanent Pension Account Number (PPAN).
- i. First four digits of PPAN indicate the calendar year of joining govt. service, the next on digit indicates whether it is a civil or non-civil ministry. The next six digits would represent the PAO code (which is used for the purpose of confirming monthly accounts. The last five digits will be the running serial number of the individual govt. servant which will be allotted by the PAO concerned.
- j. The IA team should see that PAO is maintaining an Index Register for the purpose of allotment of PPAN to the new entrants to govt. service. Index Register will be in Annexure-VII.

- k. The particulars of the Govt. servants received from various DDO will be consolidated by the PAO in Annexure-II A (to this chapter) and sent to the Pr. AO.
- l. The Principle Accounts Office will consolidate the particulars in Annexure II-B (to this chapter) and forward it to the CPAO.
- m. The DDO will prepare a recovery schedule in duplicate in Annexure-III (to this chapter) for the contribution under Tier-I and attach them with the pay Bill.
- n. The DDO will also prepare a separate Bill for drawal of matching contributions to be paid by the government and creditable to the Pension Account.
- o. The bill for drawal of matching contributions should also be supported by schedules of recoveries in Annexure-IV to this chapter.
- p. The employee's contribution under Tier-I and Tier-II and government's contribution will be posted in different columns of the individual ledger account in Annexure-V to this chapter.
- q. The PAO will consolidate the information available in New Pension Scheme Schedules received from the various DDO and forward the same in a floppy in to the Pr. PAO as given in Annexure-VI to this chapter.
- r. IA team should see that whenever, any government servant is transferred from one office to another either within the same accounting circle or to another accounting circle, balances are not transferred by the PAO to the other AO. However, the DDO should clearly indicate in the LPC of the individual the Unique Account Number, the month up to which govt. servant's contribution and government's contribution have been transferred to the Pension Fund.
- s. No withdrawal of any amount is allowed for the present.
- t. At the end of each financial year, the CPAO will prepare Annual Accounts Statements for each employee and send the same to the DDO through Pr. AO/ PAO.

## 10.2 Implementation Plan of NPS

- a. The Scheme comes into operation with effect from 01.01.2004.
- b. NPS is applicable to all new entrants to Central Government including that of GNCT, Delhi and except Armed forces.
- c. The NPS has two tiers- Tier-I and Tier-II.
- d. In Tier-I, Government servants have to make mandatory contribution of 10% of (Basic Pay plus DP plus D.A), and the Government will make an equal matching contribution.
- e. Tier-I is nonwithdrawable.
- f. Tier II is withdraw-able and there will be separate account for it
- g. No matching contribution will be made for Tier II by the Government.
- h. There will be a Central Record Keeping Agency and several Pension Fund Managers who will offer 3 categories of Schemes as A, B and C.
- i. Statutory Pension Fund Regulatory and Development (PFRDA) will regulate and develop the pension market
- j. Government servant can exit at or after 60 years of age from Tier-I.

- k. 40% of pension wealth is mandatory for investment at the time of exit to provide for pension for lifetime for the government servant and or his/ her dependent.
- l. To leave the scheme before 60 years of age, 80% of pension wealth mandatory for investment.

### 10.3 Interim Arrangement

10.3.1 Pending total implementation of the NPS the government has decided that contribution by Government servants and matching contribution by Government will be kept in Public Account and that Tier II will not operational during the interim period.

### 10.4 Check-List for IA Teams

The IA team should scrutinize the cases falling under NPS as per check-list given in Table-10.4 below.

Table -10.1 CHECK-LIST FOR SCRUTINIZING NPS CASES
1. With effect from 01.01.2004 check every month whether any new appointment has been made.
2. CDDO/ DDO are responsible to get the particulars from newly appointed Government servant as given in Annexure-I which will be retained by the DDO/ CDDO.
3. Monthly Consolidated information in Annexure-II is being furnished to the PAO Office by 7 <sup>th</sup> of the following month.
4. That on receipt back of Annexure-II after issue of 16 digit Permanent Pension Accounts Number (PPAN) by PAO office, DDO/ CDDO will open a separate Pay Bill register (PBR) for those who joined service on or after 01.01.2004.
5. That the DDO / CDDO is noting the unique 16 digit PPAN in the PBR.
6. Tier-I contribution of 10% of Basis Pay plus DA starts from the salary of the month following the month in which the Government servant has joined the service. No recovery will be made for the month of joining.
7. That no deduction of GPF contribution is being made for new entrants with effect from 1.01.2004 since GPF scheme is not applicable in their cases
8. That CDDOs is preparing and sending pay bills of new entrants to PAO office for pre-check and payment and should not issue cheque at their end in such cases
9. That DDOs/ CDDOs are preparing separate schedule in duplicate for contribution by Government servant in Annexure-III to this chapter.
10. Those separate schedules are prepared for the Government's matching contribution in Annexure-IV.
11. That schedule Annexure-III is being attached with pay bills and sends to PAO office on or before 20 <sup>th</sup> of the month.
12. That the amount of contribution under Tier-I in Annexure-III tallies with the total amount or recoveries shown under the corresponding column in the pay bills.
13. That a separate bill is being prepared for drawal of matching contribution to be



paid by Government and creditable to pension account.

14. That Schedules as given in Annexure-IV to this chapter is attached to bill for withdrawing matching contributions and not with pay bill.
15. That no withdrawal has been allowed from Tier-I contribution.

## 10.5 Transfer Cases and Annual Statement

10.5.1 The IA Team also see that the CDDO/ DDO is clearly indicating in the LPC of the individual, the unique Permanent Pension Account Number (PPAN), the month up to which Government servant's contribution and Government's matching contribution have been transferred to the Pension Fund.

10.5.2 That CDDOs/ DDOs gets the annual account statement through PAO office showing opening balance, details of monthly deductions and Government's matching contributions, interest earned, if any, and the closing balance for onward transmission to the individual. Central Pension Accounts Office (CPAO) will be responsible for preparation of these statements.

## 10.6 Guidelines for PAO

10.6.1 Send back a copy of the Annexure-II to DDO/ CDDO after issue of PPAN. Send the consolidated particulars of the Governments servants received from various DDOs in the format Annexure-II A to Pr. Accounts Officer by 12<sup>th</sup> of the following month to which the credit pertains along with a floppy generated from software (CPFM).

### 10.6.2 Maintaining the Record

- a. Index Register (Annexure-7): For allotment of 16 digit PPAN: On receipt of Annexure-2 from DDO on 7<sup>th</sup>, PAO will allot 16 digits unique code i.e. PPAN and return the Annexure-II to the DDO by 10<sup>th</sup> of the same month.
- b. Formation/ Structure of 16 Digit (PPAN):

First 4 digits	Calendar Year of joining of service
Next 1 digit	Civil/Non- Civil Ministry
Next 6 digits	PAO Code
Last 5 digits	Running serial number for the individual.
- c. Individual Folio (Annexure-V): After payment of pay bills and posting in the Detailed Posting Register (DPR), one set of schedules relating to pension contributions (Annexure-III) will be detached from the pay bill and used for posting the credits in the Detailed Ledger Account of the individual. Contribution under Tier-I and Tier-II and Government's matching contributions should be posed in different columns of the individual ledger account as shown in Annexure-V.
- d. Broadsheet: Posting of contribution done in ledger should also be done in Broadsheet and tallied with accounts figures as being done in the case of GPF for pre- 01.01.2004.

10.6.3 Consolidated Information in a Floppy to Pr. AO (Annexure-VI): The PAO will consolidate the information received from DDOs/ CDDO in Annexures-III and IV and forward the same in a floppy in the prescribed form Annexure-VI to Pr. AO by 12<sup>th</sup> of the month following the month to which the credit pertains.

10.6.4 Transfer cases: PAO will not transfer any balance to any PAO. The CDDO/ DDO should clearly indicate in the LPC of the individual, the Unique PPAN, the month up to which government servants continuation and government matching contributions have been transferred to the pension fund.

10.6.5 Reconciliation at close of Financial Year: After close of each financial year, CPAO will have to report the details of balance PAO wise to each Pr. A.O., who will forward the information to each PAO for the purpose of reconciliation. The PAO will reconcile the figure of contributions in the ledger account of the individuals as per their ledger with figures as per the books of CPAO.

10.6.6 Accounting Head in the Books of PAO: The recoveries of contribution from the individual and the Government matching contributions are classifiable as credits under the following head in the books of PAO.

Major Head 8342	Other Deposits.
Minor Head 120	Misc. Deposits.
Sub- Head 20	Defined contribution Pension Scheme.
Detailed 20.01	Employee's Contributions under Tier I
20.02	Government Contributions under Tier I
20.03	Interest on Contributions under Tier I

10.6.7 On receipt of Government's instructions for allowing interest on the accumulation of the fund, the amount of interest may be debited to the following head.

Major Head 2049	Interest payments
Sub-Major 60	Interest on other obligations
Minor Head 101	Interest on Deposits
Sub –Head 29	Interest on Defined Contribution of NPS
Detailed Object Head	Interest on contributions under Tier-I
29.01.45	

10.6.8 The expenditure on matching contribution by government is, for time being till further instructions, to be debited under the Minor Head '502- Expenditure Awaiting Transfer to other Heads/ Department' to be opened below the relevant functional Major Head of Ministry/ Department.

## 10.7 Guidelines for Pr. AO

10.7.1 After receiving the floppy in the prescribed form (Annexure-VI) from the PAOs by 12<sup>th</sup> of the month following the month to which the credit pertains, the Pr. A.O. will consolidate the information and send the same in electronic form (through software CPMF) to CPAO by 15<sup>th</sup>.

10.7.2 At the end of each financial year, Pr. A.O. will get the annual accounts statement (PAO wise) for each employee from CPAO and the same be forwarded to each PAO for the purpose of reconciliation with their ledger/ broadsheet and supply the annual statements to individuals.

#### 10.8 Time Schedule to be followed by DDO, CDDO, PAO and Pr. AO

- a. Schedule to be followed by DDO/ CDDO:
  - i. Annexure II to PAO on 7<sup>th</sup> of the following month
  - ii. Pay Bill to PAO on or before 20<sup>th</sup> of the paid month for pre-check and payment along with schedule (Annexure-III)
  - iii. Preparation of another Bill towards Government's matching contributions of Tier-I supporting Schedule (Annexure-IV) and
  - iv. Submission to PAO along with Pay Bills, i.e., on or before 20<sup>th</sup>.
  
- b. Schedule to be followed by PAO/ Pr AO
  - i. On receipt of Annexure-II form DDO/ CDDOs, allot the PPAN and return a copy of Annexure-II to DDOs/ CDDO on 10<sup>th</sup>.
  - ii. Consolidated Annexure- IIA and 6 to Pr. AO by 12<sup>th</sup> in an electronic media, i.e., floppy/diskette generated through software CPFM.
  - iii. On receipt of Annexure-II and VI from PAO. Pr AO should consolidate the data and forward to CPAO in Annexure II B and Annexure-VI by 15<sup>th</sup> in an electronic media generated through CPFM.

ANNEXURE – I [Referred to in Para 10.1.2 (f)]

(Details to be Furnished by the Government Servant)

Name of the Government servant :  
(in Block letters)

Designation :

Name of Ministry/Deptt. /Organisation :

Scale of Pay :

Date of Birth :

Date of joining Government service :

Basic Pay :

Nominee for accumulations under the  
Pension Account :

S.No.	Name of Nominee (s)	Age (Date of Birth)	Percentage of share payable	Relationship with the Government Servant.
1.				
2.				
3.				
4.				

Signature of the Government servant

Signature of DDO

ANNEXURE – II

FORMAT IN WHICH INFORMATION REQUIRED TO BE SENT BY DDO TO PAO

Name of DDO/ Code No:

Name of Office and Address:

S.No	Name of the Government Servant	Designation	Basic Pay	Date of Birth	Unique Pension A/c in 16 digits (to be allotted by PAO)	Date of Joining Service	Details of nominee(s) of the accumulations under Pension Account			
							Name of Nominee(s)	Age/DOB	Relationship with Government Servant	% of Share

Name of DDO:

Office seal:

ANNEXURE – II – A [Referred to in Para 10.1.2 (K)]  
 FORMAT IN WHICH INFORMATION IS REQUIRED TO BE SENT  
 BY PAY AND ACCOUNTS OFFICE TO PRINCIPAL ACCOUNTS OFFICE

Name of Pay and Accounts Office and  
 Code No. of Pay and Accounts Office :

S.No.	Name of the Government Servant	Designation	Name of the Office and Address	Basic Pay	Date of Birth	Unique Pension A/c No. in 16 digits (allotted by PAO)	Date of joining Service	Details of nominee(s) for the accumulations under Pension Account				Remarks
								Name of nominee(s)	Age	Relationship with Government Servant	%age of Share	

ANNEXURE – II – B [Referred to in Para 10.1.2 (R)]  
 FORMAT IN WHICH INFORMATION IS REQUIRED TO BE SENT  
 BY PRINCIPAL ACCOUNTS OFFICE TO CENTRAL PENSION ACCOUNTING OFFICE

Name of Principal Accounts Office and  
 Code No. of Principal Accounts Office :

S.No.	Name of the Government Servant	Designation	Name of the Office and Address	Basic Pay	Date of Birth	Unique Pension A/c No. in 16 digits (allotted by PAO)	Date of joining service	Details of nominee(s) for the accumulations under Pension Account				Remarks
								Name of nominee(s)	Age	Relationship with Government servant	%age of share	

ANNEXURE – III [Referred to in Para 10.1.2 (m)]  
 FORMAT OF SCHEDULE OF GOVERNMENT SERVANT'S CONTRIBUTION TOWARDS  
 TIER – I AND TIER – II OF THE NEW PENSION SCHEME  
 (To be attached with the Pay Bill)

Name of the DDO/ Code No:

Unique Pension Account No. in 16 digits allotted by PAO	Name of the Government Servant	Designation	Basic Pay	DA	Contribution Under Tier - I	Contribution Under Tier – II*	Total	Remarks

(Rupees \_\_\_\_\_)

\*This column is not to be used during the interim period.

Date and Signature of Drawing Officer

Designation

ANNESURE – IV [Referred to in Para 10.2.(o)]  
FORMAT OF SCHEDULE OF GOVERNMENT SERVANT'S CONTRIBUTIONS  
TOWARDS TIER – I OF THE NEW PENSION SCHEME  
(to be attached with the Bill for drawal of Government's contribution)

Name of DDO/ Code No.:

Unique Pension Account No. in 16 digits allotted by PAO	Name of the Government Servant	Designation	Basic Pay	DA	Government's Contribution	Remarks

(Rupees \_\_\_\_\_)

Date and Signature of Drawing Officer

Designation



ANNESURE – V [Referred to in Para 10.1.2 (P)]  
NEW PENSION SCHEME LEDGER FOLIO

Name : Sh./ Smt./ Km.

Designation

Department

Unique Pension Account No. allotted by PAO

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Date of joining Government Service

Date of Superannuation

Month	Basic Pay	DA	Employee's Contribution under Tier – I	Government's Contribution under Tier – I	Total Tier – I	Employee's Contribution under Tier – II	Remarks																								
April							<table style="width: 100%; border: none;"> <tr> <td style="width: 60%;"></td> <td style="width: 40%; text-align: right;">Tier- II</td> </tr> <tr> <td>Tier – I</td> <td></td> </tr> <tr> <td>Opening Balance as on.....</td> <td></td> </tr> <tr> <td>Deposits .....</td> <td></td> </tr> <tr> <td>Withdrawals* .....</td> <td></td> </tr> <tr> <td>Interest .....</td> <td></td> </tr> <tr> <td>Closing Balance as on .....</td> <td></td> </tr> <tr> <td colspan="2"> </td> </tr> <tr> <td>Posted by .....</td> <td></td> </tr> <tr> <td>Checked by .....</td> <td></td> </tr> <tr> <td>Examined by .....</td> <td></td> </tr> <tr> <td colspan="2">*No withdrawals allowed below Tier - I</td> </tr> </table>		Tier- II	Tier – I		Opening Balance as on.....		Deposits .....		Withdrawals* .....		Interest .....		Closing Balance as on .....				Posted by .....		Checked by .....		Examined by .....		*No withdrawals allowed below Tier - I	
	Tier- II																														
Tier – I																															
Opening Balance as on.....																															
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Withdrawals* .....																															
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January																															
February																															
March																															
Total (Rs.)																															

ANNEXURE – VI [Referred to in Para 10.1.2 (q)]  
 FORMAT IN WHICH INFORMATION ON CONTRIBUTIONS IS REQUIRED TO BE SENT BY  
 PAO TO CENTRAL PENSION ACCOUNTING OFFICE THROUGH PRINCIPAL ACCOUNTS OFFICE  
 DEDUCTIONS FOR THE MONTH OF .....

S.No.	PAO Code	Name of the Government Servant	Unique Account No. in 16 digits allotted by PAO	Basic Pay	Amount of contribution under Tier – I	Government's contribution under Tier – I	Government Servant's contribution under Tier II	Total	Remarks

\* This column is not to be used during the interim period.

ANNEXURE – VII [Referred to in Para 10.6.2 9a)]  
 INDEX REGISTER

Unique Pension Account No.	Name of Government Servant	Designation	Name of Office in which joined Service	Date of birth	Date of joining Government Service	Signature of JAO/ AAO

## CHAPTER- 11

### MISCELLANEOUS

#### 11.1 Outsourcing and Procurement of Services

11.1.1 The GFR 2005 provides for hiring external professionals, consultancy firms and consultants for a specific job which is well defined in terms of content and time frame for its completion or outsource certain services.

11.1.2 The departments can outsource certain services like Security/ Sanitation/ Vehicles etc. in the interest of economy and efficiency and it may prescribe details instructions and procedure for the purpose. The basic rules for hiring of Professionals/Consultants and Outsourcing of Services are laid down in GFR 163 to 185.

#### 11.2 Procurement of Services

11.2.1 The following points should be seen while checking the compliance of instructions during the course of audit of the accounts of the Departments in addition to general prescribed checks:

11.2.2 The engagement of Consultants has been resorted to in situations requiring high quality services for which the concerned Department does not have requisite expertise.

11.2.3 That prior approval of the authority competent to sanction procurement of Consultants obtained.

11.2.4 The objectives, scope of the assignment, eligibility and pre-qualification criteria to be met by the consultants clearly identified.

11.2.5 That estimate of the reasonable expenditure worked on the basis of prevalent market conditions and after consulting other organizations engaged in similar activities.

11.2.6 For the work or service up to Rupees twenty five lakhs preparation of long list of potential consultants prepared on the basis of formal or informal enquiries from other departments or organizations engaged in similar activities, Chambers of Commerce & Industry, Associations of consultancy firms etc.

11.2.7 That for work or service above Rupees twenty five lakhs, in addition to 11.2.4 above, an enquiry seeking 'Expression of Interest' from consultants published in at least one national daily and department's website. Adequate time afforded for getting responses from interested consultants. The 'Terms of Reference' sought all the details mentioned in GFR 170.

11.2.8 That not less than three consultants short listed who meet the requirements.

11.2.9 That the 'Request for Proposal' (REP) containing all the points mentioned in GFR 171 has been issued to short listed consultants to seek their technical and financial proposals.

11.2.10 Technical bids analyzed and evaluated by Consultancy Evaluation Committee appointed by the department. The CEC recorded, in detail, reasons for acceptance or rejection of the technical proposals.

11.2.9 The financial bids of only technically qualified bidders opened by the department for further analysis, evaluation and ranking and selecting the successful bidder for placement of consultancy contract.

### 11.3 Outsourcing of Services

11.3.1. Identification likely contractors: The Department should prepare a list of likely and potential contractors on the basis of formal or informal enquiries from other organizations involved in similar activities, searching of yellow pages and Trade journals, available websites.

11.3.2 Preparation of Tender Enquiry: IA team should ensure that standard formats have been used in the NIT. It should then prepare the Tender Enquiry containing inter-alia following facts and figures.

- a. The details of the work or service to be performed by the contractor.
- b. The facilities and the inputs which will be provided to the contractor by the Department.
- c. Eligibility and qualification criteria to be met by the contractor for performing the required work/ service; and
- d. The stationery and contractual obligations to be complied with the contractor.

11.3.3. Invitation of Bids: The IA team will scrutinize and ensure that:

- a. For estimated value of the work or service up to Rupees Ten lakhs or less the department should scrutinize the preliminary list of likely contractors and decide the prima facie eligible and capable contractors and issue limited tender enquiry to them asking for their offers by specified date and time etc.
- b. The number of the contractors so identified for issuing limited tender enquiry should not be less than six.
- c. For the estimate value of the work or service above Rupees Ten lakhs, the Department should issue advertised tender enquiry asking for the offers by a specified date and time etc. in at least one popular largely circulated national newspaper and also the website of the Department.

11.3.4. Late Bids: Bids for procurement of services and outsourcing of services received after the specified date and time of receipt should not be considered.

11.3.5. The Department should available, segregate, rank the responsive bids and select the successful bidders for placement of the contract.

11.3.6 In case of exceptional situation, to procure the services or to outsource a job to a specifically chosen contractor, the concurrence of the Financial Advisor/ Pr. Secretary (Finance) should also be taken by furnishing detailed justification, the circumstances leading to the outsourcing by choice and the special interest or purpose it shall serve. The detailed justification should be recorded in the file.

11.3.7 Continuous monitoring the performance of the consultant or the contractor through contract should also be done by the Department.

## 11.4 Public Private Partnership

11.4.1 Public Private Partnership (PPP) provides an opportunity for private sector participation in financing, designing, construction and operation and maintenance of public sector programmes and projects. Various programmes and schemes in the social sector and infrastructure sector are implemented through Public Private Partnership (PPP) in different Departments of GNCT of Delhi. The distinguishing features of PPP: -

11.4.2 Contractual Framework- The contract mirrors the basic objective of the programme/ project, the tenure of the agreement, the funding pattern and of sharing of risks and responsibilities. The PPP contract should be precisely defined very clearly.

11.4.3 Projects/ Programme: under PPP can be broadly classified under three heads namely:

- a. Service contract.
- b. Operations and maintenance (management) contract and
- c. Capital projects with operations and maintenance contract.

11.4.4 Selection of Service Provider: Transparency in selection is an essential feature of PPP. Selection of the developer or the service provider may be done in any of the following three ways:

- a. Competitive Biddings: This involves a well publicized and a well designed bid process to ascertain financial, technical and managerial capabilities of the service provider or the developer.
- b. The final selection of the developer / service provider depends upon one or a commutation of following factors:
  - i. Lowest capital cost of the project,
  - ii. Lowest operation and maintenance cost
  - iii. Lowest bid in terms of the present value of the user fees,
  - iv. Lowest present value of payment
  - v. Highest equity premium
  - vi. Highest upfront fee
  - vii. Highest revenue share to the government and/ or
  - viii. Shortest concession period.

11.4.5 Suo-moto Proposals: Suo-moto proposals being received from the private participation by the government. The private sector thus provides all details regarding its technical, financial and managerial capabilities and viabilities of the project/ programme in addition to all details regarding expectations of government support/ concessions. The govt. may examine the proposal and if the proposal belongs to the declared policy of priorities, then it may invite competing counter proposals from others giving adequate notice. In case better proposal is received the original bidder is given the opportunity to modify the original proposal. Finally, the better of the two is awarded the project/ programmes for execution.

11.4.6 Competitive Negotiation: Competitive negotiation (direct or indirect) is considered as competitive biddings. The government thus specifies the service objective and invites proposals through advertisements. The government then negotiates/ finalizes the contracts with the selected bidders. The government agency may select the service provider/ developer through competitive negotiation in the following cases:

- a. Social sector projects and programmes involving voluntary organization/ Non government organizations/ Local community.
- b. Project involving proprietary technology or a franchise,
- c. Linkage project related to a mega project or a major activity.
- d. Projects and programmes which fail to solicit any response to a bidding process.
- e. Suo-moto proposal from private participants.

11.4.7 Payment Mechanism: Payment to the private sector could take the form of:

- a. Contractual payments.
- b. Grants-in-aid and
- c. Right to levy user charges for the assets created / lease in contractual payments may be in the form of advance payment, progress payment, final payment, annuities and guarantees for receivables etc.

11. 4.8 Monitoring and Evaluation: Payments have to be linked to the performance which in turns requires monitoring performance, measurement in done with reference to measuring efficiency or measuring effectiveness.

11.4.9 Measurement of Efficiency: Compare the unit cost of providing the service form amongst the various alternatives.

11.4.10 Measurement of effectiveness: It involves comparing the desired outcomes from amongst the various alternatives.

11.4.11 Monitoring may be done in either or following ways:

- a. By departments authorized to do so, base on a standardized scale.
- b. By independent agencies/ regulators based on a standardized scale.
- c. By department/ independent agencies based on the simple criterion of 'Pass 'or 'fail'.
- d. By the department of independent agencies based on the feedback received from the beneficiaries. A certain percentage of the cost of project is therefore be earmarked for contract management.

11.4.12 Risk and Revenue Sharing: PPP involves sharing of risk and reward between the partners. The risk involved in project implementation may be of the following types:

- a. Construction/ implementation risk arising from delay in project clearance, contractor default or environment damage.
- b. Market risk, arising form insufficient demand or impractical user levies.

- c. Finance risk arising from inflation, change in interest rates or increase in taxes and change in exchange rates.
- d. Operation and maintenance risk arising from termination of contract, technology risk or Labour risk.
- e. Legal risk, arising from change in loan, changes in the title, lease rights and insolvency of developer/ service provider (v) change in security structure.

## 11.5 Internal Audit of Departments Holding Lands and Buildings

11.5.1 Department maintaining Lands and Buildings or are handling immovable and landed Government properties e.g. Land and Building Department should maintain Register in the prescribed Form. The IA team should examine that:

- a. These registers are correctly maintained and are periodically reviewed.
- b. Prescribed rents are recovered in all cases excepting when accommodation is allowed rent-free or at reduced rates under the special orders of a competent authority.
- c. No building or site is removed from the register on the plea that it intended to be occupied rent free.
- d. Necessary addition to the list of rentable building are made in the register as new properties are acquired and that action to revise standard rent is taken as additions and improvements are made to any building and for this purpose a comparison should be made with the register of building and lands.
- e. Action has been taken to revise the rent of building when the cost of additions and alterations exceeds the prescribed percentage.
- f. Any expenditure or the construction or acquisition of a building involving revision of rent has been duly taken into consideration.
- g. In the case of lease of lands, it should be seen that the lands leased have been entered in the register, lease deeds are properly executed, lease money is fairly fixed and collected regularly as and when it falls due.
- h. It should be seen that entries made in the register are arithmetically correct and action has been taken for recovery of rent outstanding for more than a month. The realization of each month should be checked with the relevant records i.e. the Schedule passed on to the department by the PAO.

11.5.2 Scrutiny of Register of Immovable and Landed Government Properties (Land & Building): The register of immovable and landed Govt. properties maintained in the prescribed Form should be checked to see that:

- a. It is kept up-to-date, complete and in the prescribed form.
- b. The cost of land is shown therein separately from that of the buildings/ or buildings constructed thereon.
- c. The title deeds are properly executed.
- d. The cost of residential buildings in the register agrees with that shown in the cost Capital and Revenue Accounts of such building where such accounts are prepared.
- e. All Govt. properties such buildings constructed or purchased, lands acquired are entered in the register at correct value.

- f. The capital cost as shown in the register agrees with the completion cost as recorded in the register of works and the increase or decrease in the capital cost is duly recorded.
- g. A detailed inventory of fixtures and fittings, the values of which are shown separately in the Register, are maintained.
- h. A note regarding annual check of the building with a view to verifying that adequate measures have been taken for their proper maintenance and there has been no encroachment on such lands has been made in the register; and
- i. All corrections made in the Capital cost have been duly verified and attested by the Officers and they have satisfied themselves on scrutiny of the registers periodically that the entries are correct in all respect and have been kept up-to-date.

### 11.6 Issues Specific to Government Schools

11.6.1 Introduction: The general system of financial management is outlined in Chapter 2 of the GFR. Certain financial power have been delegated to Education Officers, Headmasters, Head-mistresses of the government schools to incur expenditure up to the certain extent out of Pupil Fund, Vidyalaya Kalyan Samiti etc. on approved items as per Appendix VI of the Delhi Education Code 1965.

11.6.2 Expenditure exceeding prescribed limit can be incurred by them with the prior approval of next competent authority. The standard of financial propriety with regard to receipt, expenditure and payment of money as laid down in the GFR read with the general orders issued by the GNCT of Delhi in this regard will have to be strictly followed by the heads of the schools.

11.6.3 During IA of schools the IA team should see that:

- a. Fees, fines, and other charges levied are in accordance with the rates approved by the competent authority and the same have been correctly accounted for in the class attendance registers, register of fees and fines and the Cash book.
- b. The Pupil's fund Advisory committee has been formed to assist and advice the Head of the school.
- c. The accounts in respect of Pupil's fund, Girl guiding fund and works experience fund are being properly maintained.
- d. The accounts in respect of budget allotment under Vidyalaya Kalyan Samiti have been maintained properly and any expenditure from the same budget has been incurred as per the instruction issued by the competent authority.
- e. Accounts pertaining to the budge allotment for free supply of uniform to the student have been properly maintained and norms for supply of uniforms issued time and again have been duly followed.
- f. Scholarship has been paid to the students and a complete account record maintained to ensure that timely payment has been released as per the norms issued by the Directorate of Audit. of Education or any other authority.
- g. Budget allotment for free supply of books to the students has been properly utilized and all the required records reflecting the disbursement of books / cash have been duly maintained.



- h. Budget allotment for maintenance / strengthening of school library has been utilized as per the norms issued from time to time and accounts record has been duly maintained in the prescribed procedure.
- i. The accounts record in respect of the expenditure against the budget provided for developing green environment in schools have been properly maintained by the schools and the expenditure have been incurred as per the guidelines/ instructions issued from time to time by the government.

## 11.7 Examiner, Local Fund Accounts

11.7.1 Examiner, Local fund Accounts is responsible to audit the accounts of: the organizations receiving grant in aid from the various Departments of GNCT of Delhi; Wakf Board including various Wakfs whose annual income is Rs.5000 or more and Liquidated Companies under the official Liquidator.

11.7.2 Audit of Accounts of Grant in Aid receiving Organization: The grant in aid to various organizations/ institutions is paid according to 'Pattern of Financial Assistance' approved by Government. The IA party is required to see that the grant in aid paid to the organization has been fully utilized as per provision of the "Pattern of Financial Assistance" and the General Financial Rules. Proper accounts books are being maintained by the grantee organization and the accounts are not doubtful.

11.7.3 The Wakf Board is entitled to collect 6% of the net annual income of a particular Wakf as fee under Section 46(1) of the 'Central Wakf Act, 1954'. The audit party has to see that the amount is being incurred in accordance with the provision of the said act and proper accounts of the income and expenditures are being maintained by the Board authorities and timely collection of fee is made.

11.7.4 Separate rules have been framed for different funds with the approval of the Lieutenant Governor, GNCT of Delhi. The authority competent to incur expenditure and responsible for maintenance of proper accounts has been defined in these rules. The audit is to watch that the amount is paid to the proper person with sanction of the competent authority.

11.7.5 Liquidated Companies: The Official Liquidator is responsible to maintain the proper accounts of the companies in liquidation and required to submit a 'Half Yearly' statement of income and expenditure of a company to the Registrar of the Delhi High Court in duplicate. Once copy of his 'Half yearly Statement of Accounts' is passed on to the Examiner, Local Fund Accounts for verification.

11.7.8 The IA team should verify the figures given in the statement with those depicted in the 'Accounts Books' of a particular company by the Official Liquidator. The Official Liquidator is also required to maintain consolidated accounts of the various companies in liquidation in order to find out at overall financial position.

11.7.9 The IA team has to verify that the overall financial position as shown in the consolidated accounts is based on the accounts of the various companies in liquidation. If there is any difference or discrepancy in these accounts the same are required to be brought to the notice of the Delhi High Court. The IA team should see that no extra ordinary expenditure is being incurred by the official Liquidator out of the funds of a company under liquidation.

11.7.10 The IA team should see that no extra ordinary expenditure is being incurred by the official Liquidator out of the funds of a company under liquidation.

**FINANCE DEPARTMENT  
GOVERNMENT OF NCT OF DELHI  
4<sup>TH</sup> LEVEL, A WING, DELHI SECRETARIAT  
I.P. ESTATE, NEW DELHI - 110002**

No. PSFIN / 2006/dcaaudit/104

Dated: 12/10/2006

Subject: Audit of various benefits and concessions extended to students in the schools

The Finance Department had agreed to a proposal of the Education Department to dispense with the requirement of income certificate for claiming various concessions and benefits available to the students. This was agreed, subject to the condition that a self declaration will be taken from the parents of the concerned children regarding their income level and eligibility for getting the concerned benefits to the children. It was also stated that the internal audit of the schools also should cover, on a sample basis, whether such self declaration by the parents has been obtained and what is the percentage of students availing the benefits. The amount of benefits/concessions availed may also be estimated during the course of the internal audit.

All audit officers are advised to take note of the above for appropriate action.

Sd/-  
(V.V.BHAT)  
Pr. Secretary (Fin/Pig) &  
Ex-officio Director (Audit)

To: All concerned

**FINANCE DEPARTMENT  
GOVERNMENT OF NCT OF DELHI  
4<sup>TH</sup> LEVEL, A WING, DELHI SECRETARIAT  
I.P. ESTATE, NEW DELHI-110002**

No PSFIN/2006/490/Fin/06/8684

Dated 17/10/2006

Sub: Guidelines regarding Internal Audit

1. Normally an internal audit of a department/office should not take more than three months. There should be a conference with the Head of Department/Office before the undertaking the Audit in order to apprise him of the scope of audit, suggestions and inputs if any from the Department. There should also be an exit conference at the end of the exercise in which the Audit Officer should report to the Head of Department about the important findings and take his inputs/comments also into account before finalizing the paras.
- 2 The Audit paras should be tentatively framed and be discussed with Deputy Controller of Accounts (Audit). The draft report approved by the DCA may be put up to the Director of Audit for perusal. After such approval by the Director of Audit, the report may be forwarded to the concerned Head of Department for necessary action.
3. Each Audit team should have skills regarding editing the paras on the computer. If necessary the Audit team should be reconstituted to have sufficient expertise in handling the computers.
- 4 The language used in audit should be temperate, well balanced and the conclusions should be stated in a moderate language. A para should not normally exceed one page in an A-4 size. The audit report should not be concerned with small matters. The team should be able to identify specific issues of substantive value and significance.
5. There should be a standard letter for forwarding the audit reports to concerned department in which the period for giving the replies (like within a month) should be specified.
- 6 While leakage/non-collection of revenue is an important item to be looked for, there should be a system for monitoring the recoveries.
7. The performance audit of the departments done by the CAG may be referred to for improving the perception and skills of the Audit teams. The teams should be able to report on suspected cases of fraud, corruption, redundant procedures and wastages and suggest measures for improvement of procedures, rationalization of levies and the possibility of systemic reforms.

Sd/-  
(V.V. BHAT)  
Pr. Secretary (Fin/Plg)  
& Ex-Officio Director of Audit

DCA (Audit)

**DIRECTORATE OF AUDIT  
GOVERNMENT OF N.C.T. OF DELHI  
4<sup>TH</sup> LEVEL, C-WING, DELHI SACHIVALAYA  
1.P. ESTATE, NEW DELHI**

**F.No.FI (37)/06/IA/Circulars/**

**Dated:**

Please find overleaf a photocopy of the order No.PSFIN/2006/490/Fin/06/8694, dated 17-10-2006 of Pr Secretary, (Fin/Pig.) and Ex-Officio Director of Audit containing instructions regarding conducting the Internal Audit. All the Internal Audit Officers are to comply with the laid down instructions.

**Sd/-**

**(H.C SEHGAL)  
SR.ACCOUNS OFFICER**

**End. : As above.**

**To**

**Internal Audit Party Officers**

Party No.1 - Sh. I.D. Gupta  
Party No.2 - Ms. Jasbir Kaur  
Party No.3 - Sh. Y.K Sharma  
Party No.4 - Sh. S.K. Aggarwal  
Party No.5 - Sh. B.K. Tiwari  
Party No.6 - Ms. Sangeeta Joshi  
Party No.7 - Sh. A.S. Khati  
Party No.8 - Sh. H.N. Nagpal  
Party No.9 - Sh. Ramji Lal  
Party No. 10 – Sh. Man Mohan Singh  
Party No. 11 - Sh. Ramesh Chand  
Party No.12 - Sh. Kuljeet Singh  
Party No.13 - Sh. R.D. Sharma  
Party No.14 - Sh. A.P. Joshi  
Party No.15 - Sh. M.S. Bora  
Party No.16 - Sh. H.S. Nanra  
Party No.17 - Sh. R.S. Bhatia  
Party No.18 - Sh. Ghan Shyam Dass  
Party No,19 - Sh. M.S. Rawat  
Party No.20 - Sh. N.N. Bhatia  
Notice Board  
ELFA Branch through Sh. B.P. Joshi

**GOVERNMENT OF NATIONAL CAPITAL TERRITORY OF DELHI  
FINANCE DEPARTMENT, IVTH LEVEL, 'A' WING, DELHI SECRETARIAT,  
IP ESTATE, NEW DELHI-110002**

No. PS/FIN//2007/Pr.secy.fin/27-29

Dated: 18. 1.2007

**Office Memorandum**

Subject: Examination of accounts of grantee institutions by Directorate of Internal Audit.

As a part of its normal functioning, the Directorate of Internal Audit (Examiner of Local Funds Accounts) conducts the audit of non-governmental organizations, which receive grant-in-aid from the Government of Delhi, in addition to the internal audit of Government departments. It has been observed in some of the cases that proposals for grant-in-aid to non-governmental organizations is delayed on the ground that the report of the Examiner of Local Funds Accounts has not become available.

It is clarified that the responsibility for inspection of the work and accounts for which grant-in-aid is given is of the administrative department. They may coordinate with Directorate of Internal Audit to facilitate their work as well as the formal internal audit of such grantee institutions. It would not be fair to link the proposals for recurring grants with the availability of internal audit report in each case. However, Directorate of Internal Audit would endeavour to complete the audit of the accounts of the grantee institutions on an annual basis, according to its plan of action and give the report to the concerned Heads of departments for necessary action. If the administrative departments feel in any specific case that special audit may be taken up or that audit should be necessarily done before considering the release of further grants, they may take it up with Directorate of Internal Audit for taking up such cases on priority

Therefore, it is suggested that proposals for recurring grant-in-aid may be moved to the Finance Department for concurrence, without treating the audit by the Directorate of Internal Audit of accounts as a pre-requisite.

Sd/-  
(V.V. BHAT)  
Pr. Secretary (Fin/Pig)  
Phone: 23392131, 23392130  
Fax No. 23392070  
E-mail – psfin@nic.in

To:  
1. Directorate of Social Welfare  
2. Directorate of Higher Education  
3. DCA, Audit  
4. Website

**No. F.1(40)/07/IA/Inst./Guideline/**  
**FINANCE DEPARTMENT**  
**GOVERNMENT OF NCT OF DELHI**  
**4<sup>TH</sup> LEVEL, 'A' WING, DELHI SECRETARIAT**  
**IP ESTATE, NEW DELHI**

**Dated: 26.11.07**

**CIRCULAR**

**Subject: Internal audit of Government Departments**

As you are aware internal audit of Government Departments by the Directorate of Internal Audit is an important internal control system in the Government. The Comptroller and Auditor General of India also examine and reports on the effectiveness of such internal control system in their report for every financial year.

2. The Directorate of Internal Audit has taken a number of steps in the recent past including training of officers for enhancing the intensity and effectiveness of internal audit. Your attention is drawn to the observations of the report of the CAG for the year ended March, 2005 & 2006 containing suggestions for improvement of the system of Internal controls.

3. The action plan of the Directorate of Internal Audit has been modified to change the approach from unit based audit to that of function based audit. The different Departments will be covered under such audit from time to time. On some occasions it has been observed that when the officers of the internal audit team, visit the concerned department/office, efforts are made to divert the team under different pretexts like: audit by AG(Audit) is underway or has been taken up in the recent past, or Department/offices were engaged in highly important work at that point of time etc. The cooperation and the willing participation of the Department which is under inspection, is important for the quality of audit. While the audit teams can adjust the inspection programme according to the convenience of the Department concerned, it should also be kept in mind that such inspections are to be completed as per the action plan. Normally not more than a month of time should be adjusted in such cases.

4. It is clarified that the period of the previous audit and whether the office has been audited by the AG(Audit) in the recent past are not relevant considerations for internal audit since audit by AG focuses on performance audit whereas internal audit will be focused on internal controls, functions, efficiency and outcomes. The outcome budget of the department/office will also be specifically checked by internal audit with a view to assessing the achievements of outcomes

5. It is clarified that audit by Directorate of Internal Audit is not a pre-requisite for considering sanctions of grants to Government sponsored autonomous bodies as well as other NGOs assisted by the Government. While they will be audited in

accordance with the action plan of the Directorate of Internal Audit, it would not be practical for the Directorate to complete their annual audit as a pre-requisite, for the purpose of enabling them to avail the grants. The concerned Administrative Departments may carry out their own inspections and verification of the Utilization Certificates of such Institutions, aided schools and NGOs, so that they do not depend upon or wait for the report of the Internal Audit. The Directorate of Internal Audit would decide the intervals at which such Institutions and NGOs are audited.

6. All Heads of Departments and offices are requested to take note of the above and facilitate the improvement of the system of internal audit, efficacy of internal controls and achievement of planned outcomes.

Sd/-  
(V.V. Bhat)  
Pr. Secretary (Finance) and  
Ex-officio Director of Audit

To:

All Heads of Departments and Offices