

For the use of Indian Audit & Accounts Department only

केवल भारतीय लेखा तथा लेखा परीक्षा विभाग के प्रयोजनार्थ

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

RAJASTHAN, JAIPUR

कार्यालय महालेखाकार (आर्थिक एवं राजस्व क्षेत्र लेखा परीक्षा)

राजस्थान, जयपुर।

**CENTRAL AUDIT MANUAL
(ECONOMIC SERVICES-II)**

केन्द्रीय लेखापरीक्षा की नियम पुस्तक

(आर्थिक सेवाएं—II)

(THIRD EDITION)

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RAJASTHAN, JAIPUR

महालेखाकार (आर्थिक एवं राजस्व क्षेत्र लेखापरीक्षा)

राजस्थान, जयपुर द्वारा जारी

PREFACE

(Third Edition)

With the introduction of Comptroller and Auditor General's Manual of Standing Orders (Audit) Second Edition 2002 (MSO (Audit)), the Central Audit Manual (Works) was updated with reference to MSO (Audit). After restructuring of the offices on dated 02-04-2012 Audit offices were named as office of the Principal Accountant General (General and Social Sector Audit), Rajasthan, Jaipur, office of the Accountant General (Economic and Revenue Sector Audit), Rajasthan, Jaipur and office of the Principal Director of Audit (Central), Ahmedabad, hence Central Audit Manual, Second Edition has been updated.

Instructions contained herein are mainly of procedural nature and should be read in conjunction with the relevant provisions of the codes and rules issued by the Government of Rajasthan, general instructions contained in MSO (Audit), Manual of Instructions on Central Audit (MICA) and also rules and guidelines issued by the Comptroller and Auditor General specially for conducting audit by Financial Audit Parties and Financial Audit Section. This manual should not be quoted/referred to as an authority in any of the correspondence with department/ offices other than IA&AD.

Works Miscellaneous (WM) Section of Economic service –II of this office will be responsible for keeping this manual up-to-date and will ensure that all relevant orders/corrections issued in future are incorporated in the manual with care and promptness.

Any suggestions for further improvement in the manual are welcome

Jaipur:
Dated:11.7.2018

Accountant General
(Economic and Revenue Sector Audit)
Rajasthan,Jaipur

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CHAPTER - I

Introduction

1.1 Consequent upon reorganisation of the offices of the Accountants General into two distinct offices w.e.f. 1-3-1984 namely the Accountant General (Accounts & Entitlements) and the Principal Accountant General (Civil Audit) arrangements for conducting audit of Monthly Accounts, Schedules, Vouchers etc. in the office of the Principal Accountant General (Civil Audit) performed by the newly formed sections was laid down in this manual.. after restructuring of the offices on dated 02-04-2012 Audit offices were renamed as office of the Principal Accountant General (General and Social Sector Audit), Rajasthan, Jaipur, office of the Accountant General (Economic and Revenue Sector Audit), Rajasthan , Jaipur and office of the Principal Director of Audit (Central), Ahmedabad. Branch Office Jaipur (Raj.) At present, this section is working under Economic services-II group of office of the Accountant General (E&RSA), Rajasthan, Jaipur and working of this section has been fully described in this manual.

1.2 With the restructuring of cadres and organisational setup in the Indian Audit and Accounts Department, the works group was also reorganised. A 'Works Audit Group' to discharge the function of audit of works transactions was constituted. The Works Audit Group is working under supervision of Senior Deputy Accountant General/ Deputy Accountant General (Economic service-II). Three works inspection section D.P. Cell (ES-II), E.C.P.A.(ES-II), Report Section(ES-II) Financial Audit Party (ES-II), Financial Audit Section (ES-II) FAP/I.G.N.P. and C.A.D. Section (ES-II) Which are responsible for Central Audit of Public Works Department, Water resources Department, Forest Department and project related to these departments are also working.

1.3 The instructions relating to Central Audit (Economic service-II) are outlined in this manual. The instructions contained in M.S.O. (Audit) & MICA regarding audit of Central Audit Works will be followed *mutatis mutandis* except to the extent specifically indicated in this Manual.

1.4 The duties and function of the personnel entrusted with Central Audit (Economic service-II) are laid down in *Appendix I & II* of this Manual. (Referred to in Para 3.1.16 of MSO (Audit)) Second Edition. 2002.

1.5 Keeping the Manual up-to-date

The responsibilities for keeping this manual up-to-date devolves on the Works Miscellaneous (WM) Section, but the Financial Audit Parties and Financial Audit Sections are required to point out to W.M. Section any correction, addition, deletion etc. which appear to be necessary. The WM Section shall also maintain a Correction Book as Contemplated in para 3.10 of the General Procedure Manual (Part-I)

Copies of correction if any noticed by Financial Audit Sections and Financial Audit Parties in P.W. Accounts Code/Rules of State should be brought to the notice of WM Section from where same will be supplied to all officers and sections as soon as these are approved.

1.6 Sectional Guard File

There should be a properly indexed guard file for each section wherein all important sanctions, orders and information of general interest required for further reference shall be entered. Entries will be made by the Assistant Audit Officer. The guard file should be freely available to all the members of the sections for study or reference.

1.7 Calendar of Returns

1) A Calendar of Returns should be maintained by the Assistant Audit Officer of Financial Audit Section in the form prescribed in *Appendix-III* of this manual in the manner indicated in para 4.1.2 of the Manual of General Procedure (Part-I) in order to watch that the due dates prescribed for the completion of the various items of works are adhered.

2) The Calendar of Returns with the actual date of completion of each item of work duly noted therein should be submitted by the Assistant Audit Officer to the Branch Officer without fail on every Tuesday or if it is a holiday on the next working day explaining the reasons for delay in submission or non-submission of returns due upto Friday preceding. The Branch Officer should call for Calendar of Returns, if it is not received by 2 P.M. every Tuesday and review the outstanding items carefully and place the result of his review on the record. The Calendar of Returns should be submitted to Group Officer on third Tuesday of every month.

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

1.8 Monthly Arrear Report

A detailed report on the state of work in Financial Audit Section should be submitted to the Branch Officer and Sr. D.A.G./D.A.G. (ES-II) on the fifth of each month in the prescribed form of Monthly Arrear Report. The report should be prepared carefully and it should reflect true state of work in the section as it stood on the last day of the month. The arrears should be calculated in terms of mandays according to the prescribed formula.

While approving the arrear report the Branch Officer should verify the actual position of arrears in the section and exercise proper check over the correctness of the arrears reflected in the report.

1.9 General

Rules and orders governing office procedure, correspondence, maintenance of diary, despatch, issue of reminders etc. Laid down in the Manual of General Procedure are applicable to the Financial Audit Parties/section except in regard to variation authorised in this manual.

1.10 Digest of important and interesting cases noticed in audit

With a view to improving efficiency in Audit Offices, a Register of all important cases dealt with by the various sections of Financial Audit should be maintained and same be circulated among other sections, as and when such cases arise. A digest of important and interesting cases noticed in audit should also be compiled half yearly and forwarded to the Comptroller and Auditor

General so as to reach him by the 7th in the months of January and July every year for circulation among other Audit Offices. Only the cases on which final views have been formulated and which are likely to be of interest to other Audit Offices should be included in these digests.

Financial Audit Organisation

2.1 General

The instructions in this chapter and the subsequent chapters of this section are intended primarily for the Financial Audit Section and Financial Audit Parties which are responsible for the audit of those transactions of Public Works Departments and Water Resources Department which are brought to account by Divisional Officers of these Departments in accordance with the directions contained in the Account Code, Volume III and the Financial Rules of the Government concerned. The instructions in this section should be followed by Financial Audit Section and Financial Audit Parties of the audit office entrusted with the audit of works mentioned in Article 4 of the Account Code, Vol.III.

2.2 Office Arrangements

As mentioned in Section III, Chapter-1 of the MSO(Audit) Second Edition 2002 Financial Audit(ES-II) is done by FAS(Economic Service-II) assisted by FAP.s in the charge of Branch Officer/Sr. Audit Officer. The primary responsibility, for the audit of the accounts of Public Works Divisions and other works connected there with, rests with the staff of these sections/parties.

2.3 Constitution

The Financial Audit (ES-II) is responsible for the audit of the transactions of the Public Works Divisions, Water Resources Divisions and Divisional Forest Offices. The Central Audit is under the overall supervision of the Senior Deputy Accountant General/ Deputy Accountant General (Economic Service-II) and comprises of the following sections:

- (i) Financial Audit Party I dealing with the central audit of accounts of the Public Works Department (PWD) Divisions.
- (ii) Financial Audit Party II dealing with the central audit of accounts of the Water Resources Divisions and IGNP & CAD Bikaner Kota.

(Authority: WM/ES-II/S-4/K-2/Vol-4/2017-18/dated.12-1-18)
- (iii) Financial Audit Party III dealing with the central audit of accounts of the Divisional Forest Offices.
- (iv) Financial Audit Section dealing with co-ordination and pursuance of the work of FAPs.

2.4 The posting and transfers of staff dealing with Financial Audit of Works Departments will be made by the Group Officer (ES-II) through Works Miscellaneous Section.

2.5 Financial Audit will be carried out by the Financial Audit Parties (FAPs) every month.

2.6 As a general rule, Financial Audit of Accounts and Vouchers pertaining to a month should be conducted as soon as the monthly accounts are closed and the posting of the vouchers in the registers prescribed is completed by the P.A.G. (A&E) Office. Any departure from this general instruction is permissible only in special circumstances and with the express sanction of the Accountant General (E&RSA).

2.7 Note Books

A note book should be maintained by each auditor of FAPs for noting points which are to be born in mind for conducting audit. Each entry should be made concisely but in language which can be readily understood. A note, with necessary references should be made against each entry in due course, to indicate the action taken, so that all points still requiring attention may be known at any time. The Note Book should be reviewed monthly by the AAo.

A separate Note Book should be maintained by each auditor in prescribed form as given in the *Appendix-IV* of this manual in which he should keep a note of all points noticed from time to time during the course of central audit and should be brought to the notice of Inspecting Officer through Works Inspection Section. It should be seen that all points entered in the Note Book are reported to the Works Inspection Section in due course as prescribed in the Secret Memorandum of Instruction regarding Extent of Audit. The Note Book should be submitted to the AAO for review on the 5th of each month.

It may also be ensured that points noticed by other Financial Audit Parties are also communicated to the auditors.

2.8 Central Audit Procedure

As contemplated in para 4.2.7 of MSO (Audit), the following instructions are issued for day to day working of Financial Audit Parties (ES-II) and FAS (ES-II). These instructions are supplementary to the instructions contained in M.S.O. (Audit) and MICA.

2.8.1 Financial Audit Parties (Economic Sector-II)

The Financial Audit Parties shall audit the monthly accounts, Vouchers, Cheques etc. Received from the divisions in the office of the Principal Accountant General (A&E).

2.8.2 (i) Preparation of Selection Notes

On the receipt of inspection programmes of units from the works miscellaneous section (ES-II) Assistant Audit Officer of the Financial Audit Party no. I, II & III will prepare selection notes for audit of units pertains to their section and will be provided to the audit parties after getting approved from the Sr. Deputy Accountant General/ Deputy Accountant General according to which audit parties will select month and work for detail audit.

2.8.2 The existing divisions allotted to each F.A.P. will be divided into groups depending upon the number of senior auditors posted and one group allotted to each Senior Auditor every month. A.A.O.(F.A.P.) concerned will, however, ensure that no Sr. Auditor is allowed to conduct audit of a particular group continuously for over three months.

2.8.3 The following time schedule may be observed for making available records by WC-I and CA Forest section of Principal Accountant General (A&E) to FAPs (Economic Sector-II) concerned for Audit and their return after audit:

| | | |
|-------|---|--|
| (i) | Date by which FAPs (ES-II) will send a formal requisition in writing to W.C.-I or C.A. Forest Section of Pr. Accountant General (A& E) for monthly accounts, vouchers & cheques of a particular month | 20th of each month succeeding the month to which monthly accounts relate. |
| (ii) | Date by which W.C.-I/C.A. Forest section of Pr.Accountant General (A&E) will make available the monthly account, with voucher & cheques to FAP (ES-II) | Last date of the second succeeding month to which monthly accounts relate. |
| (iii) | Date by which audit and review should be completed by FAPs (ES-II) | 29th of third succeeding month. |
| (iv) | Date by which the audited monthly accounts cheques and vouchers will be returned by FAPs (ES-II) to W.C.-I/C.A. Forest Section of Pr.Accountant General (A&E) | Last date of third succeeding month. |

It will be the responsibility of W.C-I/C.A. Forest section of Principal Accountant General (A&E) office to make available monthly accounts with vouchers and cheques for audit to FAPs (ES-II) after obtaining proper acknowledgement. Similarly, return of records after audit to W.C-I/C.A. Forest section of Principal Accountant General (A&E) after obtaining acknowledgement will be the responsibility of FAPs (ES-II) concerned. Accounts Officer/G.D. Section of Principal Accountant General (A&E) will provide necessary labour/Class IV for transmission of records both ways as and when demanded by W.C.-I/C.A. Forest Section or FAPs (ES-II).

2.8.4 The audit of monthly accounts shall start with the listing of vouchers by the Auditors/Senior Auditors in a register to be maintained in the proforma prescribed in *Appendix-V&VI* for Works and Forest audit respectively. The vouchers received with the monthly accounts shall be posted in this Selection Register against the category concerned immediately on receipt of voucher portion of monthly accounts and a certificate to the effect that "All the vouchers received with the monthly accounts have been entered in the register concerned" shall be recorded by the Senior Auditor/Auditor as the case may be.

This register shall then be submitted to the Assistant Audit Officer of FAP who shall select the vouchers to be audited by the Senior Auditor/Auditor concerned. The percentage of audit of vouchers to be done by

Senior Auditor/Auditor and the review to be done by AAO are laid down in *Appendix-V & VI* of this manual.

2.8.5 At the time of commencement of audit the sanction files, agreements etc., as may be considered necessary for audit will be taken by FAPs. (ES-II) from FAS(ES-II) which will be returned to FAS(ES-II) after completion of audit. For this purpose, a register of agreements/sanctions will be maintained by FAS(ES-II).

2.8.6 While taking up audit of monthly accounts Senior Auditor shall verify form RPWA 65A "progress of expenditure on Deposit Works" which is received with monthly accounts of division vide note below Rule 740 and 741 of Public Works Financial & Accounts Rules, Government of Rajasthan (IV edition). (PWF&AR). In case form 65A has not been received with the monthly accounts, the same may be objected too. In case, this form is not required due to non execution of Deposit works in division, this fact should specifically be mentioned in the forwarding letter regarding completion of Audit & Review as mentioned in *Appendix-VII* by F.A.P. (ES-II) concerned.

2.8.7 AAO and Senior Auditor/Auditor entrusted with audit duties, as contained in *Appendix-II* shall take up audit of selected vouchers and the schedule as per instructions of this manual and other codal provisions and complete the same keeping in view the due dates prescribed.

2.8.8 In respect of objections noticed, each Senior Auditor/Auditor will prepare and finalise the Audit Note in triplicate, himself. He will, however, seek the advice of AAO if required. There should be separate paras in the Audit Note relating to the objections, to be kept in objection Books:

(i) Objections for want of vouchers, payee receipts etc. are to be dealt with by the office of the Principal Accountant General (A& E) and (ii) objection in respect of other items are to be kept in Objection Books required to be maintained by FAS (ES-II) as per codal provisions.

2.8.9 On completion of audit by the Senior Auditor/Auditor the following certificate of completion of Audit shall be recorded by him in the selection register of vouchers for audit:

"Certified that all vouchers have been entered and selected vouchers required to be audited cent percent have been audited and in respect of other vouchers not marked for audit, prescribed checks have been exercised."

2.8.10 As soon as the audit is completed the Senior Auditor/Auditor concerned shall prepare a certificate of completion of audit in the form prescribed in *Appendix-VII* of this Manual. Thereafter the concerning Senior Auditor/Auditor will submit the register of vouchers selected for audit along with Audit Notes. The certificate of completion of audit and form 65 A, if any, to the AAO/FAPs (ES-II).

2.8.11 Function of AAO/FAPs (ES-II):-

(i) Select the vouchers to be reviewed by him and indicate full detail of the vouchers selected in the review register, in the proforma as given in *Appendix V and VI*.

(ii) Review the vouchers, check and amend the Audit Notes, wherever necessary, as a result of review conducted.

(iii) Audit the vouchers as per provisions mentioned in *Appendix-II* of this manual and record the objections in the Audit Notes and also sign in token thereof.

(iv) Record certificate as per *Appendix-V* in the Selection/Review Registers of vouchers for audit of Works and Forest respectively in token of having completed the 'Review and Audit' as per provisions of Para 3.1.30 and 4.2.11 of MSO (Audit) and also under his signature indicate the total number of vouchers audited and reviewed by him, in the certificate of completion of audit and review prescribed in *Appendix-VII* of this manual.

2.8.12 All the Audit Notes (along with two carbon copies) together with Selection Register, Certificate of completion of Audit and form 65A, if any, shall be sent by FAP(ES-II) to FAS(ES-II) with forwarding letter in convenient batches for further action.

2.8.13 As per Annexure 2.4.1 of MICA, AAO/FAP (ES-II) is required to audit schedules of monthly settlement with Treasuries (Form RPWA-51) in respect of each Divisional Account. These Form 51 are generally not received with the Divisional Accounts of the concerning month. The requisition for Form 51 are to be sent to W.C.II Section on 20th of each month. After completing the audit of Form 51 AAO/FAP (ES-II) shall return them to W.C.-II section of Principal Accountant General (A&E) by 25th of the same month. In respect of objections noticed, division wise audit memos in triplicate will be prepared by AAO of FAP (ES-II) and sent to FAS (ES-II) for further pursuance.

2.8.14 The audit of paid cheques will also be conducted by FAP (ES-II) concerned as per instructions given in *Appendix-VIII*.

Financial Audit Section (Economic Service-II)

3.1 The FAS (Economic Service-II) section will Supporting and pursue work of Financial Audit Parties (Economic Service-II), FAS (Economic Service-II) will keep a close watch over the programme of audit of monthly accounts and vouchers to be conducted by FAP (Economic Service-II) as per the due date prescribed in para 2.8.3 of chapter II of this manual.

3.2 The audit notes after receipt, shall be scrutinised and edited by FAS (ES-II). In case of any difficulty or doubt regarding observation taken by FAP (ES-II) in Audit Notes, FAS (ES-II) may refer it to concerned FAP (ES-II) for furnishing clarification with reference to records audited by FAP (ES-II).

The audit notes, after noting the objections of auditorial nature in the Objection Book, will be issued to the divisions concerned with a copy to the Pr.A.G. (A&E).

3.3 The fact of completion of audit and review by FAP (ES-II) shall be watched by FAS (ES-II) through a register to be submitted to AAO of FAS (ES-II) on 5th of each month. FAS (ES-II) shall also send a certificate of such completion of audit and review of monthly account and paid cheques in the following form to Pr. A.G. (A & E) and W.M. (ES-II) Section by the 10th of next month:-

"Certified that the audit and review of division for the month of pertaining to department has been completed by FAP (ES-II) I/II/III on20. . "

3.4 FAS (ES-II) shall also maintain an Objection Book in respect of objections of money value of auditorial nature other than for want of Stamp Receipt/Vouchers etc. Such objections appearing in Audit Notes will be taken in O.B. as per codal provisions. The objection Book will be closed and submitted to Branch Officer on 15th of each month.

3.5 After issue of Audit Notes, their disposal shall be watched by FAS (ES-II) through a register to be maintained as per proforma in *Appendix-XII*, which shall be submitted to B.O./FAS (ES-II) on 15th of each month.

3.6 As per provision of Para 3.2 of MICA all sanctions issued by the Central, State Govt. and subordinate authorities relating to Public works, Irrigation and Forest Departments will be received in FAS (ES-II) where these shall be examined in accordance with the instructions contained in Para 4.1.11 & 12 of MSO (Audit) and other codal provisions. At the time of commencement of audit by FAPs (ES-II) the sanctions files, as may be considered necessary, for audit, will be taken by FAP (ES-II) concerned from FAS (ES-II). A register for issue of records (Agreements, Sanctions

etc.) to FAP (ES-II) shall be maintained as mention in the Para 2.8.5 of this manual.

3.7 A register of statistics in proforma in vogue shall be maintained in FAS (ES-II), which shall be posted from the "Register of selection of vouchers for audit" sent by FAP (ES-II) alongwith certificate of completion of audit etc. This register shall be submitted to Sr. AO/AO on 25th of each month.

3.8 As envisaged in Annexure 3.1.1 of MICA, FAS (ES-II) has to conduct periodically certain reviews. These shall be conducted by the dates given below:-

| | | |
|-----|--|---|
| (a) | Quarterly review of working of departments | 30 April 30 July 30 October 30 January |
| (b) | Review of prorata distribution of Estt. and Tools and plants charges | Within one month of close of March (Supplementary) Accounts |
| (c) | Check of Administrative Accounts of Irrigation Project (Water Resources) | Within one month of preparation of Administrative Accounts |

The Reviews shall be conducted by A.AO as per duties allocated to each vide *Appendix-II* of this manual. Results of reviews conducted by AAO shall be submitted to Sr. AO and important points noticed during audit/review by AAO and Sr.AO/AO shall be brought to the notice of the Group Officer. The results of review shall be communicated to the concerned authorities for immediate compliance.

3.9 FAS (ES-II) shall maintain Calendar of Returns in the form already in vogue and shall submit the same to the authorities concerned by the prescribed dates. The returns and its due dates are contemplated in *Appendix- III* of this Manual.

SCRUTINY OF ORDERS AND SANCTIONS

4.1 GENERAL

Financial Audit Supporting Section will be responsible for the audit of all sanctions communicated to this office including technical sanction, financial sanction and sanction to excess over estimates, for audit of expenditure against such sanction.

4.2 Incorrect application of rule or order shall be challenged but the rules themselves must not be challenged in any communication to a lower authority. In such cases, the inconsistencies should be brought to the notice of the authority competent to amend the rule.

4.3 Review of sanctions

In the audit of sanction and orders, the instructions contained in paras 2.2.8, 2.2.34 to 2.2.45, 3.1.25, 4.1.11, 4.1.12 & 4.1.18 of the MSO (Audit) must be

observed all sanctions having a long period of currency, as well as sanctions of a permanent nature require to be reviewed periodically so that if there is any reason to think that the attention of administrative authority concerned should be invited to review the sanction, such action may be taken. Such sanction should necessarily be reviewed at the time they are brought forward to the next year's register and action taken where necessary.

4.4 Communication of sanctions

As a general rule, every sanctioning authority is responsible for communicating all sanctions and orders to the Accountant General against which audit of receipts or disbursements is to be conducted in the audit office.

The procedure followed by the P.W.D. authorities of the State Government is laid down in Rule 55 of the PWF&AR.

4.5 Rule 39 of the Rajasthan General Financial and Account Rules, 2002 (19th Edition) provide that all financial sanctions, issued by the departmental authorities should be endorsed to the Accountant General (E&RSA).

4.6 Scrutiny of Sanctions

All sanctions require scrutiny with reference to some or all of the following points:

- (i) Legitimacy of charge against the state,
- (ii) Competency of sanctioning authority,
- (iii) Completeness of sanction.

In order that the Audit Officer's scrutiny may be effective, it must be prompt.

4.7 Where a sanction is dealt with independently by different auditors, each auditor must separately scrutinise the sanction with reference to the above points unless in a particular case the Assistant Audit Officer of the section concerned has ordered some other procedure suitable for the particular occasion. If a sanction can not be finally audited at once, e.g. if its admissibility depends on some contingency which may or may not arise, it should be brought to the special notice of the Audit Officer, who will consider whether the sanctioning authority should be addressed to recast the sanction in a form which will admit of its being finally audited without further delay so that no difficulty is experienced in conducting audit against them.

4.8 Acceptance of Sanctions

All sanctions to expenditure of the State Government should after necessary scrutiny be accepted under the Audit Officer's initials with the certificate 'Sanction audited and admitted.'

Similar sanctions accorded by the subordinate authorities should be audited with reference to the financial powers delegated to them by Government and recorded after they are admitted.

Note:- The powers delegated by the Rajasthan Government to the officers of the Public Works Department in the Building and Roads and Irrigation Department are contained in the schedule of powers issued under Government of Rajasthan, Finance Department order No. F1(3)FD/Exp.III/74, dated 2nd February 1989 as amended from time to time.

4.9 Audit against propriety

Para 2.2.46 and 2.2.47 of the MSO(Audit) deal with the application of the general principles which have for long been recognised as standards of financial propriety. Cases of apparent infringements of the principles require very careful treatment with due regard to the special circumstances of each case and no objection should be raised on the score of apparent infringement of any of the principles unless some orders specifically require such cases to be brought to notice, or without the specific approval of the Accountant General.

4.10 Prima facie extravagant or avoidable expenditure

The following procedure should be observed in dealing with cases of prima facie extravagant or avoidable expenditure or challenging in audit sanctions accorded by executive or administrative authorities or write off of losses which are avoidable and due to culpable neglect of the parties at fault.

4.10.1 There may be cases of write off in which Financial Audit Section may feel it right or consider it desirable to bring certain considerations to the notice of administrative authorities with reference to the matter in which the financial interests of Government are clearly at issue. In such cases, it would be proper for him to bring them to the notice of the authority which

sanctioned the write off, pointing out that there seems to be some prima facie ground for effecting a recovery from the persons through whose neglect the loss was apparently due and seek the required information whether any action in this direction was contemplated. On such a representation being made it will be the duty of the administrative authority concerned to give it his careful consideration and to inform the Audit Officer in due course, of the action, if any, taken by him.

4.10.2 In minor cases the action indicated above will be sufficient and the considered decision of the administrative authority concerned may appropriately be accepted. But in a matter of more substantial importance the Audit Officer may properly proceed to refer to the next higher authority if he considers that the action taken by the original authority was inadequate.

4.10.3 The same procedure should be followed when steps are not being taken to enforce a recovery which apparently is legitimate. This would include a case in which the Audit Officer considers that recovery could be made from a third party and no recovery has been effected.

In all cases of importance the orders of the Accountant General should be obtained.

All orders of write off should be communicated by sanctioning officers to the Accountant General.

4.11 Sanction to Work

No work in the Public Works Department shall be commenced or liability incurred in connection with it until an estimate has been technically sanctioned and allotment of funds made. Cases in which the Divisional Officer commences a work or incurs a liability in the absence of the above formalities are required to be communicated to the Accountant General (E&RSA). The receipt of such reports from Divisions should be watched in the Financial Audit Section.

4.12 The rules applicable to the grant of sanction to works expenditure by competent authority are those in force at the time when the sanction is accorded even though prior to that date expenditure may have been incurred in excess of the previous limit of the powers of sanctions of the authority concerned. When, however, expenditure is incurred in excess of existing powers of sanction, it becomes automatically objectionable, and the Audit Officer is bound to challenge it and to ask for the sanction of competent authority. If there be any deliberate delays in obtaining proper sanction because of a hope that subordinate authority might shortly obtain enhanced powers which would enable it to accord sanction it would be within the discretion of the Audit to require that a proper sanction should be obtained at once without waiting for a decision as to the grant of increased power.

4.13 Excess over estimates (administrative approval)

Revised administrative approval is necessary as a result of material deviation from the original approval and also in those cases where the expenditure

exceeds or is likely to exceed by more than 10 *per cent* of the amount administratively approved. Similarly, a revised expenditure sanction is also required, if any excess is likely over the amount of the original sanction.

4.14 Revised technical sanction for material alteration

The orders of the authority competent to accord a technical sanction are needed for any material alteration in the technical estimate even though no additional expenditure is involved.

4.15 Audit of Contract Agreements

On receipt of copies of the agreements sanctioned by officers higher than Divisional Officers be noted in Agreement Register as prescribed in *Appendix-IX* of the manual to be maintained in FAS (ES-II) and be examined with reference to para 3.7.1 to 3.7.14 of MSO(Audit).

4.16 The Audit Officer of Financial Audit Section should conduct a critical review of the contract agreements to see that the terms of the Contract are precise and definite leaving no room for misconstruction. Legal and financial advice has been taken and there is reasonable security against malpractice. Results of the review should be communicated to Department. Points noticed during such reviews which have to be borne in mind while conducting local audit, have to be entered in the Register of important points for Local Audit and communicated to the Works Inspection Section, as and when local audit of the concerned offices is taken up.

4.17 Invitation of tenders

For reckoning the period allowed for invitation of tenders the following guiding principles should be kept in mind:-

(i) When the tender notices are not published in the news paper the period for tendering should be computed from the date the notice is displayed on the Notice Board.

(ii) When notices are advertised in news papers the period for tendering should be computed from the date of the first appearance of advertisement in news papers.

4.18 Registration of objections relating to insufficient or irregular sanctions

A separate Register in Form-7 of the MSO (Audit) as shown in *Appendix-X* should be maintained for the record of objections relating to irregular sanctions of the Administrative Departments or Ministries of the Government. The section will be responsible for keeping the Register up-to-date. The Register will be submitted for review to the Branch Officer in the first week of the month and to the Group Officer on 10th of each month.

4.19 Detailed procedural instructions for audit of contracts and agreements are given in Para 3.7.1 to 3.7.14 of the MSO(Audit). These, however, should not be taken as exhaustive and may be adopted to suit the requirement of Financial audit in regard to the particular types of cases in the light of the departmental rules and regulations.

Audit of Monthly Accounts

5.1 Monthly Account

The work of audit should be taken up immediately on the receipt of the Monthly Accounts. The Auditor should examine the schedules received in support of the Monthly Account in accordance with the instructions contained in para 4.3.1 to 4.3.31 of the MSO(Audit) which are given in brief below.

5.2 Audit of Monthly Accounts (Form No. RPWA-80)

The instructions for Financial Audit of Monthly Accounts (Form No. RPWA-80) are laid down below. The Auditor should,

1. see that the account has been received complete and in proper form and preliminary checked by the Pr. Accountant General (A&E) before transmission to Financial Audit Parties;
2. see that cash balance 'diminished'/'increased' in the Monthly Account, is equal to the difference between the closing balance of the month and opening balance of the same month;
3. see that the cash balance of the month certified by the Divisional Officer in the Monthly Account and unadjusted balances under the suspense and other balances head have been correctly carried forward separately from month to month;
4. examine the 'Memorandum of Miscellaneous Cash Receipts paid into treasuries' and the Divisional Officer's certificate of 'Cash Balance' recorded on the reverse of the Monthly Account to see that they do not indicate any deviation from rules;
5. see that the closing cash balance of the Monthly Account for March is supported by the original reports and the Certificate referred to in the Rule 744 (a) of PWF&AR and that the balances certified therein are equal, in the aggregate to the closing cash balances as shown in the Monthly Account;
6. check arithmetically both the totals of receipts and payments & see that these totals of the account agree with each other;
7. pass the account for an amount equal to the total of column for 'Disbursement' excluding the increase (if any) in the cash balance; and
8. record the audit endorsement, stating the amount passed both in words and figures on the Monthly Account in red ink and submit the audit endorsement (initialed and dated) to the Assistant Audit Officer for signature.

5.3 Schedule of Revenue realised (Form No. RPWA-46)

Receipts relating to the Public Works Department generally comprise the following:

- (1) Irrigation Revenue
- (2) Rents of Buildings, Lands and Furnitures
- (3) Miscellaneous i.e. Sale of Tender Forms, Rent of gardens, Toll taxes, Ferry Receipts, fines, Sale of T & P, old materials etc.
- (4) Receipt from water charges.

1. The audit of this schedule should be conducted mainly with reference to the general directions contained in chapter 3 of section II of M.S.O. (Audit), subject to the provisions of G.F. & A.R. of Government of Rajasthan in regard to rents of public buildings (including installation) recoverable from the persons occupying them.

2. It is duty of the Audit Office to see that revenue and other receipts of which it has cognisance (either through any entries in Government accounts or otherwise e.g. through orders of special recoveries received from competent authority) are brought to account by the Divisional Officer.

3. During audit of schedules of revenue realised, it should be seen that-

- (i) the cash realisation of revenue agrees with the details of receipts given in the monthly account;
- (ii) no amounts are credited to revenue until they are actually realised except as proved under:
 - (a) Supervision charges on sales of stock on credit,
 - (b) Cost of Tools and Plants recoverable from private parties debited to Miscellaneous Public Works Advances under competent sanction,
 - (c) rent recovered by deduction from bills in treasuries on receipt of intimation of recovery,
- (iii) the amounts shown under "Recoveries of expenditure" are actually creditable of the relevant heads and are traceable in the schedule of percentage recoveries; and
- (iv) when the amounts credited to revenue represents sale proceeds or transfer value of unserviceable stores or other property, they are supported by Survey Report and Sale Account; the disposal of the property has been authorised by the competent authority; the full value (including supervision or other charges leviable under rules) has been accounted for, and if there is a loss, it has been sanctioned by competent authority.

5.4 Schedule of Refunds of Revenue (Form No. RPWA-46)

Refunds of revenue are usually classified in the same detail as revenue receipts but the total amount of refund should be taken as reduction of revenue receipts under the major head concerned. It should be seen in audit that all refunds have been authorised by competent authority. If the refund has been made by the Divisional Officer in compliance with the orders of a court of law remitting a fine previously credited to Government, it should be seen that the schedule is accompanied by the Original Orders of the Court (Vide Note 3 below Article 230 of the Account Code, Volume III). It should also be seen that in respect of each refund the amount was available from the original receipt to which it pertained and a suitable note specifying the amount refunded should be recorded against the entry of receipt in the relevant receipt schedule.

5.5 Schedule of Works Expenditure (Form No. RPWA-64)

During audit of schedule of works expenditure (Form No. RPWA-64) it should be seen that:

- (i) reference to communication intimating amount of sanctioned estimate/allotment is given in the schedule in cases where expenditure appears for the first time;
- (ii) the monthly, yearly and progressive expenditure is given and the progressive expenditure does not exceed the amount of sanctioned estimate or the allotment sanctioned for individual works or item of expenditure or groups of works or items of expenditure and action is being taken for regularisation of excesses, if any, over the estimate and allotment;
- (iii) when the works connected with residential buildings are shown as completed, action towards fixation or revision of license fees has been taken;
- (iv) Schedule Docket No. is mentioned against the expenditure of the work;
- (v) mention of sanctioned functional vehicles is made and expenditure there on referred in the schedule Dockets; and
- (vi) Prorata charges are added only on works and total amount of these charges has been debited correctly to the account of each work.

5.6 Schedule of Deposit Works (Form No. RPWA-65A)

The cash receipts under deposit shown in the Schedule of Deposit Works should be verified with the "Memo of Miscellaneous Cash Receipts paid into Treasuries" shown in the Monthly Account (Form No. RPWA-80). It should also be seen that:

- (i) the progressive expenditure does not exceed either the amount of the estimate or that of the upto date deposit as recorded in the works register or as shown in the schedule of deposit works and if the progressive expenditure exceeds the upto date deposit for a work the excess (i.e. both the month's

excess and the excess upto date) is shown correctly in the schedule as debitable to the head "Miscellaneous Works Advances" and it tallies with the entries in the schedule of Miscellaneous Works Advances;

(ii) in cases where Part II of the schedule is received monthly, all works which were included in the previous month's schedule, but do not appear in Part I of the current month's schedule, have been detailed correctly and in other cases, whenever it is received, it shows with correct particulars of all unsettled deposit works of the Works Register other than those which appear in Part I for the month; and

(iii) in case of works shown as completed, the Divisional Officer has taken action under the Financial Rules of Government of Rajasthan, to refund the unexpended balance of deposit or to effect recovery of the amounts spent in excess of the sums deposited, as the case may be.

5.7 Schedule of Takavi Works (Form No. RPWA-66)

When a realisation is credited in this schedule by debit to the detailed head "Cultivators" subordinate to the relevant functional major head, it should be seen that acceptance of the debit by the authority concerned accompanies the scheduled docket.

It should also be seen that all takavi works which were included in the previous month's schedule but do not appear in Part I of the current month's schedule have been detailed correctly in Part II of the schedule.

5.8 Schedule of Debits/Credits to Miscellaneous Heads of Accounts (Form No. RPWA-76)

It should be seen in audit that only such disbursements and receipts which cannot be accounted for in any other schedule prescribed under Articles 213 to 214 of Account Code, Volume III have been noted in this schedule. It should be further ensured that no transaction have been accounted for under the final or debt head except under authorisation of Principal Accountant General (A&E) vide Article 225 of the Account Code, Volume III.

5.9 Schedule of Debits/Credits to Remittances (Form No. RPWA-77)

If any responding item is stated to have been brought to account provisionally, the objection raised by the Divisional Officer should be examined and it should be seen that it does not indicate any deviation from the rules either on his own part or on that of the other party to the transaction.

In respect of the divisions "I. Remittances into Treasuries" and "II. Public Works Cheques" of the head "Public Works Remittances" it should be seen that the totals in the schedule are supported by the necessary details in the schedule of Monthly Settlement with Treasuries and that the figures agree with the corresponding figures in line 2 of the Form No RPWA-51.

5.10 Schedule of Monthly Settlement with Treasuries (Form No. RPWA-51)

While auditing the Schedule of Monthly Settlement with treasuries, it should be seen that-

- (i) the difference in line 5 is supported by the necessary details in respect of each treasury;
- (ii) at the close of the year there is ordinarily no difference except on account of cheques issued upto 31st March but not cashed by that date; and
- (iii) effective action is being taken by the Divisional Officer to clear the differences.

5.11 Schedule of Cash Settlement Suspense Account (Form No. RPWA- 76A)

Under the system of settlement of inter-divisional transaction in cash, all transaction relating to services rendered or supplies made by one division to another (whether the divisions fall within the same account circle or in different account circles) including those pertaining to works done by a division on behalf of another division are settled by the divisions amongst themselves without the intervention of the Principal Accountant General (A&E). The claims are to be settled within 10 days as prescribed in para 2 of *Appendix-7* of CPWA Code. It should be seen that items not settled have been taken up with respective officers.

The entries of credits shown in the Schedule of Cash Settlement Suspense Account should be compared with the details given in the Memo of Cash Receipts on the reverse of Form No. RPWA-80 (Monthly Accounts).

At the close of the year, there should normally be no balance under this head and with this object, the list of outstanding items should be reviewed monthly towards the close of the year and the Divisional Officer addressed, if the provisions of Article 185 of Account Code, Volume III appear to have been ignored.

5.12 Schedule of Debits to Stock (Form No. RPWA-72)

The Schedule of Debits to Stock should be checked generally in the manner and to the same extent as prescribed for schedules of works Expenditure. In cases in which detailed estimate can be dispensed with under rule, the amount of the expenditure as authorised by competent authority may be accepted as the amount of a sanctioned detailed estimate. When manufacturing operation is shown as completed, it should be seen that the Divisional officer has taken action in accordance with Article 163 of the Account Code, Volume III to adjust the difference between the progressive figures of "Operation" and "Out turn". In case of omission, his attention should be invited to the rule and the matter pursued until the difference is settled.

5.13 Stock Account (Form No. RPWA-73)

The stock account is designed to show the receipts, issues and balances separately in respect of the sub heads (1) Manufacture (2) Land, Kilns etc. (3) Handling and Other incidental charges and (4) all other sub-heads lumped together.

The second part 'Detailed Account of Issues', should be examined first. The section of this part relating to 'Issues to Works, etc.', should be agreed with the relevant entries in all the Schedule Dockets of the month, and the remaining issues should be traced from the various accounts (relevant schedule dockets, consolidated contingent bill, etc.) as indicated in the form. Thereafter Part I should be checked. It should then be seen that the closing balance of stock, excluding any items of the sub-head 'Manufacture', which are not debitible against the sanctioned reserve limit of stock, does not exceed that limit.

In audit of the schedule, it should be specially seen-

- (i) that the acquisition of stores is made economically ;
- (ii) that manufacture accounts are not kept open indefinitely (vide Rule 538 of the PWF&AR) ;
- (iii) that in addition to the value of the raw materials the cost of labour employed and other incidental charges connected with a particular operation, which are charged directly to the manufacture Account (vide Rule 539 of the PWF&AR) and the capital charges, detailed in Rule 540 of the PWF&AR are correctly adjusted against the manufacture account concerned;
- (iv) that before the accounts of a manufacture are closed the difference between 'operation', and 'out turn' is adjusted under the orders of competent authority in accordance with the orders in Rule 550 of the PWF&AR;
- (v) that the periodical clearance of the amount head under Land, kilns etc., is carried out in accordance with the orders of the authority sanctioning the initial charge (vide Note 1 below Rule 540(C) of the PWF&AR);
- (vi) that the money limit for the stock of reserve (Reserve stock limit) of a Division as prescribed by a competent authority is not exceeded (Rule 561 of the PWF&AR);
- (vii) that any fictitious stock adjustments which are detected are taken up and brought to notice of the Government; and
- (viii) that the value of stores found surplus or short is adjusted as laid down in Rule 195 of the PWF&AR and that all losses due to depreciation of stores or to other causes are dealt with under the orders of competent authority.

5.14 Schedule of Miscellaneous Works Advances (Form No. RPWA-70)

The Schedule of Miscellaneous Works Advances will be detailed individually only for the items affected during the month. The schedules relating to the month of September and March are required to be accompanied by a list of all items outstanding for more than six months. The completeness of the list will be checked during Local Audit when examining the Divisional Suspense Register relating to Miscellaneous Works Advances. It should be seen in Financial Audit that the list has been received. In the audit of 'Miscellaneous Works Advances' a distinction should be observed between items which represent regular transaction correctly pertaining to the head 'Miscellaneous Works Advances', and items which indicate either a disregard of any financial rule, or losses, retrenchments and errors awaiting adjustment. It should be seen that action is taken by Divisional Officer for the clearance of items of both classes. Items of the latter class should be registered in the Objection Book.

5.15 Abstract Account of Material Purchase Settlement Suspense Account (Form No. RPWA-69)

During audit of the Abstract Account of Material Purchase Settlement Suspense Account it should be seen that the debits/credits of the current month as per the list of original transfer entry orders are correct by checking with the original transfer entry orders attached to various schedule dockets. It has to be seen that the schedules for September and March are accompanied by a list of items outstanding for more than 6 months and action for adjustment has been taken by the Divisional Officer. It has also to be seen that unclaimed balances outstanding for more than three accounting years are credited to Government.

5.16 Schedule of Deposits (Form No. RPWA-79)

5.16.1 The special points requiring attention in the audit of the schedule of deposits which gives in detail only items affected during the month, are the following:-

- (i) it should be seen that the debits are adjusted against and to the extent of corresponding credits and there is no minus balance;
- (ii) if the schedule of deposits shows that any of the deposit items has been converted into any form of interest bearing security, it should be seen that in respect thereof, the certificate printed at foot of the schedule has been recorded correctly;
- (iii) when the schedule for March is checked, it should be seen that lapsed deposits have been duly credited to Government in accordance with the rules made by it, vide Article 170 of the Account Code Volume III;

Note:- In respect of unaffected items not included in the schedule , a similar check should be exercised while scrutinising the deposit register during Local Inspection.

(iv) the debits/credits should be checked to ensure that they agree with the corresponding entries in concerned schedules, vouchers and memo of miscellaneous cash receipts paid into treasuries in Form 80;

(v) in respect of "Deposits for work to be done" it should be seen that the necessary details in support of this item are given in schedule of deposits works, the instruction for the audit of which are given in Paragraph 5.6 above; and

(vi) the opening balances against individual items should be checked cent percent with the closing balances of these items as per the statement of the previous month in which the item is shown as having been appeared.

5.16.2 Rules for the disposal of the security deposit of subordinates and contractors are contained in Rule 595 to 600 of the PWF&AR. The circumstances under which the deposits received may be credited to Government as Lapsed deposits are contained in Rule 601 of the PWF&AR.

The Schedule of Deposits should be restricted to the items which are asserted during the month and should come with the monthly account in Form RPWA-79.

5.16.3 The special points requiring attention in the audit of the Schedule of Deposits are enumerated in Paragraph 5.16.1 above. In addition to these points, it should be seen:-

(i) that items in the schedule are grouped under the recognised head vide Rule 594 of the PWF&AR;

(ii) that deposits are adjusted against, and to the extent of the corresponding credits;

(iii) that deposits for work other than takavi works are individually passed through the subsidiary schedules and the rules given in Chapter XIX of PWF&AR are observed in this respect; (Rule 598 of PWF&AR);

(iv) that no undue delay occurs in the clearance of items classified as Miscellaneous Deposits;

(v) that acknowledgements for payment of deposits on the contractor's closed accounts set forth such particulars as would establish the settlement of those accounts in connection with the works concerned;

(vi) that in authorising the repayment of a lapsed or confiscated deposit credited to Government under Rule 601 of the PWF&AR, the requirements of Rule 602 *ibid* are complied with; and

(vii) that interest bearing securities are deposited in the recognised forms mentioned in Rule 596 of the PWF&AR and are otherwise dealt with converted and repaid, as laid down in the para.

**5.17 Special Tools and Plant Received Sheets and Indents
(Form No. RPWA-13,14 and 14(CS))**

The accounts of receipts and issues of Special Tools and Plants, viz. copies of Tools and Plant Received Sheet (Form No. RPWA-13) and Tools and Plant Indent (Form No. RPWA-14(CS)), received with the Monthly Account should be checked to see that all tools and plant purchased or transferred from other divisions or sub divisions have been brought to account in Form No. RPWA-13 and that all issues shown in Form No. RPWA-14 are supported by receipts of the parties concerned. The payment details given in Form No. RPWA-13 should be checked with the connected vouchers or transfer entries. In the case of issues, it should be seen that Form No. RPWA-14 is supported by survey reports and sale accounts wherever necessary.

5.18 Schedule Docket for Percentage Recoveries (Form No. RPWA-62)

The instruction in the foregoing paragraphs do not apply to the Schedule Docket for Percentage Recoveries (Form No. RPWA-62). This schedule Docket should be checked simultaneously with the schedule relating to the expenditure on the works which are assessable to percentage recoveries of charges on account of "Establishment ", "Tools and Plants" and "Accounts and Audit" It should be seen:-

- (1) that the charges shown in Form RPWA 62 under each of these heads, are calculated correctly in accordance with rules;
- (2) that in the expenditure schedule concerned the total amount of these charges has been debited correctly to the account of each work, and
- (3) that the credits on account of recoveries under each of the three heads are brought to account correctly in accordance with the directions contained in Articles 69 and 72 of the Account Code, Volume III.

5.19 Annual Certificate of Balances (Form No. RPWA-91)

The Divisional Officer's Annual Certificate of Balances should be examined in Financial Audit to the extent possible from the schedules received in Financial Audit (Refer para 4.3.28 of the MSO(Audit)).

AUDIT OF VOUCHERS AND SCHEDULE DOCKETS

6.1 General

Instructions regarding the maintenance of the Selection and Review Register and Posting of vouchers for audit /review are laid down in chapter 2 of this manual (Economic Service-II)

6.2 All vouchers and schedule dockets audited should be marked 'Audited' over the auditors initials. Assistant Audit Officer of sections while reviewing the accounts should see that the requirement contained in Para 3.1.21 of M.S.O.(Audit), have been duly complied with by auditors.

6.3 The signature of the auditor who applied the check must be inserted in the space provided in the register. The Auditor and the Assistant Audit Officer will also sign the register each month.

6.4 Instructions for audit of vouchers are contained in Para 3.1.20, 4.1.4,4.1.10 and 4.3.32 of M.S.O.(Audit) for facility of reference to the points to be borne in mind by the Auditor at the time of conducting the audit of the vouchers are enumerated below. It should be seen:-

- (i) that expenditure has been incurred by an officer competent to incur it;
- (ii) that the expenditure is covered under sanction either special or general of the authority competent to sanction it;
- (iii) that the expenditure does not involve a breach of any of the standards of financial propriety;
- (iv) that payment has, as a fact, been made to the proper person, and that it has been so acknowledged and recorded that a second claim against government on the same account is impossible;
- (v) that the charge is correctly classified and that if a charge is debit to the personal account of a contractor, employee or other individual or is recoverable from him under any rule or order, it is clearly indicated on the voucher in the space provided for the purpose or in some prominent place;
- (vi) that the vouchers are in the prescribed form;
- (vii) that they are written in ink;
- (viii) that they are duly receipted by the payees;
- (ix) that the sum acknowledged is written both in words and figures;
- (x) that they are in original;

- (xi) that brief abstract is given in English over the signature of the drawing officer on all vouchers in regional languages;
- (xii) that in the case of vouchers signed by payees in a language other than English, the amount acknowledged is also stated by the payee in his own hand writing;
- (xiii) that signatures, the amount acknowledged as well as any remark made by the payees in any of the modern Indian languages is translated in English;
- (xiv) that they are numbered with reference to the number on the schedule docket or other accounts as the case may be;
- (xv) that sub-vouchers contain dates of payment;
- (xvi) that the details work up to the totals;
- (xvii) that all vouchers bear a pay order signed by a responsible disbursing officer;
- (xviii) that they are stamped "Paid ";
- (xix) that there are no erasures and that any alteration in the total are attested by the officer concerned as many times as they are made;
- (xx) that stamps are affixed on vouchers for sums in excess of Rs 5000/- ;
- (xxi) that the stamps affixed are punched or cancelled;
- (xxii) that no payment is made on a voucher or order signed with a rubber stamp;
- (xxiii) that if a voucher is paid by transfer it is stamped as having been so paid, that the head to which the amount is credited is noted on it;
- (xxiv) that when the signature on the voucher is given by a mark seal or thumb impression it is attested by some known person;
- (xxv) that full name of the work as given in the estimate and the charges (if any) which are of the nature of recoverable payment and the names of contractors or others from whom they are recoverable are clearly indicated;
- (xxvi) that the head of the account to which the charges admitted on a voucher are debitable or to which the deductions on other credit shown in the voucher are creditable is clearly stated in the space provided for the purpose or in some prominent position;
- (xxvii) that a certificate is recorded by the divisional officers in the final bill to the effect that work has been done according to specifications, drawing and plans and in accordance with the terms of contract;
- (xxviii) that either person in whose name the bill or hand receipt is prepared signs; and if another person signs; a certificate is given by the disbursing

officer that latter holds the power of attorney.

6.5 In addition to the points enumerated in the preceding paragraph relating to the preparation and completion of vouchers the special point detailed below should also be borne in mind in conducting the audit of vouchers:

(i) that every vouchers bears the dated initial of the Divisional Accountant in token of his check;

(ii) that in respect of payments to contractors whose contract agreements have been sanctioned by authorities higher than a Divisional Officer, there are as far as, it can possibly be known, no unauthorised deviation from the rates of payments and other relevant conditions of the agreement as communicated by the sanctioning authority [Para 4.3.32 of MSO (Audit)];

(iii) that in respect of payments to other contractors whether on a first and final bill or on a running account bill the value of work done or supplies made does not exceed the limit up to which a Divisional Officer is authorised to accept a tender for a contract, [Para 4.3.32 of MSO (Audit)];

(iv) that the charge is supported by a special sanction where necessary [Para 4.3.32 of MSO (Audit)];

(v) that in the case of payments appearing in a bill for removing material from a work or cutting trees from the compounds of buildings, etc. there is note on the voucher indicating the saleable value of the material in question, and on the probably date on which the sale proceeds are likely to be credited to the Government;

(vi) that the voucher in support of charges for dismantling old work or for its renewal bears a note of the serviceable material received from dismantled work and of the method by which it is proposed to dispose them of;

(vii) that in case, if any additional payment for a work for which a consolidated rate had been agreed upon which prima facie requires some explanations, an enquiry should be made in audit to make sure that the charge was valid and that no financial irregularity was involved in its payment if in addition to a lump sum payment for a job, there is an extra payment for work which apparently falls within the job for which the lump sum was accepted, enquiry is necessary.

6.6 While auditing hand receipts for refund of Security Deposit, in addition to the verification of the amount of refund from the schedule of deposit received with the monthly account, recording a note of refund in the said schedule and applying checks prescribed in Para 4.3.26 of MSO(Audit), the amount of Security Deposits should also be verified with reference to the amount of final bill of the contractor/supplier, reference of which is given in the order of refund and a note of refund be recorded in final bill. It is not necessary to link the refund with the various vouchers in which amount of security deposits were deducted.

6.7 Checking of rates of vouchers received with Divisional Accounts

The audit of rates paid for work done or supplies made is an important check. The object of the audit of expenditure is to ensure that the rates paid for work done or supplies made are in accordance with any scale of schedule prescribed by competent authority and secondly, to ensure detection of individual abnormalities in rates paid as laid down in Para 2.2.10 of the MSO (Audit).

6.8 In respect of contracts sanctioned by authorities higher than the Divisional Officer, the checks required to be carried out are enjoined in para 4.3.32 of MSO (Audit). In this connection the Comptroller and Auditor General has decided that this check in the Central Audit may be confined to those vouchers which are selected for audit.

6.9 Charges for Railway Freight and Customs claimed by a contractor

Before admitting any charges for Railway Freight and Custom claimed by a contractor he must produce a cash receipt for the freight and custom billed for. A reference to the voucher in which freight and custom is charged should be given on each receipt which should be initialed by the Officer preparing the bill as well as the Divisional Accountant and submitted to this office in support of the charge.

6.10 Auditing of deductions from contractor's claim

While auditing abstract of vouchers it should be examined that the deductions from the contractor's claim such as, Income Tax, Sales Tax, Royalty, Hire charges, Security Deposit and Recovery of material issued to contractor have been made as per provisions of agreement rules and regulations prevailing at that point of time.

6.11 Audit of Schedule Dockets

The points to be looked into in auditing the schedule dockets and charges against works are:

- (1) that all vouchers, transfer entry orders, sale accounts and survey reports enumerated on the dockets and which have to be submitted, are forthcoming;
- (2) that necessary particulars of each refund are given and do not indicate any financial irregularity;
- (3) that there are not irregular or unauthorised charges to a work and that specific financial sanction exists for special charges;

- (4) that vouchers exceeding rupees one thousands as indicated in the Schedule Dockets are enclosed;
- (5) that the net charges of the month is arithmetically correct and agrees with the corresponding entry in the schedule concerned;
- (6) that all other credit entries (i.e. all transfer credits) are counter balanced by one or more items of charges; and
- (7) that each docket bears the initials of the Divisional Accountant.

OBJECTIONS ON PUBLIC WORKS TRANSACTIONS

7.1 General

The objections noticed during audit of the monthly accounts and connected documents are to be communicated to the departmental officers i.e. Executive Engineer in the form of Audit Notes (vide paragraph 4.4.1 of MSO (Audit)) in the form given in *Appendix-XI* the objects to be achieved are:-

- (a) that all irregularities in transactions as well as other points arising out of the examination of accounts and vouchers should, where necessary, be registered, in one shape or another unless these are trivial or the objection has been waived by competent authority;
- (b) that they should be intimated at once to the Divisional Officer and there after pursued until they are regularised or explained satisfactorily; and
- (c) that the Superintending Engineer should be given opportunity of reviewing, month by month, objections relating to want of or excess over financial sanction and also in respect of big projects or works, objections regarding:-
 - (i) Serious delays in the regularisation of excess etc. over sanctioned estimates/allotments; and
 - (ii) want of or excess over administrative approval.

Any other important points noticed in Audit should also be reported to the Superintending Engineer if the amounts involved are considerable or the deviation from rule is serious or the points are not receiving adequate or prompt attention from the Divisional Officer.

7.2 Audit Notes
Part-I of Audit Notes

The Audit Note on the monthly accounts of a division should be prepared in two parts in Form MSO (Audit)-3 Part I should include (1) all objections regarding want of excess over financial sanction where such sanction is required in addition to technical sanction, and (2) in respect of works included in Part-I of the Works Register maintained by the Pr. Accountant General (A&E), objections for want of or excess over sanctioned estimates/allotment where regularisation has been delayed for over six months and for want of or excess over administrative approval.

The last three columns of Part I of the Audit Note should be left blank, the first two of these for the explanation of the Divisional Officer and the remarks of the Superintending Engineer respectively, and the last column for the record, on its return, of the action taken by the Audit Office on reviewing the replies.

7.3 Part II of the Audit Note should include all other objections whether relating to the substance of the account on the score of deviation from financial rules or standards of financial propriety or miscellaneous remarks, observations and enquiries on minor matters and objection to the form of the accounts and vouchers. In the preparation of this part of the Audit Note, a distinction should be made between (1) remarks and observations relating to errors of omission, on the part of the Divisional Accountant, in the compilation or preliminary examination of the accounts, and (2) points relating to the substance of the transactions brought to account.

Objections relating to certain standard categories e.g. "want of sanction to special charges", "overpayments and short recoveries", and "delays in the adjustment of debts due to Government" should be included at the end of this part of the Audit Note under suitable headings.

Note 1:- Part II of the Audit Note would relate to objection enumerated in the preceding paragraph. Any objections regarding (a) want of financial sanctions [vide para 4.1.11 of MSO(Audit)] or (b) want of administrative approval or administrative approval having been exceeded by sanctioned estimate should also be communicated through Audit Note.

Note 2:- The rule under which an exception is taken or a demand made should be quoted as far as possible in each case so that the Executive Engineer may rest satisfied that no unnecessary trouble is given.

Note 3:- In the Audit Note, brevity, conciseness and clearness are essential and a reference to the rules must be made. It should be particularly seen that the language used is invariably polite and inoffensive.

Note 4:- It is necessary that the audit notes should contain only important objections, routine and trivial objections being raised by special letters only when there is persistent disregard of rules or procedure.

7.4 Issue of Audit Note

As soon as the Audit Note is prepared by an Auditor, this should be reviewed and signed (each of the two parts) by the Assistant Audit Officer of the Financial Audit Party. On receipt in the Financial Audit Supporting Section, the Audit Notes should be vetted and sent, after entry in the Objection Book wherever required [See para 4.4.6 of M.S.O.(Audit)], to the Divisional Officer for his explanation and reply. The Divisional Officer should also be advised to return Part-II directly to the Financial Audit Supporting Section and to return Part-I through the Superintending Engineer so that he may also add his comments and orders.

7.5 Watch Over Objections

Each Sr. Auditor/Auditor is responsible for recording in the Objection Book the objections for which money value record is to be kept, arising out of audit of the documents in Central Audit.

Audit Notes on return, should be reviewed by the Sr.Audit-Officer/Audit Officer who, if necessary, will make a further reference in writing to the Superintending Engineer, or appropriate higher authority, before filing them. Any sanctions or orders recorded by the Superintending Engineer or the Divisional Officer on an Audit Note should be scrutinised and any objection removed thereby should, at the same time, be adjusted vide para 4.4.19 of M.S.O. (Audit).

A register in the form prescribed in *Appendix-XII* should be maintained in the Financial Audit Section for watching the prompt disposal of the Audit Notes. The Assistant Audit Officer should review this register weekly and take any action that may be necessary. The register should be closed on 15th of each month and should be submitted to the Branch Officer.

In order to reduce the number of rejoinders Assistant Audit Officer should carefully scrutinise Audit Notes which have not been finally disposed off within a reasonable period and take special measures for their final disposal by issue of half margin memoranda or special letters to the Executive Engineer or the administrative authority as the case may require. Such half margin memo or special letter should give a precise of the previous correspondence on each point. The Audit Note will then be recorded and all subsequent correspondence in connection with outstanding points takes place by letters, if necessary.

7.6 Objection Book

The Objection Book prescribed in *Appendix-XIII* [Form 4 M.S.O. (Audit)] is primarily kept:

- (1) to serve as a continuous record of the objections raised through the Audit Note and clearance of objections during and to end of each month separately for each division;
- (2) to afford ready means of reviewing the outstanding objections; and
- (3) to facilitate compilation of such statistics of the objections, as may be required from time to time.

Objections of following or similar nature, which arise out of Financial Audit should be brought on the Objection Book. Money value should also be assigned in all cases as far as practicable:-

- (i) for want of sanction to special charges;
- (ii) over payments and short recoveries;

- (iii) delays in recovery of sums due to Government;
- (iv) want of sanctions to advances, losses etc;
- (v) expenditure placed under objection on ground of financial propriety;
- (vi) excess over Technical or Administrative sanctions;
- (vii) want of any other specific sanction required by rule;
- (viii) expenditure on deposit works debited to 'Misc.P.W.Advances';
- (ix) excess over sanctioned limit of reserve stock;
- (x) items appearing in 'Miscellaneous P.W. Advances' schedules indicating disregard of financial rules, losses, retrenchments and errors awaiting adjustment; and
- (xi) Objections included in Part I of the Audit Note need not be recorded in Objection Book vide para 4.4.8 of MSO(Audit) read with para 7.2.17.

7.7 Clearance of Objections

The Auditor/Sr. Auditor/ AAO and Branch Officer should carefully scrutinise the objections book, when reviewing and passing the monthly closing, and taking action in respect of delays in settling objections in accordance with the instructions contained in para 4.4.15 to 4.4.19 of MSO (Audit).

The necessary watch in respect of individual objections raised in the course of Financial Audit and their clearance should be carefully exercised in reference to Para 7.1.10 to 12 of MSO(Audit). All objections should be pursued with intelligence and vigour with a view to their early settlement. The Audit Officer and the staff will be personally responsible for keeping the controlling authorities fully acquainted not only with individual cases of serious disregard of financial rules, but also generally with the progress of the clearance of Objections. It should not be considered sufficient merely to enter the Objections raised in the successive statements of objectionable items sent to the respective Superintending Engineer through their Divisional Officers. All important items and any serious delay in the adjustment of individual objections should be specifically reported to the concerned officers by means of letters, immediately after they come to notice during the course of review of the objection book or the objection statement. Items which remain unsettled in spite of three reports to the Superintending Engineer or are otherwise serious or important should be reported by special letter to the Chief Engineer/Principal Chief Conservator of Forest and to the Secretary to the concerned Department. In addition to reports through special letters, the statement of all outstanding objections pertaining to the Accounts of the Division for over six months are sent to the Superintending Engineer concerned and the Chief Engineer every half year by the 10th of February and August to expedite the clearance, copies being also sent to the Government.

The procedure for removal of objections is indicated in paras 4.4.15 to 4.4.19 of MSO(Audit). It should be carefully borne in mind that an objection once raised can be removed from the records of objections only under the orders of Audit Officer. These officers are held responsible for seeing that due explanation exists in each case for the removal of an objection.

Minus entries in the column 'Amount placed under objection' can only be made when the objection is to correct an exaggeration or an over statement in an objection previously raised. In cases, in which an objection in audit was raised correctly, a write back or reduction of the expenditure, placed under objection, would not justify a correction by means of minus entry under this column but would require to be removed through a plus entry in the column 'Amount cleared'.

Discretion should, however, be exercised in the selection of irregularities for report to authorities higher than the Superintending Engineer. Only abnormal delays in disposal of the objections or serious or important irregularities should be reported to those authorities but every item must be dealt with on its own merits under the orders of the Audit Officer.

7.8 Delays in adjustment or recovery of outstanding sums due to Government

Delay in recovery of sums due to Government should be taken up in the monthly objection statement when the recovery is not effected within the period specified below in respect of each class of debit:-

- (a) Delay in the adjustment of outstanding in the suspense balances, when amount due to Government have been outstanding for over 6 months and no special orders exist authorising such delay; and
- (b) Outstanding of sums due to Government which are more than one year old should invariably be taken up by letter with the Superintending Engineer and reported to higher authority when necessary.

7.9 Monthly Closing

The entries relating to each class of objection should be totalled separately and a general abstract prepared every month in a separate section of the objection book. The progressive total of each class of objection should be carried forward from month to month and the unadjusted balance from year to year. The Assistant Audit Officer should examine and initial the abstract and submit the Objection Book to the Sr. Audit Officer/Audit Officer.

The Objection Book should be reviewed closely by the Assistant Audit Officer and the Audit Officer at the time of monthly closing. Delay in settling an objection or circumstances which have come to light since it was raised, may warrant its report to the Superintending Engineer even though such action was not taken initially. Such objections should be suitably brought to the notice of that officer. Items which have remained unsettled in spite of two or more reports to the Superintending Engineer are otherwise serious or important should be reported specially to higher authority.

7.10 Annual Closing

The Objection Book should be closed annually and the balances of outstanding objections should be carried forward to the following year's Book, the entries being attested by the Assistant Audit Officer. In the Objection Book of the new year, all such items should be noted in a separate section thereof. If the outstanding balances thus brought forward relate to two or more years, the balances of each year should be similarly registered in a separate section. This action, however, cannot be taken completely until the Supplementary Accounts of the year has been audited but it is permissible in anticipation of this even to transfer to the new year Objection Book such items of the old book as may be affected by the accounts of the new year audited before the Supplementary Accounts. The Assistant Audit Officer is, however, responsible to ensure that any corrections due to the Supplementary Account are carried out neatly in the new Objection Book, in due course by plus or minus entries, as the case may be, with suitable remarks.

FOREST AUDIT

8.1 Introduction

The checks to be exercised by the Financial Audit Parties on the monthly cash account, supporting documents and vouchers are the same as detailed in preceding chapter on Works Audit of this manual except the followings.

8.2 Posting and Selection of vouchers

The posting of all vouchers will be made by concerned Auditor in the Selection Register as mentioned in *Appendix-VI*. The Register will be submitted to AAO for selection of voucher for Audit as per quantum prescribed by the Headquarters' Office.

8.3 Procedure of Audit and Review

The rules in Chapter 2,4,6 of this manual will apply to the current review of audit of Forest Officer's accounts. The quantum of review of vouchers is also prescribed in *Appendix-VI* of this manual.

8.4 Cash Accounts (Form No. 6)

The accounts of receipts and disbursements which are rendered to the Accountant General (A&E) by the Divisional Forest Officers in the forms prescribed in Chapter VII of the Account Code, Vol-III, should be checked to see that:

- (i) the Cash Account shows merely the total of the month in respect of items enumerated under Article 282(a)-(Debtor Side) and 282(b)(Creditor side) of the Account Code, Vol.III, and that all other items of receipts and charges have been entered in detail in the said accounts; and
- (ii) charges have been incurred with reference to the relevant sanctions and allotments and various advances and recoverable payments are covered by proper authority.
- (iii) The certificate as recorded on the Monthly Cash Account under Article 289 of the Account Code, Vol.III, should be checked to see that:-
 - (a) cash recoveries of service payments have not been shown in the Cash Account as separate items;
 - (b) refunds of forest revenue have been accounted for by deduction from revenue in the Cash Account;, and
 - (c) receipts and recoveries on Capital Account have been deducted

from expenditure under 'Capital outlay on forestry and wild life' in the Cash Accounts.

8.5 Charges

All vouchers in support of payments should be examined in the same manner as payment vouchers received from treasuries. Charges should be examined with reference to the sanctions and allotment thereof, and it should be seen that advances and recoverable payments are covered by proper authority.

8.6 Works and conservancy charges beyond the power of sanction of the Divisional Forest Officer either because of their nature or their amount; should receive special attention; and it should be seen that the requisite sanction exists and that it has not been exceeded without proper authority.

8.7 A point of special importance in connection with works and conservancy charges is that when expenditure on a work is spread over two or more months, the total expenditure upto date should be watched against the sanction (Form RPWA-64). Care should be taken that works forming parts of a single scheme, even though sanctioned piecemeal, are grouped together in order that it may be verified that the whole scheme has received the sanction of competent authority and that the aggregate expenditure does not exceed the amount of the sanction without proper authority. Charges recorded under the head "Establishment" are subject to the ordinary rules and procedure of audit relating to such charges and shall be audited by FAP (ES-II).

8.8 With reference to the particulars furnished in the vouchers, in the classified Abstract of Revenue and Expenditure (Form F.A.5) and in monthly lists of sanctions received from the Conservator, it should be seen that the charges are correctly classified, and in particular that the allocation under "Capital" and "Revenue" is in accordance with the prescribed rules.

8.9 Classified Abstract of Revenue and Expenditure (Form No. 5)

It should be seen during audit that sufficient details have been given in column 8 of the Classified Abstract of Revenue and Expenditure, so that the charges can be easily understood and checked and that the authority for charges, lying outside the powers of sanction of the officer submitting the accounts is quoted invariably in the "Remarks" column. It should also be seen that wherever expenditure on any work is spread over two or more months, the previous expenditure on such work is noted in the "Remarks" column.

8.10 Ledger Accounts

It should be seen that:-

(i) The Abstract for March in each year is supported by a brief statement explaining the circumstances in which each item outstanding for more than 12 months remains unadjusted and the steps which have been taken with a view to its early clearance.

(ii) The closing balance should be reviewed to verify that the relevant rules and orders governing their clearance are observed.

(iii) Outstanding balances which are not cleared within a reasonable period should be specially scrutinized.

(iv) When the balances due as exhibited in column 12 and 13 are made up of more than one item, the details of the items making up the balance are given by the Forest Officer in the column for "Remarks".

8.11 Establishment charges not to be included in monthly Accounts

The pay and allowances of forest officers and their establishment including office contingent claims will be drawn on bills passed by the respective treasury officers and the amount of bills received will be entered in a separate Cash Book in form GA-48 as in case of other civil offices of Government of Rajasthan. The amount so drawn by bills from treasury will not be incorporated in the monthly account being rendered directly to the Accountant General as per Article 288 of the Account Code Vol.-III.

Authority: Government of Rajasthan Finance (GF&AR) Deptt circular No. 35/92 dated 25-8-92.

8.12 Audit and Review of Vouchers with respect to Piece Rate Contract System

The Government of Rajasthan introduced the 'Piece Rate' contract system in development works of Forest Department in 1982.

The Principal Chief Conservator of Forest, Rajasthan, Jaipur vide letter No. 8332-461 dated 20-07-95 circulated the detailed instructions/rules in respect of 'Piece Rate Contract System'. The audit of vouchers in respect of the piece rate contract should be made with reference to above said circular and guide lines issued for the piece rate contract system.

8.13 Preparation and issue of Audit Note

Preparation and issue of Audit Note addition, watching and clearance of objection, maintenance of Objection Book, Monthly Closing, Annual Closing will be done mutatis mutandis as prescribed in Chapter 7 of this manual.

APPENDIX-I

(Referred to in Paragraph 1.4)

Duties and responsibilities of members of

(A) Financial Audit Co-ordinating Section (Economic Service-II)

(a) Audit Officers

- (i) Co-ordination and general supervision.
- (ii) Framing and approval of audit programmes, deployment of audit parties and monitoring of completion of audit and audit performance.
- (iii) Audit of Contract agreements.
- (iv) Review of pro-rata distribution of Establishment and Tools and Plant charges.
- (v) Scrutiny of the material processed by the Assistant Audit Officer for Audit Report and its submission to the Group Officer.
- (vi) Preparation of quarterly review report on the working of the departments.
- (vii) Check of Administrative Accounts of irrigation projects.
- (viii) Review of portfolio files for Central, Centrally Sponsored and State Plan schemes.

(b) Assistant Audit Officers

- (i) Audit of all sanctions to expenditure.
- (ii) Disposal of references seeking clarifications and allied correspondence.
- (iii) Review of files containing objection memos issued to departmental officers and related correspondence.
- (iv) Processing of material for Audit Report.
- (v) Check of consolidation of statistics.
- (vi) General check of Objection Book and approval of its closure.

(c) Senior Auditors

- (i) Maintenance of portfolio files for Central, Centrally sponsored and State Plan schemes.
- (ii) Issue and pursuance of Objection memos with departmental officers.

(iii) Issue and pursuance of Objection memos with works accounting section.

(iv) Consolidation of statistics meant for calculation of staff requirements.

(d) Auditors

(i) Maintenance and closure of objection book.

(ii) Provision of assistance in administrative work like postings, transfer, sanction of leave etc.

(iii) Other routine work not specifically listed or any other work entrusted by the Audit Officer.

B. Financial Audit Section (Forest Audit)

(a) Audit Officers

(i) Co-ordination and general supervision.

(ii) Framing and approval of audit programmes, deployment of audit parties and monitoring of completion of audit and audit performance.

(iii) Audit of contract agreements.

(iv) Scrutiny of material processed by the Assistant Audit Officer for Audit Report and its submission to the Group Officer.

(v) Preparation of quarterly review report on the working of the Department.

(b) Assistant Audit Officers

(i) Audit of all sanctions to expenditure.

(ii) Disposal of references, seeking clarifications, etc. and allied correspondence.

(iii) Review of portfolio files for Central, Centrally Sponsored and State Plan schemes.

(iv) Review of files containing objection memos issued to departmental officers.

(v) Processing of material for Audit Report.

(vi) General check of objection book and approval of its closure.

(vii) Check of statistics compiled and consolidated by the auditor.

(c) Senior Auditors

- (i) Maintenance of portfolio files for Central, Centrally Sponsored and State Plan schemes.
- (ii) Issue and pursuance of objection memos with departmental officers.
- (iii) Issue and pursuance of objection memos with forest accounting sections.
- (iv) Compilation and consolidation of statistics meant for calculation of staff requirements.

(d) Auditors

- (i) Maintenance and closure of objection book.
- (ii) Provision of assistance in administrative work like posting, transfers, sanction of leave, etc.
- (iii) Other routine work not specifically listed or any other work entrusted by the Audit Officer.

APPENDIX -II

(Referred to in Paragraph 1.4)

Duties and responsibilities of members of Financial Audit Parties

A. Works Audit (ES-II)

(a) Assistant Audit Officers

- (i) Overall supervision and coordination of work of audit parties.
- (ii) Selection of vouchers for audit and review.
- (iii) Audit of Schedule of Monthly Settlement with Treasuries.
- (iv) Audit of Schedule of Miscellaneous Works Advances.
- (v) Audit of final bills of contractors for amounts above Rs 50,000.
- (vi) Review of vouchers audited by Senior Auditors/Auditors.
- (vii) Review of pass order on Monthly Accounts.
- (viii) Check of Annual Certificate of Balances.

(b) Senior Auditors

- (i) Audit of schedule of revenue realised/refunds of revenue.
- (ii) Audit of schedule of works expenditure.
- (iii) Audit of schedule of purchases.
- (iv) Audit of stock accounts and reserve limit of stock.
- (v) Audit of schedule of deposits.
- (vi) Audit of schedule of deposit works.
- (vii) Audit of the account of receipt/issue of tools and plant.
- (viii) Audit of schedule of cash settlement suspense.
- (ix) Audit of schedule of remittances.
- (x) Audit of contractors ledger.
- (xi) Audit of schedule dockets including those for percentage recoveries.
- (xii) Audit of first and running account bills of contractors.

- (xiii) Audit of final bills of contractors for amounts up to Rs. 50,000.
- (xiv) Audit of bills of suppliers, bills in respect of purchases through DGS&D and railway credit notes.
- (xv) Audit of hand receipts.
- (xvi) Audit of completion reports.
- (xvii) Audit of land acquisition vouchers.
- (xviii) Audit of transfer entries.
- (xix) Recording of pass order on Monthly Account.

(c) Auditors

- (i) Listing of vouchers for selection of audit/review.
- (ii) Audit of consolidated contingent bills.
- (iii) Audit of other miscellaneous vouchers not specifically listed.
- (iv) Any other routine work or other work entrusted by Assistant Audit Officer.

B. Forest Audit

(a) Assistant Audit Officers

- (i) Overall supervision and coordination of work of audit parties.
- (ii) Selection of vouchers for audit and review.
- (iii) Audit of works bills over Rs 50,000.
- (iv) Audit of contingent bills over Rs 50,000.
- (v) Review of vouchers audited by Senior Auditors/Auditors.
- (vi) Review of pass order on Monthly Account.

(b) Senior Auditors

- (i) Audit of classified abstract of revenue and expenditure.
- (ii) Audit of contractors' and disbursers' ledgers.
- (v) Audit of work bills up to Rs 50,000.
- (iv) Audit of contingent bills up to Rs 50,000.
- (v) Audit of refund bills.

(vii) Audit of Transfer entries.

(viii) Recording pass order on monthly accounts.

(c) Auditors

(i) Audit of other miscellaneous vouchers not specifically listed.

(ii) Listing of vouchers for selection of audit/review.

(iii) Any other routine work or other work entrusted by Assistant Audit Officer.

APPENDIX-III

**Calendar of Returns of CASS (Works)
(Referred to in Paragraph 1.7 and 3.9)**

Part-I

Section I :- Return of permanent or recurring nature due to authorities outside the office.

| Name of Return | To whom due | When due | Authority |
|---|---|---------------------------------|-------------------------|
| Half Yearly | | | |
| Half yearly return of items under objections on the A/Cs of Divisions, remaining outstanding for more than six months | Concerned Secy. to Govt. | 10 th of Feb. & Aug. | Para 7.7 of this manual |
| Monthly | | | |
| Audit Certificate and Audit Notes | WC & CA Forest Sections of Pr.A.G.(A&E) | 15th of each month | GO CASS (W) of 8/85 |
| Monthly Audit Notes Rejoinders issued to XEN | Concerned XEN | 15 th of Each month | TM 69-70 1799/28.1.70 |

Section : II All items of accounts, objection books, registers etc. of a permanent or recurring nature due for submission to higher authorities or other section within the office.

| Name of Return | To whom due | When due | Authority |
|--|--------------------|------------------------|------------------------------------|
| Yearly | | | |
| Write off of losses during the year by the authorities of State Government | W.M. Section | 15 th April | TM/64/c/171 Dt. 8.7.64 |
| General Para on Central Charges | W.M. Section | 15 th June | DA(c)DP 81-82 Dt. 18.5.82 |
| Reliable statistics to serve as fair index of volume of work done | W.M. | 20 th Aug. | TM/69-70/ 98/Dt.2.7.69 |
| Register of Books | Library | 15 th Jan. | GDIII/Lib/ Dt.14.4.72 |
| Register of record of good and bad work | W.M. | 31 st March | F/160/80/LE/ 69-70 Dt. 7.5.77 |
| Report of outstanding audit objection more than six months old | W.M. | 31 st Aug. | TM/70-71 dt.6.1.70 |
| Minor Cases of losses other than embezzlement | (CASS)(I) (G&SSA) | 30 th July | Report/AU/14011/ 87-88 Dt. 21.7.88 |

| | | | |
|---|----------------|----------------------------|--|
| Annual Indent of yearly Forms/Stationery for the following year | G.D.III | 1 st Nov. | GD-I/F/75-76/597 Dt. 9.8.75 |
| Staff proposal, Revised Estimate and Budget Estimate | Adnm-I | 20 th June | ADMN-I/Au/8(iv) /vol.I/96-97 Dt. 23.4.96 |
| Reports of minor losses/write off for inclusion in Audit Report | Report Section | 16 th of August | Report/A-14012(1) /minor/CLW/2002 /TR-I-356Dt.5.8.02 |

| Name of Return | To whom due | When due | Authority |
|--|-------------|---|---|
| HALF YEARLY | | | |
| Half yearly test check or physical verification of files noted in Key Register | AAO | 15 th July & Jan. | TM/60-61/86 Dt. 18.6.80 |
| Return of Hindi letters | WM | 1 st July & Jan. | O.E.II/F-769/Dt. 19.6.67 |
| Report of important and interesting cases noticed during audit | WM | 7 th January & July | Para 3.1.32 of the MSO(Au) |
| QUARTERLY | | | |
| Material for inclusion in Quarterly Audit bulletin | WM | 5 th April 5 th July 5 th Oct. | TM/71-6 Dt. 23.2.70 |
| Quarterly Progress Report regarding use of Hindi | WM | 5 th April 5 th July 5 th Oct. 5 th Jan. | OE-II/Gr.O 68-69/Vol/II/323 dt. 2.12.69 |
| Quarterly Arrear Report | WM | 5 th April 5 th July 5 th Oct. | TM.64-c/1 dated 18.1.64 |
| Review of guard file and circular file | A.O. | 15 th April 15 th July 15 th Oct. 15 th Jan. | TM/56-c/279 dated 2.5.67 |
| Key Register | A.O. | 15 th April 15 th July 15 th Oct. | TM/30/6/86 Dated 18.6.80 |
| Register of Digest of important and interesting cases noticed during audit | WM | 10 th April 10 th July 10 th Oct. 10 th Jan. | TM/76/6/172 Dated 30.10.71 |

| | | | |
|--|---------------------|---|--|
| Register of losses and defalcations | Group Officer | 10 th May 10 th Aug | O-62/TM/4379 Dated 16.12.52 |
| Audit Programme of Central Audit Parties | Group Officer | 1 st March 1 st June 1 st Sept | Para 3.1 of MICA |
| Statement of vouchers and A/Cs audited during the quarter | WM | 1 st April 1 st July 1 st Oct. | CCS/11011/Au/95-96 Tr II/14 Dt. 28.6.95 |
| Quarterly review of working of Deptts. | A.O. | 30 th April 30 th July 30 th Oct. 30 th Jan. | Annexure 3.1.1 of MICA |
| MONTHLY | | | |
| Register of digest of important and interesting cases noticed during central Audit | A.O. | 1 st of each month | TM/65-C/163 Dated 17.9.67 |
| List of incumbency of CASS(ES-II) and CAPs(ES-II) | Admn-I & WM Section | 1 st of each month | Admn-I/Au/B-11015 2452 Dated 20.8.91 |
| Register of Special Points to be brought to the notice of the Inspecting Parties | A.O. | 1 st of each month | TM/77-78/Vol-I/579 Dated 18.11.77 |
| Position of staff regarding persons on leave (More than 31 days) | Admn-I Section | 5 th of each month | Admn-I/Staff/75-76/Dt. NIL |
| Monthly Arrear Report | W.M. Section | 5 th of each month | 374/TM-xii (i)/55-56/4696 Dated 24.10.75 |
| Report of outstanding O.B. items (Through M.A.R.) | W.M. Section | 5 th of each month | 374/TM-xii (i)/55-56/4696 Dated 24.10.75 |
| Register of special recoveries (Deptt.wise) | A.O. | 5 th of each month | WM/11015/77/86-87/TR-105 Dt. 12.6.87 |
| Register of good & bad work of employees | A.O. | 5 th of each month | WM/Spl.Tr/285 Dated 25.11.74 |
| Closing of Attendance Register | A.O. | 5 th of each month | OE/2357 Dt. 3.6.56 |
| Indent of forms and stationery | G.D.-III Section | 5 th of each month | GD-II/473 Dt. 9.3.63 |
| Register of monthly Audit Certificate | A.O. | 10 th of each month | G.O.No.13/Tr Spl. II/256 Dated 25.3.88 |

| | | | |
|---|----------------|---------------------------------------|---|
| Register of Agreements | A.O. | 10 th of each month | WM/F-212 Dt. 8.7.70 |
| Register of Books | A.O. | 10 th of each month | TM/63 Dt.19.1.63 |
| Register of insufficient or irregular financial sanction | Group Officer | 10 th of each month | Para 7.2.3 of MSO (Au) |
| Progress Register of Audit Notes | A.O. | 15 th of each month | T.A.F./17/Dt. 6.2.78 |
| Objection Book | A.O. | 15 th of each month | Gr.O.No./WM/131 Dt. 29.10.72 |
| Register of Permanent reliable statistics of each Department | A.O. | 20 th of each month | WM/114 Dt. 20.7.84 |
| Dispatch Register | A.O. | 26 th of each month | TM/63-64 Dt. 29.5.63 |
| Calendar of Returns | D.A.G. (ES-II) | 3 rd Tuesday of each month | GD Manual Pt-I Para 4.1.1 |
| Register of Regular Leave | A.O. | Last day of each month | Admn-II/76-77/415 Dt 14.4.76 |
| Report on committees of financial bearings set up by State Govt./Legislature | ECPA (ES-II) | 10 th of each month | Para 1.03 (vi) of ECPA Manual |
| Monthly review file on working of FAPs and FAS (ES-II) and position of A/Ns. and O.B. items | A.G. | 15 th of each month | No-149 Audit/Audit Planning 59-96 dt 26.9.97 CAG Circular No.406/97 |
| Information in respect of pending court cases | W.M. | 25th of each month | WM/Au I/PCC/2002-03/TRI/784 dt. 30.9.2002 |
| Reports on completion of audit of PW paid cheques | WM | 10 th each month | GO No.1/CASS(W)/Cheques/ Audit/ 85-86/A-III/12 dated 28.5.1985. |

| Sl. No. | Name of Return | To whom due | When due | Authority |
|------------------|--|-------------|------------------------|---------------------------|
| WEEKLY | | | | |
| 1. | Calendar of Return | B.O. | Every Tuesday | GD Manual Pt-I Para 4.1.1 |
| 2 | Pending letters | B.O. | Every Tuesday | GD Manual Pt-I, Para 2.64 |
| 3 | Inward Diary of General Letters | B.O. | Every Tuesday | GD Manual Pt-I, Para 2.65 |
| 4 | Inward Diary of Internal Section Letters | B.O. | Every Tuesday | GD Manual Pt-I Para 2.65 |
| 5 | Hindi Diary | B.O. | Every Tuesday | GD Manual Pt-I, Para 2.65 |
| 6 | Agreement Diary | B.O. | Every Tuesday | GD Manual Pt-I, Para 2.65 |
| 7 | Audit Note Diary | B.O. | Every Tuesday | GD Manual Pt-I, Para 2.65 |
| BI-WEEKLY | | | | |
| 1 | Urgent Letters Diary | A.O. | Every Tuesday & Friday | GD Manual Pt-I Para 2.66 |
| 2 | CAG's Letter Diary | A.O. | Every Tuesday & Friday | GD Manual Pt-I Para 2.66 |

Section-III

All returns, accounts, registers etc. of a permanent or recurring nature due either from outside authorities or from other sections in the office.

| Sl. No. | Name of Return | To whom due | When due | Authority |
|----------------|--|--------------------|-------------------------------|----------------------------------|
| (1) | (2) | (3) | (4) | (5) |
| 1. | Receipt of Audit Notes | FAP's | Last day of each Month | GO/CASS(ES-II) No.-2 Dt. 23.8.85 |
| 2 | Register of Completion of Audit & Review | AAO/ FAS(ES-II) | 5 th of each month | Gr.O.No./2 Dt. 23.8.85 |

SECTION - IV

Unforeseen entries which a section is required to make in the Calendar of Returns in respect of the matters to be taken up for disposal on or about a given date or in respect of occasional matters on which information or reports are expected from outside offices or other sections.

APPENDIX-IV

(Referred to in Paragraph 2.7)

Proforma of Auditor's Note Book

(vide Para 4.2.13 of M.S.O. (Audit))

1. Item No.
2. Reference of voucher, Schedule or other documents
3. Action required to be taken
4. Note of action taken with necessary reference
5. Initial of Auditor/Sr. Auditor
6. Initial of A.A.O.
7. Remarks

APPENDIX-V

(Referred to in Paragraph 2.8.4)

Proforma for Register of Selection of vouchers for Audit and Review (ES-II) and norms thereof

| S. No. | Voucher etc. | Percentage of Audit | Percentage of Review |
|---------------|--|----------------------------|---|
| 1 | First and final bills | | 10 % of each category of work (Audit) done by the Auditors/Sr. Auditors |
| | (A) Not involving check with agreement | 25 % | |
| | (B) Involving check with agreement | 25 % | |
| 2 | Running Account Bills: | | |
| | (A) Not involving check with agreement | | |
| | (i) upto Rs. 25,000 | 10 % | |
| | (ii) above Rs 25,000 but below 1 lakh | 25 % | |
| | (iii) Rs 1 lakh and above | 100 % | |
| | (B) Involving check with agreement :- | | |
| | (i) upto Rs 20,000 | 10 % | |
| | (ii) above Rs 20,000 but below 1 lakh | 25 % | |
| | (iii)Rs 1 lakh and above | 100 % | |
| 3 | Final Account Bill :- | | |
| | (A) Not involving check with agreement: | | |
| | (i) upto Rs 25,000 | 100 % | |
| | (ii) above Rs 25,000 but less than 50,000 | 100 % | |
| | (iii) Rs 50,000 and above | 100 % | |
| | (B) Involving check with agreement: | | |
| | (i) upto Rs 50,000 | 100 % | |
| | (ii) above Rs 50,000 (To be audited by AAO) | 100 % | |
| 4 | Other supply voucher etc.: | | |
| | (i) upto Rs 10,000 | 50 % | |
| | (ii)Rs 10,000 to 50,000 | 100 % | |
| | (iii) More than Rs 50,000 (To be audited by AAO) | 100% | |

| | | | |
|----|--|--------|---|
| 5 | Hand Receipt | | 10 % of each category of work (Audit) done by the Auditors/Sr. Auditors |
| | (i) upto Rs 20,000 | 50 % | |
| | (ii) above Rs 20,000 upto Rs 50,000 | 100 % | |
| | (iii) more than Rs 50,000 | 100 % | |
| 6 | Transfer entries : | 100 % | |
| 7 | Land Acquisition vouchers:- | | |
| | (i) Below Rs 10,000 | 100 % | |
| | (ii) Rs 10,000 and above | 100 % | |
| 8 | Other contingent Bills | | |
| | (i) upto Rs 1000 | 25 % | |
| | (ii) Above Rs 1000 but not above Rs 5000 | 50 % | |
| | (iii) Above Rs 5,000 but below Rs 10,000 | 100 % | |
| 9 | Works charged bills:- | | |
| | (i) Estt. Vouchers | 100 % | |
| | (ii) TA Bills | 100 % | |
| | (iii) Medical bills | 100 % | |
| 10 | Deposit Repayment vouchers:- | | |
| | (i) upto Rs 10,000 | 8.33 % | |
| | (ii) Above Rs 10,000 | 8.33 % | |
| 11 | Refund vouchers:- | | |
| | (i) upto Rs 10,000 | 8.33 % | |
| | (ii) Above Rs 10,000 | 8.33 % | |

Certified that the percentage of audit and review has been checked and found correct.

AAO/FAP (ES-II)

APPENDIX-VI

(Referred to in Paragraph 8.2 and 8.3)

**Proforma for Register of selection of vouchers for Audit and Review
(Forest Audit) and norms thereof**

| S. No | Category of Voucher | Quantum of Audit | Review by AAO 10 % of each category |
|--------------|--|-------------------------|--|
| 1 | Misc. forest payments including W.C. Bills/works bills etc. | | |
| | (i) Voucher upto Rs 500 | 1 % | |
| | (ii) Voucher Rs 501 to Rs 10,000 | 10 % | |
| | (iii) Voucher Rs 10,000 to Rs 50,000 | 25 % | |
| 2 | Refund Bills/ Deposit Vouchers | 8.33 % | |
| 3 | Vouchers relating to Advances to Government Servants for works | | |
| | (i) upto Rs 5,000 | 33.33 % | |
| | (ii) Above Rs. 5,000 | 100 % | |
| 4 | Audit of Transfer Entries | 100 % | |
| 5 | Other (To be specified) | 8.33 % | |
| 6 | Vouchers more than Rs 50,000 of works (to be audited by AAO) | 100 % | |

Certified that percentage of audit and review has been checked and found correct.

AAO/FAP (ES-II)

APPENDIX-VII

(Referred to in Paragraph 2.8.6 and 2.8.11)

Department-----

Division-----

Name of Month-----

Certificate of completion of Audit and Review

| Name of AAO/Sr Auditor/Auditor | Vouchers audited | Vouchers received | No. of audit memos prepared and sent to CASS | Full Signature |
|---------------------------------------|-------------------------|--------------------------|---|-----------------------|
| 1 | 2 | 3 | 4 | 5 |
| | | | | |
| | | | | |

**Assistant Audit Officer
FAP (ES-II)**

APPENDIX-VIII

(Referred to in Paragraph 2.8.14)

Audit and Review of PW paid cheques

The concerned FAP (ES-II) will send a requisition to WC-I of Pr. A.G. (A & E) for paid cheques for a particular month alongwith the requisition for monthly accounts of that month. WC-I section of Pr.A.G. (A&E) will make available the paid cheques alongwith the Treasury Schedules to FAPs(ES-II) by the last date of each month succeeding to the month to which the cheques relate.

As per the existing instructions 5 *per cent* of the number of paid cheques without any monetary limit are to be audited by the auditor, the audit will be conducted on the lines as given, in para 2(ii) of the Central Office letter No. 1-1041-TA-I/122-72 dated 28.12.77. For the purpose selection is to be got done on the respective Treasury schedules of payments by the Asstt. Audit Officer. The Asstt. Audit Officer will also review 10 *per cent* of the audited cheques as per Para 4.2 of MICA.

In token of having done the audit and review, the auditors and AAO will put their dated initials against respective entries in the schedule of payments. The audit and review should be completed by the 29th of the second month succeeding to the month to which the paid cheques relate. While conducting the audit as mentioned above the concerned auditor will also exercise checks as laid down in Para 2(i) of Central Office letter dated 28.12.77.

After completion of audit and review the schedule of payments alongwith the paid cheques will be returned back to WC-I Section of Pr.A.G.(A&E). A certificate of completion of audit/ review of paid cheques will be sent to FAS(ES-II) section by FAP (ES-II) concerned on last day of the second succeeding to the month to which the cheques relate.

FAS(ES-II) section will maintain a register for watching the completion of audit of paid cheques and will also send a certificate of such completion of audit and review in the following form to Pr. A.G.(A&E) and WM(ES-II) section by the 10th of the next month. A note of the dates may also be kept in calendar of Returns:-

"Certified that the audit and review of P.W. paid cheques for the month of ----
-----pertaining to -----have been completed by
FAPs(ES-II) -----.

(Authority:GO No./FAS(W)/Cheques/Audit/85-86/A-III/12 dated 28.5.1985.

APPENDIX-IX

(Referred to in Paragraph 4.15)

Proforma for Agreement Register

| Letter No. and Date by work received | Name of the contractor with his complete address | Agreement No. of contract | Year | Name of work for the contract | Amount Rs. | initials | | Remarks |
|--------------------------------------|--|---------------------------|------|-------------------------------|------------|----------|------|---------|
| | | | | | | A.A. O. | B.O. | |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |

APPENDIX-X

(Referred to in Paragraph 4.18)

Form-7

MSO(Audit)

Proforma for Register of insufficient or otherwise irregular sanction accorded by

| S. No. | Reference to sanctioned Authority No. & Date | Particulars of sanction | Amount of sanction | Reasons for challenge | Particulars of correspondence | Final disposal | Initials of officer passing the sanction | Expenditure incurred against the sanction, if any, before rectification | | |
|--------|--|-------------------------|--------------------|-----------------------|-------------------------------|----------------|--|---|--------|----------------|
| | | | | | | | | Month in which it appeared | Amount | Initial of AAO |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 |
| | | | | | | | | | | |

APPENDIX XI

FORM-3, M.S.O.(AU)

(Referred to in Paragraph 7.1)

Proforma for Audit Note

Audit Note on the Accounts of -----Divisions, for the month of ----- 20-----

Part (i) Objections in respect of works included in Part-I of the Works Register regarding (a) cases of want to or excess over sanctioned estimate/allotments, where regularization have been delayed for over six months and (b) cases for want of or excess over administrative approval, and

(ii) All objections regarding want of or excess over financial sanction.

| Upto date expenditure under objection | | | | | | | | | | | | |
|--|----------------------------|----------------------------------|--------------------------------------|------------------------|----------------------------|---------------------------------|--|---------------------------------|------------------------------|-----------------------------------|------------------------------------|---|
| Sl. No. | Name of Work (with amount) | Want of sanctioned estimate (Rs) | excess over Sanctioned estimate (Rs) | Want of allotment (Rs) | excess over allotment (Rs) | want of administrative approval | Excess over administrative approval (Rs) | Want of financial sanction (Rs) | Excess of Financial Sanction | Explanation of Divisional officer | Remarks by Superintending Engineer | For use in the audit office. How disposed off |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |

PART-II MISCELLANEOUS OBJECTION

| Item No. | No. of voucher or item in the schedule concerned (with name of schedule) | Particulars | Amount under objection if any Rs* | Particulars of objections | Explanation of Divisional Officer | For use in the Audit office. How disposed off |
|----------|--|-------------|-----------------------------------|---------------------------|-----------------------------------|---|
|----------|--|-------------|-----------------------------------|---------------------------|-----------------------------------|---|

* in nearest Rs.

APPENDIX XII

(Referred to in Paragraph 3.5 and 7.5)

Progress Register of receipt and disposal of the accounts of PWD (Monthly Accounts Audit Notes)

Name P.W.Dn.

Name of Auditor/Sr. Auditor

| Period of Account | No. & Date of issue of Audit Note | Date of Reminder | No. & Date of receipt of reply | No. & Date of issue of I-Rejoinder | No. & Date of receipt of reply | No. & Date of issue of II-Rejoinder | Date of final Disposal | Remarks |
|--------------------------|--|-------------------------|---|---|---|--|-------------------------------|----------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 |
| April | | | | | | | | |
| May | | | | | | | | |
| June | | | | | | | | |
| July | | | | | | | | |
| August | | | | | | | | |
| September | | | | | | | | |
| October | | | | | | | | |
| November | | | | | | | | |
| December | | | | | | | | |
| January | | | | | | | | |
| February | | | | | | | | |
| March | | | | | | | | |
| March (final) | | | | | | | | |
| March (SY) | | | | | | | | |

APPENDIX-XIII

**(Referred to in Paragraph 7.6) (M.S.O.(AU) Form 4)
(see para 4.4.7 to 4.4.8 and 4.4.10 to 4.4.20) Objection Book and
adjustment Register**

PUBLIC WORKS TRANSACTIONS

Class of Objection

| | | Balance brought forward | | April | | Supplementary Accounts | | | | |
|----------|-----------------------------------|-----------------------------|--------|---------------------------------|-----------------|------------------------|-------------------------------|----------------|---|---|
| Item No. | Name of work particulars of items | Year from which outstanding | Amount | * Amount placed under objection | *Amount cleared | And so on | Amount placed under objection | amount cleared | Ref. to the order account vouchers or other documents justifying the removal of objection | # Remarks including particulars correspondence and action taken |
| | | | Rs. | Rs. | Rs. | | Rs. | Rs. | | |

* In nearest Rupees

* The amount placed under objection during the month or the amount cleared during the month should be noted in black or blue black ink and the progressive totals should be shown in green ink, e.g. 100/100, 200/300, and so on.

This column should be filled in only in respect of miscellaneous objections.

APPENDIX XIV

WARNING SIGNS OF POSSIBLE FRAUD AND CORRUPTION IN CONTRACTS

(As per Assosai and Intosai guidelines refer para 4.15)

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

➤ **Requirements to defining stage**

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

➤ **Requirements to defining stage**

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

➤ **Contract performance and evaluation stage**

- Changes in a contract result in the large increase in the cost of goods and services
- Changes made without adequate explanations
- Unwarranted contract extension
- Complaints about the quality of goods and services received
- Inadequate inspections and quality assurance of goods and services received
- Evidence of over charging and duplicate billings
- Dubious invoices
- Insufficient pre-audit of contractor payments
- Contracts repeatedly awarded to one contractor
- Unduly high labor payments