

**OFFICE OF THE
ACCOUNTANT GENERAL (GSSA)
KERALA, THIRUVANANTHAPURAM**

**INTERNAL AUDIT MANUAL
(FOR USE IN IA&AD ONLY)**

SECOND EDITION - 2020

PREFACE

This is the second edition of the Internal Audit Manual of this office. The first edition of the Manual was prepared in 2007 by adapting the Model Internal Audit Manual prescribed by the Comptroller and Auditor General of India. The restructuring of the department carried out in 2012 has necessitated revision of the manual. Appropriate changes as per the restructured offices have been incorporated in this manual wherever necessary.

This Manual is intended to guide the officials of the Internal Audit Section in inspecting various Sections of this Office.

Thiruvananthapuram
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Internal Audit Manual

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Chapter 1

Introduction

1.01 Traditionally, Internal Audit was developed as an audit service to the management to ensure that each unit of the organization follows the policies, procedures and instructions laid down by the Management and records are maintained accurately and promptly. Thus Internal Audit was concerned more with routine checking and review of records.

1.02 According to the modern view, Internal Audit is no longer a routine checking and review of records. Instead, Internal Audit is an independent approvable function established within an organization to examine and evaluate its activities as a service to the organization. The objective of internal auditing is to assist the members of the organization. To this end, internal auditing furnishes them with the analysis, appraisals, recommendations counsel and information concerning the activities reviewed.

In other words, an internal auditor has to go beyond the books of account and records and appraise the various functions of the organization.

1.03 There shall function an Internal Audit Wing under each Principal Accountant General/Accountant General(PAG/AG). The Internal Audit function will be exercised by an independent section generally termed as Internal Audit Section and sometimes termed as Quality Assurance Section.

1.04 This Manual seeks to lay down the basic frame work and illustrative guidance for Internal Audit functions.

1.05 **Nature and Scope of Internal Audit**

The Internal Audit activity evaluates and contributes to the improvement of management, control and governance systems in an organization.

1.06 The scope of internal auditing work encompasses a systematic, disciplined approach to evaluating and improving the adequacy and effectiveness of risk management, control and governance processes and the quality of performance in carrying out assigned responsibilities. The purpose is to provide reasonable assurance that these processes are functioning as intended and will enable the objectives and goals to be met and also to provide recommendations for improving the operations of the office in terms of both efficient and effective performance.

The PAG provide general directions as to the scope of work and the activities to be audited. The objectives, goals and processes are prescribed in the Perspective Plan, instructions communicated by Office of the Comptroller & Auditor General of India (CAG) from time to time, the provisions in the Manual of Standing Orders (MSO) of the CAG and other departmental manuals. These are supplemented by local manuals and instructions issued by PAG from time to time. Broadly, the primary objectives of the overall management process are to achieve:

- established objectives and goals for operations or programs including those established by the CAG,
- effective and efficient use of office resources,

- relevant, reliable and credible operating information, safe guarding the office assets,
 - compliance with laws, rules, regulations and instructions of Government and CAG and
 - identification of risk exposures and use of effective strategies to control them.
- 1.07 Internal auditors evaluate the whole management processes of planning, organizing, directing and controlling to determine whether reasonable assurance exists that objectives and goals will be achieved.
- 1.08 In the aggregate, internal auditing evaluations provide information to appraise the overall management process. All systems, process in operations, functions and activities are subject to the internal auditor's evaluations. The internal auditing should provide reasonable assurance that management's,
- Risk management system is effective.
 - System of internal control is effective and efficient.
 - Governance process is effective by establishing and presenting values, setting goals, monitoring activities and performance and defining the measure of accountability.

Chapter 2

Standards of Internal Audit

- 2.01 Standards provide a frame work for the internal auditing steps and procedures, with an aim to improve the degree of uniformity of internal auditing practices. The international standards of Internal Audit are indicated in this manual for the information of the officers engaged in internal audit work.
- 2.02 The Institute of Internal Auditors (IIA), USA has issued international standards for professional practice of internal auditing. The purpose of the standard is to
- a. Delineate basic principles that represent the practice of internal auditing as it should be,
 - b. Provide a frame work for performing and promoting a broad range of value added internal audit activities,
 - c. Establish the basis for the evaluation of internal audit performance and
 - d. Foster improved organizational process and operations.

Chapter 3

Organization and staffing of Internal Audit

- 3.01 Chapter 24 of Section III of MSO Audit (2nd Edition) deals with Internal Audit. Accordingly, it is a matter of vital importance to verify whether the various processes of audit are being followed correctly by different sections. This responsibility is entrusted to an independent Internal Audit Section.
- 3.02 The Internal Audit should be vested with the responsibility to assess and review the Internal Control System, quality assurances procedures and risk management procedures. It should help the office to identify and evaluate significant exposure to risk and improve the risk management system. The scope of Internal Audit will include but not limited to:
- Technical scrutiny of regularity or Compliance nature (like adherence to procedural rules and regulations, maintenance of registers and records, submission of returns and generally functioning as efficient units)
- 3.03 Internal Audit should check the quality of audit and accounting work and comment specifically so that suitable measures may be initiated to improve the quality where necessary.
- 3.04 The Internal Audit should ensure that the guidelines/parameters framed by Comptroller and Auditor General of India or any other nodal offices, have been followed with regard to Audit Plan, Contribution to Audit Reports etc.
- 3.05 In view of new ranking/grading systems introduced for measuring the performance of individual field offices, it shall be the responsibility of Internal Audit Wing to help the Head of Department in ensuring that the points given are reviewed and remedial action taken for improvement.
- 3.06 **Arrangements for Internal Audit**
- Internal Audit Section shall consist of carefully handpicked personnel who by their knowledge and experience, will be competent to scrutinize intelligently the work done in various sections and can detect not only defects and irregularities, but also suggest improvements in procedure. The Internal Audit Section will be under direct charge of PAG. IA Section will test check the work of other sections. Special problems such as accumulated arrears of work may be referred to the section. The Internal Audit Section shall be headed by a Senior Audit Officer (referred to as Internal Audit Officer, hereafter) The responsibilities of Asst. Audit Officer and Internal Audit Officer should be divided in such a manner that each of them may share the original work. The more important items of work may be taken direct by the Internal Audit Officer (IAO) while the rest of the work by AAOs/Auditors.

3.07 **Independence and objectivity**

Independence denotes freedom from conditions that threaten objectivity. Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they have an honest belief in their work product and that no significant quality compromises are made. Threats to objectivity should be managed at the levels of individual auditor, audit assignment, functional and organizational levels. Audit personnel should perform their duties in a manner which facilitates impartial and effective professional judgments and recommendations. But they should have no executive responsibilities.

Internal auditor's advice and recommendations should be without prejudice to the right of Internal Audit to review the relevant policies, procedures and operations at a later date.

Organizational Independence

3.08 Internal Audit is primarily a service to the Department and should report directly to PAG/AG. It should be free from interference in determining the scope of internal auditing, performing work and communicating results.

The IAO should be graded with sufficient status to facilitate the effective discussion and negotiations of the results with Senior officers in the office.

3.09 **Impairments to objectivity and independence**

Impairments to individual objectivity and organizational independence include personal conflicts of interests, scope limitation, restriction on access to records including electronic records of information, personnel and properties and resource limitation.

3.10 Internal auditor should report to the Head of Department, in writing, any situation in which a conflict of interest or bias is present or may reasonably be inferred. The Head of Department should then reassign such auditors. Appropriate arrangements may be made for the routine provision and management of the budget and resources of Internal Audit without prejudices to the accountability of Internal Audit to the Head of Department. These arrangements may also involve delegation of these particular responsibilities to the Group officer in charge of Administration.

3.11 A scope limitation is a restriction placed up on the Internal Audit activity that precludes the audit activity from accomplishing its objectives and plans. The scope limitation may restrict the,

- 1) scope defined in the Manual governing the Internal Audit activity,
- 2) Internal auditor's access to records, personnel, and physical properties
- 3) Approved assignment work schedule.
- 4) Performance of necessary audit procedures.

5) Approved staffing plan and budget.

A scope limitation should be brought to the notice of the Head of Department in writing. Objectivity is presumed to be impaired when individual audit personnel review any activity in which they have previously had functional responsibility or in which they have provided advice until the expiry of adequate time (at least one year).

- 3.12 Long term responsibility for the Internal Audit of a particular aspect of an organization can also affect independence. Assignment of ongoing Internal Audit responsibilities should be rotated from time to time.
- 3.13 Internal auditors should not assume operating responsibilities. The internal auditor's objectivity is not adversely affected when the auditor recommends standards of control for systems or reviews procedures before they are implemented. The auditor's objectivity is considered to be impaired if the auditor designs, installs, drafts procedures for, or operates such systems.

Conflict of Interest

- 3.14 Conflict of interest may be actual or potential and includes previous executive or advisory responsibilities and personal relationships with staff with current executive responsibilities.
- 3.15 The IAO should plan the allocation of audit work to minimize the risks of conflicts of interest.
- 3.16 If independence or objectivity is impaired or likely to be impaired, the position should be brought to the notice of PAG/AG.
- 3.17 Internal Audit Section should not function as a substitute for the Branch officers and Group Officers. Instead, it should function as a tool to rectify the deficiencies on the spot by providing guidance. It should also try to down size its reports.
- 3.18 Internal Audit Section should not be given original items of work and it should not be entrusted with operating responsibilities. However, special item of work may be referred to it by the Head of Department for advice. In such cases, Internal Audit Section will work as consultant and no audit related conclusion can be drawn. Reference to Internal Audit Section for advice should be made only with the approval of PAG.

Proficiency

Internal auditor should possess the knowledge, skills and other competencies needed to perform their individual responsibilities, as indicated below:

- 3.19 Internal auditors should possess:
- proficiency in applying internal auditing principles, procedures, standards and techniques
 - proficiency in Government accounting principles and techniques and related computerization in the field like Voucher Level Computerization (VLC), General Provident Fund (GPF), Pension

etc., and to deal with them without recourse to technical research and assistance.

- proficiency in manuals and Rules like Manual of Standing Orders (Audit) (MSO(Audit)), Manual of Standing Orders (Administration) (MSO (Admn)), General Financial Rules (GFR), Delegation of financial powers, Account codes, local manuals and other instructions of Government of India (GOI) and CAG.
- An understanding of management principles to recognize and evaluate the materiality and significance of deviations from good or prescribed practices.
- An appreciation of the fundamentals of subjects such as accounting, auditing, and information technology. Appreciation means the ability to recognise the existence of problems and to determine the further research to be undertaken or the assistance to be obtained.

3.20 The internal audit activities collectively possess or obtain the knowledge skills, and other competencies needed to perform its responsibilities.

3.21 Internal auditors should be skilled in oral and written communication.

3.22 The internal auditor should have sufficient knowledge to identify the indicators of fraud but is not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.

3.23 Internal auditors should have knowledge of key information technology risks and controls and available technology based audit techniques. However, not all internal auditors are expected to have the expertise of the primary responsibility of IT auditing.

The Head of Department should establish criteria of education and experience in filling the internal auditor positions giving consideration to scope of work and level of responsibility and to deal with them without recourse to technical research and assistance.

The Head of Department should obtain competent advice and assistance if Internal Audit staff lacks the knowledge, skills and other competencies needed to perform all or part of the assignment.

3.24 Training and Human Resource Development

The competence of good quality internal auditor is established through selection process and training and development. The personnel selected to work in Internal Audit Section should have sufficient experience in functional wings. The Head of Department may give special attention to their training and skill development.

3.25 Training for Internal Audit personnel should be included in the annual training programme requirements. The training programme may be formulated on the basis of a transparent assessment of the skill and knowledge generally required for conducting Internal Audits, the existing level of skill and knowledge and the gap between the two. The areas for training should include the knowledge and skill

explained in the earlier paragraphs of this Chapter. In addition, areas like use of sampling techniques, Computer Assisted Audit Techniques etc. (CAATs) should also be covered.

- 3.26 The objective of training and skill development should be to improve the Internal Audit acumen, competence and knowledge management. The aim should be to make sure that the Internal Audit personnel understand the principles and practices alike and simultaneously understand their own responsibility and accountability for compliance to them. The course modules may be continuously improved on the basis of experience gained during the training and feedback from participants and instructors.

Chapter 4

Role of Risk in Internal Audit

- 4.01 The internal auditors should possess sufficient understanding of the role of risk.
- 4.02 Risk is the possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood. A process to identify, assess, manage and control potential events or situations to provide reasonable assurance regarding the achievement of the organization objectives is called Risk Management. Residual Risk is the risk remaining after management takes action to reduce the impact and likelihood of an adverse event, including control activities in responding to a risk.
- 4.03 The internal auditor should be alert to the significant risks that might affect objectives, operations or resources. However assurance procedures alone even when performed with due professional care do not guarantee that all significant risks will be identified.

Role of Risk in Planning

- 4.04 The internal auditor should establish risk based plans to determine the priorities of the Internal Audit activity, consistent with the goals of the office. Internal Audit's plan of engagements should be based on a risk assessment undertaken at least annually. Inputs should be obtained from Group officers. As and when different risk factors are noticed, the initial risk assessments should be revised. The perception about risk factors may be shared across similar offices and their views may be taken into account for revising initial risk assessment.
- 4.05 Internal audit activity should assist the office by identifying and evaluating significant exposures to risk and contributing to the improvement of risk management and control systems.
- 4.06 The internal audit activity should monitor, evaluate and report AG, the effectiveness of the office's risk management system.
- 4.07 The internal audit activity should evaluate risk exposures, and assist the office in maintaining effective controls encompassing the governance, and information systems in the office. This should include:
- Reliability and integrity of financial and operational information.
 - Effectiveness and efficiency of operations.
 - Safeguarding of assets.
 - Compliance with laws, regulations and contracts.

4.08 **Illustrative Risk factors**

Some of the factors influencing risk are shown below. The list is only illustrative and not exhaustive.

- The characteristics of the function/functional wing (where the governing conditions, processes and calculations are complex)
- The personnel doing the work.
- History of errors in the function or functional wing.
- Whether there is any motive to manipulate the figures. (presentational reasons, to avoid showing poor performance etc.)
- Volume and size of transactions or cases handled.
- Previous history of non co-operation in producing records to Internal Audit.
- The risk of fraud occurring
- Shortage of staff in a functional wing.
- Introduction of computers or new working procedure.
- History of complaints on new working procedure.
- History of complaints received from Head Quarters, MLAs, MPs etc.
- Quantum of arrears of work.
- Absence of proper system of maintenance of records.
- Commitment to public like Citizens Charter.
- Allegation of improper conduct by audit personnel.
- Adverse observations by court of law or tribunals.

Chapter 5

Audit Evidence and Techniques

- 5.01 The concept of evidence is fundamental to auditing. Auditing is considered as a form of judgment concerned with verification and examination of quantifiable information. In this process auditors collect and evaluate evidential matter to establish facts and to draw conclusions and inferences.
- 5.02 In Internal Audit, evidential matter consists of underlying records and all corroborating information available to the auditor. The auditor seeks evidence to verify the adherence to the prescribed policies, procedures, rules and instruction. He also seeks evidence regarding the economy and efficiency of the various activities. With the application of various audit techniques, auditor collects different types of evidence.
- 5.03 **Sources of Evidence**
- The principal source of evidence will be the records of the office. It is the primary duty of Internal Audit to ensure that the audit conclusions drawn about the various sections, activities, transactions etc. are based on sufficient, competent and relevant evidence. Evidence must be planned, gathered and analyzed before any conclusion can be reached. Evidence may be gathered by:
- Physical observation, including joint inspection by the officials of Internal Audit and functional wings, the resultant observations being signed by both as confirmation or performance of achievements.
 - Re performance of accounting routines.
 - Analysis of financial data and interrelationships or comparison between elements of relevant information
 - Vouching i.e. checking of documents in support of transactions.
 - Critical scrutiny of documents
 - Confirmation and enquiry
 - Evaluation of the quality of internal control mechanisms.
 - Interview with officers of functional wings and
 - Computer assisted audit techniques.
- 5.04 Evidence may not be obtained by making independent enquiries from private individuals or members of the general public.
- 5.05 Although sufficient evidence means primarily not too little evidence, it also means not too much as audit resources should not be wasted. The quantity is a matter of judgment guided by generally accepted auditing principles. During the course of audit, the auditor has to make 100 *per cent* of all high value and key items and then be selective by examining a representative sample of the remaining transactions.

5.06 Internal Audit function needs to focus on processes of compliance testing to establish the reliability of internal controls and conduct substantive tests to the extent found necessary to identify and quantify individual audit objections or conclusions. The work should be supported by relevant evidence.

Reliable Evidence

5.07 Reliable audit evidence is the one that is impartial. The reliability depends upon its nature, source and the methods used to obtain it. Sometimes alternative forms of evidence sources and methods are available and the following guide lines may be noted regarding their relative reliability and the Internal Audit party should ensure that the most reliable sources and methods are employed within the time and cost constraints imposed up on the audit.

- Documentary evidence is more reliable than oral evidence.
- Evidence, of which the auditor has more personal knowledge is the most reliable evidence.
- Independent evidence obtained from external sources is more reliable than internal evidence if that evidence is truly independent and complete.
- Visual evidence is highly reliable for confirming the existence of assets, but not their ownership or value.
- Drawing conclusions through examining relationships between figures in the account is less reliable evidence.
- Oral evidence must be considered as the least reliable. Whenever feasible, auditors should attempt to obtain documentary confirmation of oral evidence (written records of interviews etc.)
- The auditor may gain increased assurance when audit evidence obtained from different sources is consistent.

Relevant Evidence

5.08 Relevant evidence is information that is pertinent to the audit objectives. Once the audit objectives have been clearly defined at the planning stage, the question of relevance in the evidence should lead the auditor to a consideration of the audit approach to be adopted.

Reasonable Evidence

Reasonable evidence is information that is economical in that the cost of gathering it is commensurate with the result that the auditor is trying to achieve.

Audit Techniques

Systematic Audit: in which every aspect and stage of the audited subject is considered. It includes review of both the design and operation of controls.

Compliance Audit: Where there is pre-existing confidence that controls are well designed; but effective operation is a material issue, audit which test only for effective operation of controls can be appropriate.

Key Control Testing: A variation of compliance audits but clearly focused on a small number of material or key controls.

Quality Assurance Review: Reviewing the approach and competency of other reviewers rather than reviewing risks and controls; designed to form an opinion of the reliance which can be placed on the work of others.

Systems development audit: Phased review of developing plans and designs for new systems and processes aimed at identifying potential weaknesses in control if the plans and designs go ahead as they are.

Testing of Internal Controls

- 5.11 Internal auditors use testing to confirm their understanding of how a system works and to form or corroborate an opinion about the adequacy or otherwise of a control. This is done by measuring particular characteristics of selected transactions or processes and comparing the results with those expected. Testing may be undertaken at different stages in a system audit.

Types of Tests

- 5.12 Walk through

Walk through or ‘cradle to grave’ tests are designed to confirm the auditor’s understanding of how a system operates. This understanding is likely to be derived from a combination of observations, interviews, and examination of management’s documentation of the system. In conducting walk through tests, the auditor looks primarily for the evidence of existing controls. This may involve examining a number of different transactions at each stage of the process or following the same transactions from start to finish. The aim is to follow the system from the input stage through the processing stage of the resources used to the outputs from the processing, confirming at each stage the controls in place. The walk through tests should be conducted during the period under Internal Audit and not later to provide assurance that the controls were operating during the period.

- 5.13 Compliance Testing

When an auditor considers that the internal control is adequate, the next step is to determine whether the control is effectively and consistently applied. If the effectiveness of the control is likely to vary the auditor should ensure that the sample selected for testing takes account, as far as practicable, of such variations. The aim of compliance testing is to obtain assurance that controls established are operating as intended and are effective. If deficiencies are observed during compliance test, the auditor will be interested in them as indicating the possible inadequacy of controls.

5.14 Errors found in compliance testing may indicate control weaknesses. They do not demonstrate that the system is failing to achieve its objectives. For example, if in an audit of voucher level computerization system there are failures to comply with an instruction that passwords should be changed at regular intervals, it does not mean that the system was used by unauthorized personnel. The auditor should find out why such omissions occurred and what steps were taken to check compliance with the instructions. If the system provided for such checks to be undertaken but this control was not being applied the auditor should report that the controls appear to be adequate but were not consistently applied. The auditor would also consider the risks involved and the need for more stringent controls. The auditor should be more concerned with the reasons for errors or omissions and the effectiveness of controls rather than the mistakes themselves.

5.15 Conversely, records of controls, for example, signatures confirming that 'checks have been exercised' are not taken as proof. The auditor needs to re-perform the process to discover any instances found otherwise.

5.16 Substantive Testing

The purpose of substantive testing is to enable a conclusion to be reached on the completeness, accuracy and validity of information and records. It is concerned with output rather than adequacy of controls. It is sometimes used as a means of demonstrating the existence or seriousness of weaknesses when the auditor is unable to convince the management by any other means.

Testing Strategy

5.17 Planning

The auditor should decide:

- What to test
- What each test is for and
- How to test.

Each test should be expected to lead to or corroborate an audit opinion. It should take account of the analysis of risk and materiality undertaken as part of the evaluation control.

Where the auditor is satisfied that there are weaknesses, there is no point in testing unless,

- ❖ There is no other way in convincing management of the existence or seriousness of weaknesses without the evidence provided by tests.
- ❖ The auditor wishes to test whether significant control weaknesses have been exploited.

5.18 **Standards**

Standards are necessary to compare the results of testing. In the context of a Government office, the provisions of various codes, manuals, rules, regulations and instructions provide the yardsticks against which testing should be carried out and reported.

5.19 **Period of testing**

Tests should normally be biased towards the current period. If changes in operating conditions, i.e. performance of particular staff, peak working period etc., are likely to affect the controls, auditor should take these also into account in selecting transactions to make audit findings are representative.

5.20 **Level**

There can be no hard and fast rules about the amount of testing necessary except that the auditor should take into account the materiality of possible failures to meet objectives. The cost of testing large populations is usually prohibitive unless computer interrogation is possible. Statistical sampling techniques may be used in Testing such populations by manual methods. In some cases judgment sampling may be adequate. The auditor should take into account all relevant factors including:

- The testing objective: Whether the aim is to confirm the auditor's understanding of the system (walk through) to test the application and effectiveness of controls (compliance) or to attempt to quantify the impact of a weakness (substantive) in walkthrough, compliance or substantive.
- Risk and materiality: The extent of testing should take into account the relative risk and materiality of failures to achieve objectives.
- Results of evaluation of control by auditor: This will influence the need for testing. The outcome of previous audit and changes in personnel or system could also affect the nature and extent of tests.
- Time available: This tends in practice to be the principal limiting factor. The Internal Audit team leader should refer to higher levels of management if there is good reason to devote more time than planned.
- The variability and volatility of the population to be tested
- The acceptance criteria and confidence levels desired by the auditor.

5.21 **Sequence**

The order in which tests are performed depends on the audit objectives and how far controls inter-relate. Output from one test often provides inputs to another. For eg. in auditing a pay roll system it is important to test that all new entrants are authorized and correct placement on

the pay scales is checked. The authorization test should provide successful items from which the auditor might select a sample on which to perform the pay scale test.

Where controls inter-relate it is important to co-ordinate testing especially where the work is shared between auditors. Uncoordinated tests can be wasteful and may not achieve the testing objective.

5.22 **Inter related controls**

Where a system comprises a set of inter-related sub systems, the auditor will have to separately analyze and test the controls in each sub system before forming a judgment on internal control as a whole.

5.23 **Appraising the results**

During testing, there needs to be a continuing appraisal of the results so that the auditor can decide whether to change the testing strategy. For example, when auditors perform compliance tests on a control and find some non-compliance, they must decide whether to continue to rely on that control and if not how their earlier evaluation is affected. The following are some of the questions to be considered.

- How important is the control?
- Are there compensating or complementary controls which reduce its intrinsic importance?
- How serious are the deviations and why did they occur.
- Is further testing necessary and feasible?
- Is any control failure likely to be isolated or recurring?
- Is any weakness so serious that management needs to be informed urgently?

The conclusive appraisal takes place when all tests have been completed and the results summarized and analyzed. The auditor must decide,

- Whether the testing objective have been achieved.
- What conclusions have been drawn
- Whether the findings show serious or minor weaknesses.
- The cause of weakness and what corrective operations are available.

5.24 The auditor is not simply keeping a score of errors found. The purpose is to form an opinion about the reliability of the controls which requires an intelligent appraisal of the testing results. An absence of errors does not necessarily prove that the control was applied in all cases.

5.25 **Techniques of examination**

Observation, Inquiry/interviewing; Analysis, verification and Re-performance are the main techniques of examination.

Observation:

Observation is important where there is no permanent record of activities. For example, discrete observation can reveal whether there is improper access to a restricted computer area despite stringent formal controls.

Interviewing:

Interviewing is useful where evidence is absent or unclear. Care should be taken because, the behaviour of the auditor could affect the attitude of the auditee and an insensitive approach could lead to an un-cooperative and defensive reaction.

Analysis:

Where a transaction or process comprises a set of inter related parts the auditor may need to analyse and verify each part before a judgment is formed about the whole. For example in the case of contracts and agreements where the soundness of the contract itself depends on the nature and inter relationship of its individual terms and conditions. It should be ensured that appropriate controls exist over the process of developing the contract and also conduct compliance tests to confirm that,

- the relevant documentation is free from ambiguity or contradiction
- is comprehensive and
- is in accordance with prescribed policy and instructions.

Verification:

Verification involves the confirmation of the truth, accuracy or validity of the transactions. The role of audit is to evaluate and test the controls and not to confirm the validity of data as an end in itself. In using verification tests, the auditor should ensure that they are related to the operation of controls. The methods used are,

Comparison: with some ascertainable fact or standard. For example, those manuals are up to date or passwords of a computer system have been changed at prescribed intervals.

Confirmation: Checking statements of performance for example, checking with Pay and Accounts Office (P.A.O) whether previous papers of retiring employees were sent in a timely manner as claimed by Administration,

Vouching: Checking a transaction against supporting documentation for example, payment to a supplier against purchase order and stock entry.

Re-performance:

Re-performance is relevant where calculation or measurements have been supposedly checked as a control and the auditor wished to check that the control actually operated. For example, the internal auditor may recalculate the balance as per Cash Book or re-performs the calculation in a pension authorization.

Chapter 6

Sampling in Internal Audit

- 6.01 The internal auditor applies audit procedures like inspection, observation, enquiry, and confirmation, computation and analysis to various types of records, transactions and account balances. He can apply such techniques to an entire data or may choose to draw a sample of items selected from it. This process is called audit sampling by which testing of less than 100 *per cent* of the items within a population to enable to form certain conclusion about the population.
- 6.02 The population can be a class of records, transactions, or account balances. The documents which are needed to be examined for particular tests can be regarded as populations for example, GPF ledger cards, Pension Payment Orders, GPOs, salary bills, contingent bills, vouchers, Inspection Reports etc.
- 6.03 Sampling is a process of learning about a great deal by looking at a few. When using sampling, internal auditor should accept the risk that the sample selected may not fully represent the population ie, the characteristic projected from the sample may not be the same as those that would be found if the entire population were examined. Thus sampling is only a means to an end and not an end in itself. The sample and sample results should be analysed for materiality, reasons, causes, and actual or potential effect.
- 6.04 When deciding how much testing of a population to do, the Internal Audit has a combination of options available like
- i) 100 *per cent* testing
 - ii) examining some transaction and items selected on a basis decided(Selective Testing)
- When the auditor applies his tests to a representative sample of transactions and balances it is called Audit sampling.
- 6.05 The internal auditor must make a judgment as to whether sampling is an appropriate way of obtaining some of the audit evidence required. Amongst the factors that must be considered are,
- the number and relative size of items in the population.
 - The materiality and inherent risk of error in the items concerned.
 - the relevance and reliability of evidence produced by alternative tests and procedures and
 - the relative time and costs involved in each.
- 6.06 Hundred *per cent* testing is normally not required and also not practicable. However sometimes it may be necessary to carry out 100 *per cent* testing of a particular part of population depending upon their value or high risk of error or in case of unusual or suspicious items or weak areas. Sampling can be applied to the balance population.

In some cases, sampling may not be necessary or applicable. For example, when the internal auditor is reviewing the attendance register of a section or the inward or outward registers about their general maintenance, he may feel that an overall review of the register for a period may give the desired result. The internal auditor should apply analytical procedures (like ratios, comparison, checking for unusual items etc.) on the entire population or a stratum of population possessing a particular characteristic, instead of using only a sample. On the other hand, whether the internal auditor checks the pension cases authorized by the Pension Group, he may find that using a representative sample would give the desired result.

Fundamental principles of sample selection

6.07 In any sampling procedure, the following fundamental principles should be applied:

- a. Define the audit objective.
- b. Know what is being tested i.e. Know the population. This is required as, audit conclusions are based only on the sample taken from that population.
- c. Establish the sampling unit in terms of audit objectives.
- d. Give every item in the population an equal chance of being selected.

Thus the initial questions must be,

1. What are the objectives of present audit?
2. What is the population to be tested? And
3. What are the sampling units required to be examined?

Thus when the population and sampling unit are properly defined, the whole audit thrust and approach improve. A good practice is to plot the population on a database or spreadsheet before sampling to identify sub populations or strata. The principles on which scientific sampling is based operate only if the sample is selected at random.

Simple Random Sampling

Simple Random sampling is considered as the most likely method to obtain a representative sample if there are no wide variations in the characteristics of the items making up the population. The selection method makes use of random number tables. The tables provide substantially complete assurances that every item in a population has an equal chance of being selected.

1. The auditor must use a method of selection which is completely free from any form of bias. There is no way of being sure that a sample is representative of the population it is selected from. However, the chances of it being unrepresentative can be minimized by the way the sample is selected. If for example, the auditor wants to select a sample of two from a population of 10, the method of selection must ensure that each of the 10 units has an

equal chance of being included in the sample. These objectives can be achieved by using simple random sampling methods.

2. The most common method is to use random number tables (Annexure 1). Random numbers are numbers which have been generated at random by computer and then put in tabular form. The units of the population have to be consecutively numbered and then the sample is chosen by reading numbers off the table. They are read in the order they appear on the table because the numbers have been selected at random.
3. If a sample of five is required from a population of 10,000 the units of the population would be numbered zero to 9999 and the five numbers would be read off the table starting in a place also chosen at random. It should be stressed that the starting point should be different each time a sample is selected to avoid always choosing same members. A page in the random number tables can be opened at random and number of digits required can be selected depending upon the population size. After deciding the starting point, the number can be selected sequentially.

Software like IDEA can also be used for generating random samples.

6.08 **Stratified Random Sampling**

If there are wide variations in the amount or characteristics of the items making up the population, stratified sampling is generally used. In stratified sampling, the auditor separates the population into two or more strata and samples are taken from each stratum. Stratified sampling provides greater sampling efficiency.

Normally, the auditors set aside the largest or more expensive or most significant items in a population for detailed examination and then select a sample from the remainder. This two strata approach has been traditionally used.

If the population is sub divided into different strata carefully, it can help reduce the number of items needed to obtain a representative sample of the population.

For example, assume that the internal auditor was given the task of examining the quality of Inspection Reports (IRs), issued within an Audit Office where the office may be comprised of various wings such as Civil Audit, Works Audit, Forest Audit, Receipt and Commercial Audit. To be representative of population the IRs should be segregated wing wise and samples drawn wing wise.

6.09 **Sampling Methods**

There are basically three methods of sampling viz. attribute sampling, variable sampling and probability proportional to size sampling. Of these, attribute sampling is more relevant to internal auditors.

6.10 **Attribute sampling**

Attribute sampling calls for ‘right’ or ‘wrong’, ‘yes’ or ‘no’ type of answers. It is used for testing systems of internal control. It is concerned with the estimation of numbers of errors or other characteristics in a population. A statistical conclusion obtained from statistical sampling that control had failed six times out of 100 would considerably assist the auditor in making his assessment of the strength of the control.

6.11 The terms used in calculation of sample size under Attribute Sampling are given below:

Confidence level

It is the likelihood that the sample range contains the true value; synonymous with reliability. It is based on the degree of confidence the auditor wishes to place in the sampling results. Normally a high degree of confidence is required (90 *per cent* to 95 *per cent*).

Precision

It is the range within which the true answer most likely falls. For example (+) or (-) 5 *per cent*.

Occurrence Rate

It is the percentage of items in the population having errors, for example, two *per cent* of the PPOs having errors in computation of pension amount. The occurrence rate should be estimated based on testing a pilot sample of about 30 items, review of past working papers and discussions with experienced personnel.

Tolerable occurrence rate

It is the maximum rate of error acceptable to the auditor.

Z factor

These factors represent the degree of variability of individual items in the population. They are calculated for different confidence levels and are available in standard tables. Confidence levels in percentages converted to standard deviation units based on normal distribution curve (Table of Z Factors) are shown below:

Confidence levels %	Z factor
99.9	3.2905
99.7	3.0000
99.5	2.8070
99.0	2.5758
98.0	2.3263
95.5	2.0000
95.0	1.9600
90.0	1.6449
85.0	1.4395
80.0	1.2816

75.0	1.1503
70.0	1.0364
68.3	1.0000
60.0	0.8416
50.0	0.6745
40.0	0.5244
30.0	0.3853
20.0	0.2534
10.0	0.1257

The formula has two simple parts. The first is to obtain the sample for an infinite population. The second adjusts the formula for the population being considered. The first formula is

$$n_{(e)} = \frac{Z^2 (p)(1-p)}{A^2}$$

Where : $n_{(e)}$ = First estimate of sample size.
 Z = Z- factor as per the table based on confidence level.
 P = Occurrence rate
 A = Desired precision.

The second formula uses the first estimate of sample size and adjusts it to fit the population.

$$n_{(i)} = \frac{n_{(e)}}{1+(n_{(e)}/N)}$$

Where : $n_{(i)}$ = Final sample size
 $n_{(e)}$ = First estimate of sample size
 N = Population

Calculation of sample sizes is explained by the following example.

An internal auditor is to verify the pension cases disposed of in a section in a year. The desired precision is $\pm 4\%$, the desired confidence level (Z) is 95% and the estimated error rate(p) is not to exceed 5%

The first estimate of sample $n_{(e)} = \frac{1.96^2 \times 0.05 \times (1-0.05)}{0.04^2} = 114$

Actual Number of Pension cases $N = 1500$

Final sample size $n_{(i)} = \frac{114}{1+(\frac{114}{1500})} = 106$

The second formula represents a finite population correction factor. This can generally be omitted if the first sample estimate is $<5\%$ of the population size as the second formula can have a very little effect on the sample size in such cases.

If the internal auditor examines a sample size of 106 items and finds that there is an error rate of five *per cent* then he can state that he is 95 *per cent* confident that the population of 1500 pension cases contains 5 ± 4 *per cent* i.e. one to nine *per cent* sampling error. In other words, number of satisfactory items in the population can be estimated to be anywhere from 1365 to 1485 at a 95% confidence level. If the internal auditor uses the sample of 106 items and finds that there is an error rate of five *per cent*, then he can state that he is 95 *per cent* confident that 1500 pension cases contain 1425 error free items i.e. ± 4 *per cent* of 1500 i.e. plus or minus 60 items. Thus the number of satisfactory items in the population can be estimated to be anywhere from 1365 to 1485 at a 95 *per cent* confidence level.

If it turned out that the error rate in the sample is actually somewhat higher say seven or eight *per cent*, the internal auditor can re-compute the formula using the new error rate, and determine how many more items he has to examine in order to obtain an estimate with required confidence level and precision. The internal auditor should use his judgment in deciding about the stratification of population and choose the sampling procedure judiciously.

Annexure – 1
RANDOM SAMPLING NUMBERS- (Para reference 6.07(2))

1	2	3	4	5	6	7	8	9	10	11
3893	9728	1764	2503	7539	6871	2346	8397	7043	0702	9285
7030	6938	0022	9601	1320	5896	1105	1171	4248	3623	4638
2952	9313	3534	4968	5488	6311	4523	8484	8232	2424	0102
2154	6443	2276	9558	8697	0630	5075	3377	1111	1158	3648
8713	4618	9542	6108	3234	0638	3703	4545	3840	2438	1855
4209	7757	7736	5042	1528	6535	1257	2740	6776	1620	1800
4129	9974	3151	6524	4864	0418	7137	7283	3510	7677	2082
0805	8519	0607	1138	8609	1128	7283	1516	3690	7086	5997
8325	9683	4169	4001	9091	0318	1778	9932	4153	2979	2827
8409	8106	0365	6957	0641	8658	8646	7150	2203	4399	1221
3912	3256	6001	1107	7044	8020	4924	7149	9351	7766	6230
0338	5370	5405	9712	9624	6253	6000	3604	3817	2593	1074
5751	0047	1750	3112	5874	1052	1913	9600	9916	1589	7151
5222	5383	5165	2473	4449	1893	9960	9199	5807	6665	7420
3135	4359	5683	5902	9871	9705	8155	2206	2682	1114	0864
0371	0030	6826	8269	5668	2349	1896	8336	3560	5509	8490
1656	1312	0994	5702	0862	6948	1734	9863	3590	7162	3787
8756	3806	1289	8011	8539	5848	3374	9505	1459	4203	8068
3369	2389	5108	9040	7066	3710	1331	6511	7759	1285	6074
3347	4596	2769	4014	3988	1945	8040	7714	5351	4666	7143
8878	5573	8990	3534	1770	5983	2463	2795	1858	4550	6754
9504	9977	0423	0519	1233	8725	9306	5073	2659	6847	9969
6244	0522	4636	7230	0734	6425	0580	1323	5536	2662	2247
1326	4308	1894	2516	9617	5277	7880	6115	8452	5471	3593
7916	6494	8799	2674	6322	2083	4214	7113	0181	0053	0001
3567	1682	4741	3365	5050	1379	0728	4278	6559	1944	0527
6555	9605	0797	0799	4191	0171	8104	0145	5375	4244	4979
8325	5814	2169	9048	3565	0276	7315	0950	8948	7899	2996
4067	8578	1115	5459	3582	4746	3122	7701	7144	6215	9624
7718	9877	2278	4849	4972	6408	2913	6684	9793	5662	9860
3737	0280	5337	9558	3672	2753	9364	8515	8614	5321	0333
6243	4169	0729	6745	5464	8374	5494	5329	2469	8913	8603
7923	8748	2695	7979	3760	0476	3181	6536	7355	8185	9024
8733	6831	0849	9722	1559	0089	8771	0697	4294	0681	1176
9894	1557	7785	0438	9303	2090	4241	6162	4431	7019	6640
0516	3391	2087	8715	8414	7125	7331	9084	1817	1338	5027
2710	5067	7724	4547	0299	7130	9466	2325	6562	4539	8634
3523	2885	8624	6882	5690	2982	8541	1048	8609	5303	0588
4508	4769	7880	3123	6591	4350	2526	9908	7309	9940	9357
8105	5346	3323	7527	4693	8679	9184	2984	2976	2894	5935
3406	9802	8851	6314	4553	9254	0646	2601	8368	9446	4453
4332	5248	0937	9685	3868	3323	4454	1129	7336	6694	0215
0083	0155	3944	7074	5153	4293	2081	7784	1192	4518	5413
1214	0023	6522	8483	7061	2377	9477	9201	9730	0354	5810
5107	5453	1869	7946	9211	9553	7077	2559	1918	8676	9771
8619	6507	8927	0912	1910	3340	1885	9509	4544	9965	4602
0114	7369	9793	8257	2131	6102	3403	2359	6764	0111	0900
2939	0607	2478	4015	6483	4460	6895	5338	6170	4167	3141
7450	1925	0723	5933	5563	4144	6348	7787	9628	6690	3059
8104	2447	2848	5520	4846	9754	9604	7072	6567	0500	9776

RANDOM SAMPLING NUMBERS-Contd

12	13	14	15	16	17	18	19	20	21	22
4652	9747	3617	3440	4003	4003	2602	2472	9833	2972	9572
9031	1501	7128	6638	8185	7563	6398	1943	2900	0630	6821
2030	6041	9000	6633	8999	3096	9690	9179	1172	8239	9861
0641	8966	6006	4660	5866	6219	9559	0422	4681	7646	5000
8479	8741	6344	7968	8780	4660	2801	4996	5469	7329	9497
9917	4104	4980	1954	0243	1674	7133	0971	7724	4501	4838
6376	3319	8427	6144	7428	7995	5309	0146	4169	4322	3568
7287	7868	8416	8788	4606	8910	8559	8001	5666	9428	1650
0592	1998	9884	8584	9504	7334	2703	2519	8123	2261	4317
6499	1732	0563	3431	5566	2900	9956	1425	6094	5292	2108
0769	1187	2759	4943	2975	8514	1515	1876	7959	7220	0822
8678	9438	6389	9762	5239	9815	5474	5026	7374	8715	7969
0178	4273	8208	2258	4738	2587	1588	1649	0784	5082	1700
3392	0038	1443	9452	4589	0664	05557	2592	2703	8909	7221
0264	1196	3755	4125	3570	0884	2089	8597	6986	2384	5149
4089	4448	2863	8495	5267	7149	5285	1292	1960	4448	7734
9376	1897	9292	4982	6128	6918	0285	3411	6879	4613	4578
3039	3406	8324	1720	9771	4326	8006	1604	3329	0246	8133
8971	1429	0618	5389	2989	4078	4195	2649	8569	5983	1222
0373	8153	2482	6416	7500	5263	2100	6627	2375	7007	1631
9092	9668	6105	4102	6273	0722	2126	2292	9386	5549	2992
2464	9943	2934	4708	3882	8857	4852	2029	6280	5240	2290
3027	8238	1527	3914	4161	5453	8144	3660	9621	0991	5646
5754	5383	8923	0538	4512	6850	8793	5274	7476	5589	7847
4358	1067	7406	9906	3646	2927	6435	5763	1612	5578	7506
7178	3221	9904	5788	3187	8941	8573	4864	7356	3675	3209
5035	8194	1587	3424	9227	0869	7333	7249	9625	1940	9784
3318	6675	0064	4532	1231	5122	7381	8664	3524	3252	5324
9058	7793	4044	3420	7658	1886	6903	8286	0158	8641	6594
7886	8896	8946	5176	0048	0768	0212	3306	0824	3192	7734
3354	4572	4483	4527	6027	2617	3242	6565	0285	1025	4780
3415	6046	8919	5795	7254	8613	1171	9449	6892	2362	1155
3918	7844	1108	4047	1272	2842	1158	1898	1695	0648	9893
6138	2536	9033	0196	5493	8054	1684	0917	7299	4556	2971
3825	9502	9459	8228	7963	2898	7113	7329	9616	2677	5113
1349	8037	1167	3825	5382	1048	8702	0769	7986	8398	4172
4234	3408	9101	0211	3412	9131	4471	4044	5176	9156	5759
6880	7934	1315	0594	0659	9393	0359	0374	2475	4334	0977
0714	7620	0324	3490	8183	2350	7268	1608	5663	4023	2375
3448	7582	0474	6303	6171	0095	1853	0662	9691	9082	4485
5711	3100	9790	4302	3008	6270	1353	5335	3988	6910	7714
2588	9557	6490	7696	2681	4337	5859	2580	1865	6492	4669
8581	5603	1212	1649	9697	3417	5412	3431	8666	6929	7938
8475	4815	3674	9517	1333	6360	7667	1133	9658	7282	0521
0272	7100	8046	0474	3180	1061	8206	2799	8250	4502	0322
7383	3085	5464	3816	1926	4185	8536	6993	3388	6917	7472
5126	6053	6011	0832	6044	6662	3281	4445	7505	4650	8999
2064	3040	0494	2317	2054	0976	0173	3432	1774	6927	5515
9315	7270	7682	5208	9683	0885	3649	6491	6876	6472	2190
6814	5574	0716	8560	0879	9460	2377	3895	6045	7279	7597

RANDOM SAMPLING NUMBERS-Contd

23	24	25	26	27	28	29	30	31	32	33
0198	8742	5411	2150	3839	2399	8527	7616	9066	8081	1150
7481	2299	1697	4129	3340	2450	0917	0441	0415	2220	0713
2322	1474	7107	6007	2244	6399	9051	3394	6903	1677	5868
2943	3662	2535	0385	6588	6742	2387	8958	5093	8337	7940
4445	8694	4339	6322	1909	2373	2230	7711	9519	2552	0290
4950	9678	3325	2577	4228	0998	2092	5168	3984	6752	8804
6732	7009	0020	5117	9912	7797	1703	0593	9746	5794	1343
1620	2675	2418	3252	2534	8133	4074	6635	4542	0638	8394
5125	5791	6158	8773	5042	9047	3397	0227	1845	1904	3564
3501	9051	3958	8838	5736	5901	7503	9679	0720	5115	8791
1640	3725	6924	4528	9195	5696	3777	3600	4401	0319	5724
7814	1525	0883	1835	2993	6965	3537	0520	8818	3955	3977
3815	3374	9768	7364	8453	2823	5564	4312	1211	4962	8009
2702	3127	9118	5762	4034	4071	2914	4891	6648	4696	7336
4488	6030	7742	5873	5254	8883	1329	1694	0096	8682	2667
4750	6832	4428	2798	5395	0496	4209	7858	2680	5546	3287
9438	5336	8395	1937	2279	1472	0641	6426	9687	1575	4670
0347	0510	7148	7641	6822	9402	1128	9672	6699	0230	1735
2390	0784	4346	5285	9445	5604	6092	1388	0563	9742	6333
3400	4610	7035	5765	7269	0552	3086	8488	2678	7421	0110
9229	9211	2679	7000	0823	5961	4836	1714	6176	0576	1177
3770	9213	6119	3569	3697	6687	1091	4752	6592	4328	9012
9234	7972	1037	5856	0109	3442	5317	4379	7462	2681	5495
2105	3855	7633	3283	4677	8541	6294	0999	0555	8971	3041
4509	1805	9900	8502	7405	9208	8652	6009	0530	4245	3201
3404	6718	1383	7365	9428	4408	6025	9544	0277	9262	3391
3567	4709	4378	2160	4881	0296	0254	1796	6024	3032	0293
8688	0932	9351	9887	5106	5732	5697	3685	0327	4573	7846
2277	2748	2805	6822	0195	8558	7496	4868	2206	2897	0236
3747	6859	1761	0305	7304	9326	7021	0566	9092	6675	1099
7543	5423	6492	1333	4902	2358	7985	4468	3739	7304	8333
6032	5703	9799	7100	6927	3419	4749	0722	6075	6903	4394
8575	9675	1266	6125	8466	7966	8507	0159	9822	3946	1370
3106	7659	6007	8843	6183	7342	9080	4089	4308	8049	3846
8400	7514	2443	4677	5001	3438	0040	0134	6492	0242	3176
9176	4974	6175	9787	0085	6790	6650	8488	3894	9571	9787
0216	1619	5453	6504	5639	5895	0851	5393	6676	5184	4278
4802	4751	9408	3657	2896	6429	1562	6093	5024	9558	5376
0444	6510	2918	1134	2342	3643	6683	6378	5234	1785	0020
8321	3753	2893	3583	8570	1812	5224	4494	5820	3909	1724
6653	3038	6968	3684	7174	9145	0028	3026	6910	8457	0529
6842	5328	8959	2427	9410	2430	8821	6850	0101	5006	8593
4294	5405	0237	5264	6499	6489	8700	7847	1283	9079	2961
4582	9192	9475	9675	6137	4618	1466	6226	0092	6467	3527
1400	5390	5976	5552	0612	0495	7546	2631	4518	1717	8531
2050	3798	3001	2652	7101	6516	9055	4410	5552	6323	7217
3738	7694	5495	0945	5856	2487	5075	8582	7217	9977	4982
4509	1868	9239	7319	8576	2555	8335	5325	068	1840	4134
3552	0932	5631	6294	4046	2589	2105	0679	5339	5351	6562
9136	4329	0022	6001	2645	0803	4145	4733	5748	1899	0352

RANDOM SAMPLING NUMBERS-Contd

34	35	36	37	38	39	40	41	42	43	44
4032	7816	4624	6134	4140	8121	9132	7696	3881	0166	4993
9432	3204	6299	8200	5170	4185	3348	3851	9905	3598	5203
7330	2976	7800	4241	4373	7423	4454	4091	0798	3723	5762
9635	8303	8137	2410	3716	9153	0736	4453	3716	4378	1413
8330	5556	1079	8231	9808	1617	8576	3125	8572	3763	1152
2505	2635	1672	9160	4543	8112	7782	3435	5096	8487	6459
0627	3211	4343	4916	8058	8393	7602	3612	3129	9590	5053
7495	2748	3769	4148	2788	8516	9142	2551	8772	2001	9417
8557	7477	5312	2404	0969	3658	4950	7238	3216	0467	8273
1868	5379	2854	2927	5829	8553	6308	1720	6254	8973	8137
9355	9264	3990	3920	5634	6760	3738	7557	8817	4343	2509
5312	5858	8136	0500	8052	1517	5764	1347	1241	6734	5205
4174	2889	2734	8231	3289	1638	2232	7367	9470	9195	0297
8435	5131	5325	4521	9508	1678	5612	1602	0436	5912	3486
6610	9055	2370	3267	1835	1971	5177	4898	5343	0348	7424
3840	7900	0978	8813	6893	3992	1877	7365	2455	0787	0859
5677	3693	0009	7369	1841	5575	7895	2296	2898	8347	2432
3601	0380	3666	4560	6157	9816	5695	5726	3148	6124	4489
5691	0246	5304	8136	7625	2279	9627	4776	9214	9047	2639
2336	7266	8147	2851	5128	0854	8380	3180	3395	8600	1450
6096	9312	4716	8918	5100	2640	6019	9155	7338	5637	2472
6487	6111	5340	7352	1088	2064	6979	8370	6656	8787	5999
8336	2310	7298	0679	2736	3057	1391	2835	8535	0395	4194
4087	9826	2665	6642	6501	8396	1201	8691	4955	9920	1925
8953	6703	8591	6962	0671	6759	1570	2486	2654	8004	8232
9172	1110	0286	3954	5842	1917	7725	9021	4462	6788	0300
9937	9651	5991	0357	5481	6141	8553	1897	4368	6405	4273
6068	8350	9094	0824	8500	5071	0724	9582	3125	2483	1417
8963	6982	5980	3383	4945	1727	7225	4781	1956	5496	8325
0399	6490	3336	8361	8708	4884	9361	2550	2490	6738	0711
0186	8570	9185	4355	9833	1209	8950	3309	7193	9135	6829
4896	9169	5131	6122	7345	5740	3684	8782	7061	2936	8752
9962	2127	0784	4969	0120	4379	7437	5241	9245	3797	4242
2633	8090	9584	0263	1989	0751	6046	3560	1760	2997	6548
5976	2959	8118	4346	4338	7181	6120	1439	5431	2260	7575
2906	0603	7034	6954	9117	2444	2184	9870	4778	1617	5026
1435	0769	2956	6526	4957	3608	8662	9831	0572	8474	7181
3508	7237	2660	4330	5422	8128	4073	1795	3225	4457	0329
4634	1670	5932	0694	8554	3385	7609	3316	0205	8300	7428
6581	3450	8172	4732	8210	0575	5521	5621	7651	6108	0407
1947	2360	9783	7376	5101	4031	2058	6594	0334	8554	9897
8306	1665	6058	1855	1118	2347	8812	1920	8083	1636	3789
3716	1136	4947	1416	3595	7878	2845	1117	9197	8379	6881
1162	5496	9423	4901	2455	9671	6794	1373	0493	8403	3748
4945	1554	3642	4941	5844	2417	5497	5801	5388	0454	9052
5104	8732	7921	5589	9943	6947	2352	3173	2205	7611	1526
4072	9029	5644	7802	4189	1781	3555	9640	6939	5020	4902
0018	4252	2839	8796	2617	0466	9847	2964	6982	0630	0415
8251	1835	9237	4830	4257	8368	8901	4599	0078	5660	0063
8203	2375	5199	7606	3216	4817	9092	0829	2603	3384	

RANDOM SAMPLING NUMBERS-Contd

45	46	47	48	49	50	51	52	53	54	55
4377	3819	5964	2259	4115	3826	1355	8765	4433	2352	1089
6659	7617	1496	1726	8091	5766	2929	9570	9193	7148	9385
8412	2327	8878	6772	7310	2407	5780	8218	4246	9410	6984
4280	1489	4991	2548	3598	8438	5403	6666	6974	8488	0052
0007	6062	3819	5204	5011	2489	7187	5023	5673	9439	5736
4298	3490	3407	2937	5278	8352	4809	0290	7370	4348	1501
5032	9899	5224	3099	8109	7923	3860	3825	6934	1336	5372
2262	0983	7629	8112	7269	8977	4196	4416	1592	0277	4677
2391	4912	3504	8974	9320	3895	3107	0587	4683	5146	7856
2978	9118	3679	4252	1870	6136	5898	0385	4206	0691	4936
5691	1109	6387	0604	0032	0124	8882	0567	5885	8772	7315
9508	4873	6132	667	9311	7467	9739	6412	2584	0954	5098
2971	7794	6965	4320	4097	8126	2899	3200	1275	4094	0741
3405	0963	8423	4637	8535	2197	6521	6600	6801	0322	7357
1951	6009	8793	0126	6759	5329	6310	9239	6853	5926	1310
3654	7732	2044	1052	1392	2073	8979	6289	3210	1984	8726
5519	7365	3654	0104	8374	9582	5379	8163	1684	2251	0599
6749	3780	7223	3555	1415	0541	4308	0266	2391	4030	3442
7813	8653	9123	6076	6617	1759	8866	2438	2543	5631	0793
3994	4773	3711	7533	5088	7451	3250	5355	8118	7800	7278
1559	1038	6361	3916	8727	2041	0252	8894	4970	7155	4658
0956	6215	5875	8608	5792	8931	5660	0174	4496	9543	4898
0210	9247	7940	9853	8508	9295	0877	7300	9022	1865	6954
2876	3716	6249	3835	9508	1576	1493	8933	4816	1573	5911
4626	8324	6429	1527	7936	6661	5619	0307	8897	4577	3272
8883	5939	7866	1027	9696	2491	9432	9815	4234	6700	5512
6715	0220	0158	2755	8805	4962	2058	8824	6933	4608	7360
8077	1735	2673	5153	4190	2522	1480	4141	0502	6622	7691
9348	5182	8760	3476	7313	8487	8666	3739	6440	4903	8197
8106	8454	2570	1467	5313	4974	3068	3359	1248	5345	2179
8897	7671	2399	9327	7207	5525	4777	6371	3110	1790	4335
9675	5872	3488	0539	1097	4635	5211	9805	8822	2268	2996
5524	9045	2557	7909	9650	2378	0183	1718	8680	6533	7390
0360	1704	7946	9799	9176	9882	0730	1255	5327	4637	3146
0213	0417	9613	6823	1400	5128	0879	8729	3798	1284	1143
6546	0248	6474	8093	6103	5353	0827	7420	2688	2754	6867
8119	3201	4199	5691	4526	9949	5914	2041	8552	5263	0423
6833	5008	6877	0278	6272	4563	0344	6355	8713	5342	1220
0564	6421	4669	2019	4189	5132	0193	3451	2104	1260	0602
9236	7343	7215	0248	5800	4343	7099	3349	6503	9397	8348
5319	3301	6211	9964	7561	2340	9939	6028	0085	3598	0656
7274	4253	3111	6815	4544	3439	1184	9931	3822	5411	9165
0598	6322	2219	1548	4960	4200	3594	0201	2193	6533	4051
0492	5624	1546	7587	5559	3286	4613	2412	5392	7469	4391
3647	7795	6949	4921	8369	0254	0967	4573	4635	4456	4281
8498	2089	9030	5213	9025	9965	1483	6793	0495	3901	7970
3475	3760	0530	7917	9078	4709	8268	7996	3296	5939	6745
7235	8185	1284	9564	4305	1309	7020	7214	1348	7072	2525
2144	8752	1532	0268	7348	1934	2765	4457	3132	3302	1895

RANDOM SAMPLING NUMBERS-Contd.

56	57	58	59	60	61	62	63	64	65	66
4025	9931	3648	6841	1514	6210	0043	1370	3994	8617	7735
8935	2039	9877	6952	5640	1329	4890	2699	9984	8544	5956
4389	4091	9547	1918	9372	7477	2722	7253	6157	1425	6706
0284	7232	4445	0005	5835	9964	7206	2208	0818	8980	1396
3547	4381	2536	8720	0274	7414	1322	2161	4297	6672	8349
4538	7753	1548	5662	2790	4164	2580	4738	4351	5782	7494
3817	8777	3539	8212	0324	8846	0680	9668	1304	4361	4269
2463	6917	7173	4767	3904	5238	6058	4592	3308	5952	8953
6498	0591	7063	0592	3227	9038	3931	7885	7812	6932	1438
4960	9453	9297	7052	3140	1107	7768	5199	8568	7989	5377
6556	5413	3472	8963	6826	0191	2113	6762	8535	2360	3524
3837	9034	9305	2162	9385	9586	2967	0308	0442	5440	8197
6856	4802	9749	6370	7070	9696	2284	4510	2988	3376	7702
3568	7934	2642	1297	7405	3344	3452	6248	9061	7772	7173
1895	8621	8815	6252	1877	8377	9051	5950	3944	3860	1797
5091	0379	7835	6603	8340	9415	0041	7263	2064	8792	0032
9403	5932	8313	9671	4711	0844	6737	4628	5079	0169	9300
6670	5735	5645	0242	6267	3508	2517	2103	0137	4388	9948
0975	6696	6875	9279	5735	5307	6696	8482	3392	0275	4921
8269	5859	2173	0743	9325	2021	3100	7568	3176	6672	2230
3325	1398	3303	7356	1130	8554	2933	4277	9447	1175	8170
6260	0428	9419	8721	8669	1641	2538	6355	9945	4550	0659
4831	0681	7703	7201	8034	5745	0255	5429	9893	2981	1653
4660	4409	5258	4175	2437	6781	5471	4297	0542	1768	6647
6227	3344	1340	1103	9529	9983	5046	5230	1180	3581	5504
0120	0780	9594	4972	7814	1010	0629	8617	2197	4364	0755
2588	6693	7878	3113	8241	9459	1738	3417	2340	6903	2575
9615	2408	1937	1091	4512	84006	2185	2383	6156	4449	6787
5544	3431	0172	6800	5742	2703	8901	6442	8912	6882	6491
7480	3283	1580	0386	4486	7554	8088	2801	1411	7899	4706
6154	5047	5825	8400	3516	5910	3159	7227	2280	4869	8827
7167	6303	4074	9440	2309	0115	6285	6896	2097	6823	4569
8730	3246	0034	8050	2418	3664	0755	4927	2363	0003	3164
0325	2211	9701	5092	1536	6148	6673	8191	1208	5772	6798
2587	0044	7946	4754	1336	4955	3156	7011	2364	8448	2198
5244	1611	7313	4137	3488	4744	8422	7660	4716	3896	6092
1165	5324	8103	5475	2450	7002	0842	3204	5203	2303	5279
1350	5079	3879	0621	8345	0345	7563	2804	2636	6920	2341
7022	0807	3013	0490	1353	4065	5179	8723	9685	1729	2742
3960	8955	2909	8777	4935	2170	7257	1641	1819	2564	7370
8003	6416	3975	0940	6973	1349	4031	0113	3939	6529	4326
4174	4620	8133	1643	7991	1426	7017	0466	7387	0266	0778
3022	4089	1290	6605	0015	0681	3092	6372	027	0349	9092
9973	7066	3132	4583	0214	8177	8776	0581	9195	0494	9676
2143	2124	0232	1082	2741	4358	2822	1880	5731	8687	1276
4558	5815	2478	3956	8146	5288	2950	2264	5279	6683	6886
9721	8224	5840	9473	0788	6291	7117	5248	3328	3006	3874
0662	3172	6085	0726	4598	5452	2030	5885	8607	7318	9965
7077	9959	3389	8678	9631	7202	4012	8704	1845	6943	1709
1438	1820	5945	3172	7867	1622	7371	8596	8592	5692	7949

RANDOM SAMPLING NUMBERS-Contd

67	68	69	70	71	72	73	74	75	76	77
8309	8431	5629	3250	2025	4369	3332	0003	3408	0384	2846
9003	1220	7639	6935	6854	4869	1102	7442	9950	8340	4925
6780	7363	7937	6003	7784	1985	8344	4992	3597	5700	8313
2120	0828	4725	7407	3013	2729	1211	4771	2958	9281	0288
5962	5593	6635	4833	8626	8455	7769	9359	1703	4007	9405
4758	5533	8713	0554	5717	3882	1285	3303	6576	8019	9713
6780	9259	7974	0731	6771	8733	5568	3786	3306	5642	4449
0194	3236	2923	8553	3768	2888	7127	2334	1975	6422	9562
5626	3457	2821	7566	6851	7991	2596	9634	1232	4460	2345
7607	3711	7415	6367	5316	5519	2688	2883	3162	5596	5498
7797	7909	0789	2004	4097	3817	6965	8274	6045	0492	0921
2110	2061	0030	9651	1812	0545	1950	7912	2571	5286	4356
6841	6488	8774	8316	9854	0062	9080	8947	4538	2493	0002
5649	6364	7136	3970	9462	5325	5103	2933	6231	4620	2198
9827	1311	8809	0857	4072	1384	8413	5110	8973	5070	4883
5773	8163	2347	6655	4542	4324	8361	8258	7948	5195	3343
3362	7987	7210	1165	2110	9568	6503	9345	6071	5588	4270
2209	2137	0227	3656	0256	6496	6710	2790	0147	7385	2204
8838	1855	7705	7399	2842	0357	1047	8104	4786	1506	6699
5610	5199	5772	8243	6905	0620	3685	9289	5352	6841	5356
4675	0002	5031	3669	6954	3994	6597	8724	8673	2770	8111
0821	3163	6713	2628	0968	3034	6064	9155	6535	9183	8713
5365	3125	1325	9800	3862	2062	9996	3958	9978	7086	2974
8825	1164	2152	6487	2915	820	3780	9437	4797	7387	9711
6581	6949	3053	5762	4148	8188	1168	8263	3770	9158	7874
3838	8379	1661	5121	3714	1516	6685	0998	9810	8392	0656
0517	3665	1612	3963	5827	3341	0358	7151	1190	5373	6250
8769	3611	6468	6902	5562	1307	6068	5526	9617	7856	8633
5275	7435	3190	3674	5320	3441	7202	3938	1348	9189	7990
4754	7595	7010	5747	1092	4141	3377	9084	3196	3083	6614
3331	7386	0108	8253	8453	2548	1081	1015	6898	8548	6184
8261	0846	3435	5315	2400	9930	4586	6556	1803	6831	9934
7456	7898	8288	6304	9566	9312	4129	1842	6931	6142	8765
2250	6950	1636	4168	8181	2662	6800	4242	0260	1531	8753
9134	2835	1010	5350	0435	4148	3505	8283	5683	7302	3675
9407	9311	5459	9951	2105	7507	1645	6145	5771	3093	3310
3891	7760	2168	0288	1260	9399	8522	9773	3997	0941	6311
6462	7044	2881	5466	9051	9264	8091	4140	5596	7660	5586
7370	5076	2938	7440	8108	7559	5318	4915	5739	9416	0899
1105	3304	4053	6272	0665	1197	5284	5665	3328	8514	4657
1019	7539	2582	1926	4287	0063	8284	7749	4630	5742	6744
2763	0553	8274	8612	2266	4090	0056	8122	0244	7564	6701
7950	7404	2668	2128	9648	8059	2702	0506	2183	6355	6260
0718	3949	8369	7284	1913	3690	0084	0345	6103	7281	9416
0587	8549	2460	9246	8916	4360	5265	4509	8499	7038	5580
6877	7939	2654	9249	0180	8909	0379	6129	8654	2320	1117
2171	7729	4210	8249	2988	4366	7267	2986	9913	9532	1953
0124	0939	8725	0574	2265	0482	3598	3251	7757	0156	1132
4026	7805	9517	8993	2787	9271	4111	8495	4371	0672	9765
0737	3462	3589	2131	5837	5647	9464	7172	1836	0705	6012

RANDOM SAMPLING NUMBERS-Contd

78	79	80	81	82	83	84	85	86	87	88
8719	6926	9815	0247	4369	5438	0492	9447	2182	9542	7255
7902	4396	2980	7314	8278	1489	1296	6955	35558	9902	9315
8660	9897	2653	0693	9581	2349	1020	9013	4204	3893	0189
1007	7971	9955	1051	0868	8469	2849	7416	9890	1679	3197
9249	0708	1044	1602	9053	7638	2695	0611	8350	6809	7977
5988	0788	3715	7319	5566	9868	6990	0324	3716	7421	3830
6212	3022	6362	0165	1307	7206	6918	0786	4219	2583	6487
3280	6139	0829	6953	9344	6983	0918	6932	0584	0729	1674
2562	8362	8165	7249	7145	6532	3484	6256	0865	8457	1631
2701	0037	8911	3295	5088	4576	5534	3357	7241	2630	4901
0454	1426	1414	3316	3002	2728	8792	0792	7176	8995	6619
8457	9434	4591	4222	8977	9826	3474	4254	5921	6082	1533
5030	6902	9139	5976	0466	9366	2473	5809	9517	0842	1329
8286	5664	6789	1709	4697	3964	0691	5642	0312	3267	8874
3324	1739	5124	9282	3363	0262	0812	1427	2369	3793	9593
2625	6648	6225	4345	6717	6667	3358	2090	6275	1527	1358
9464	9412	1097	5742	1570	4278	6747	9931	6119	4483	7774
4177	3869	5646	2897	0916	5934	1457	2401	1626	6554	4755
2908	7455	5849	3913	5339	4217	1415	1129	5055	4633	8154
3064	3492	6169	5986	4090	5219	0697	2576	8385	1553	1374
7667	1559	3064	4646	2980	7418	0827	6155	4507	1427	1298
9877	3196	2875	2717	0984	8035	8362	2896	7255	0004	7588
8746	3877	2841	1109	7014	7205	6802	1855	4622	9396	4114
6766	2212	0317	5050	5061	0358	6157	4553	9417	9663	7653
3213	2301	3528	1007	4773	5774	6591	4559	4003	2825	9787
0820	6339	2486	4869	9862	6070	9035	7327	0432	9278	4127
8981	4019	9918	7491	1017	5883	1207	9334	7042	9041	2559
5698	2738	6232	5786	2522	3805	0452	5340	3882	4785	0917
7658	6584	3424	3633	0746	8896	5892	6990	7860	4800	1126
3686	5784	3599	9450	5252	9735	0011	6498	7303	5965	8236
2056	0107	1465	0405	4930	3444	4140	3961	4969	7926	0203
7878	4113	5349	1168	8212	7466	1283	8009	4619	0526	1294
3220	7925	9159	3604	3017	8373	0383	4262	4599	6922	3342
1400	3896	2923	1201	8643	4458	8408	8040	7809	9149	1261
6354	1949	7450	1250	9078	6773	2003	0134	0960	4403	5338
5988	5108	4134	0805	3552	7236	1120	8938	5141	0064	1746
9449	3300	1054	7601	4057	9438	4506	9442	8057	0808	5120
0308	6354	3064	8348	3297	1162	8074	1473	6956	5871	4150
0792	3344	5600	5638	3482	8775	6611	8595	8602	0484	7715
4920	1405	2055	4716	5873	8281	3194	5373	8370	5730	2073
0782	2362	7075	8499	3072	9366	6314	6336	0799	3865	6099
5961	7789	1820	0711	4907	7863	0719	3622	3906	0361	5428
5695	2454	2841	3407	2344	6044	5984	3322	5862	1514	0363
9044	8473	2926	9184	8156	2051	3749	4731	8012	6883	4135
9748	1772	2987	1390	7451	5936	6016	9117	9232	3779	8952
9765	3507	5007	6166	4610	5648	9408	2132	4213	8508	3515
1035	2719	8844	3715	3116	9924	9668	0747	3329	2636	9671
6774	8100	8501	3067	0634	4802	6164	7164	0311	2781	5865
5857	4049	2795	5573	0458	1645	2737	1026	3055	0878	5826
8012	1856	7126	2603	6147	8303	3577	4056	2078	9970	4151

RANDOM SAMPLNG NUMBERS-Contd

89	90	91	92	93	94	95	96	97	98	99
7591	3488	1220	2275	3026	6421	5733	0444	2955	0802	0412
6343	1749	5232	8121	8604	4696	1308	8672	2024	4935	4702
5054	8445	5258	5913	5217	8628	5582	0721	0338	2841	0931
4526	4950	2002	3314	5431	4127	3722	6948	2125	5888	5157
6245	4918	8718	3357	0602	1585	3289	3165	9689	6166	0513
2871	1943	3445	9558	7977	4451	8478	2417	7140	3370	6025
7400	4052	1666	8169	6690	5265	8825	8124	0691	7306	6222
5828	4501	8231	9353	2191	2772	0671	8420	4133	7164	5874
8390	6794	5205	2218	7209	8437	4842	2337	2187	1630	0956
0970	9544	0139	5362	1495	4601	328	2903	5074	2694	6780
6028	4781	4286	1699	7885	9736	0684	3674	9065	2012	1217
8538	6560	5230	0594	4305	1833	3965	7747	5820	3170	9652
5479	7753	9723	4737	1742	9446	0750	3431	1091	6757	4895
4162	9002	2984	2436	1092	7663	7825	1592	3649	3709	1231
3947	8995	1581	3809	3828	9025	2548	7013	7971	2172	0347
8309	2500	2480	3738	0951	9591	0213	1868	6950	2606	0229
4135	0367	0389	5018	6346	6374	0387	3697	2555	0557	2503
4656	9211	9862	1124	3871	4118	1840	3465	2455	0138	4844
3554	5475	0401	7457	9906	3929	2732	3777	7742	9719	6379
7174	5716	9468	0507	4746	0544	4262	9410	4486	6897	0769
3354	6125	8172	6188	6632	9504	4764	5080	5833	5737	3408
5715	7080	9714	4878	4595	4240	6333	8845	0623	0965	1136
4530	5544	7748	9633	8811	1047	3646	9592	3918	9148	9173
2396	1346	8557	8547	9302	8829	9841	0763	7963	8675	9582
1047	7135	7592	7754	4216	4170	5726	9787	5218	6064	2866
8186	5100	0215	3771	2703	3846	2519	4282	5451	6533	3266
8529	2721	6606	3221	9688	6370	8440	2887	7300	5613	5072
2808	7290	5752	3989	0296	0569	2004	6654	2093	4338	7853
7647	5534	2287	7348	5842	1079	8295	6981	2013	7736	1529
4778	3899	7066	2632	5711	7188	9428	8853	0294	7085	1441
5996	3991	8640	9199	1332	2523	2533	0444	7354	8140	6861
9590	2525	2755	7331	8820	0047	0063	2444	6175	4353	5837
1173	6034	0525	1081	1241	0734	7804	8878	6185	6176	2085
9517	5721	9638	5996	3580	0833	3340	9132	9004	1968	0308
7566	3291	3849	2396	1392	7855	4212	6366	7689	1448	0340
3029	1077	5995	0495	7170	6654	4721	1578	4263	3144	7474
2311	9080	5478	9946	5935	4332	9131	9225	3972	4962	6525
4175	6599	2149	5826	0041	0015	9114	1735	2012	3008	1530
7824	0967	6708	7781	7993	2193	5640	8735	3175	6938	3148
0830	0766	2255	4088	5580	1144	6415	2802	3611	7363	4576
2339	1486	2967	2236	2780	5371	8671	9855	2905	8793	2209
3285	9176	7726	0114	2581	7349	2058	8583	1724	2192	8428
5704	8573	8816	9840	1490	9553	8628	7262	2884	3743	5431
9419	2216	9429	8234	9906	6606	6103	9234	2359	5577	0566
3727	9620	8697	9256	9469	3387	5751	9287	2044	6719	4578
0424	8573	7778	6234	3412	6148	5969	9422	2718	0419	4297
9128	8186	2169	8259	5053	9492	0181	0824	5440	8753	1723
2672	4752	6529	7900	7868	3054	4218	9227	8198	1799	0852
4595	1016	5719	4647	7558	1853	9463	9968	3738	7259	6840
9538	3432	1172	4472	0783	8275	8114	4258	9996	4488	1528

RANDOM SAMPLING NUMBERS-Contd

100	101	102	103	104
8092	6572	3847	1768	8813
5453	9243	6137	4686	0623
3504	3413	9237	0220	3227
5659	9822	4723	1898	9679
1834	8526	3064	0602	9909
7313	7900	0389	8093	2306
5879	4919	2734	5937	8623
8780	6198	8274	3970	1243
8270	0111	2544	3765	4360
9694	7076	2969	7091	6344
5084	4607	4833	6315	3636
9916	7766	9927	0409	9387
1584	6628	5913	4359	8250
3950	8186	2885	0346	1028
1648	7196	1539	3409	5135
8737	5870	7033	6030	0967
6858	9212	9203	2213	0623
4507	3338	6355	6709	2547
2108	4469	6457	2192	3655
2516	0081	2538	2938	1149
3329	4779	7652	7762	2661
3566	6098	1924	4548	8560
9309	4476	9595	5839	2871
7267	8857	5153	6126	9298
9939	8248	0481	6936	2167
8879	9486	0900	7869	9465
8946	1456	3088	6551	7606
6657	5728	9741	2488	1831
5715	5126	2273	9315	6055
1229	7644	7734	3300	3832
2279	2150	0145	3290	4965
3070	0408	4181	7834	8399
1090	0162	2591	8657	2441
6267	9872	3549	1789	5619
1554	9011	6610	4241	8176
1841	1996	1179	7579	1945
4943	0064	4257	3649	5393
0530	1202	0047	8429	8620
1860	2914	9261	9060	4432
1816	3545	0237	1259	9688
8080	9913	8754	0669	9897
3018	9337	9171	5880	9089
1902	6008	2300	4628	0869
5705	2647	8348	1577	8568
3855	1146	9793	2150	3268
6037	3562	2601	3977	8254
1472	9922	6277	1915	0255
8645	4894	0269	7211	5378
6923	5092	0016	9362	9289
3087	0581	2929	1491	1534

Chapter 7

Internal Audit – Planning and Procedure

7.01 Internal Audit Wing should prepare an audit plan based on risk analysis. The assessment of risk should be inclusive of internal as well as external risk factors. Some of the illustrative risk factors were indicated in Chapter 4 of this Manual. In this process, Internal Audit Wing would help to identify and evaluate significant risk exposure and contribute to risk management and internal control in the office. The audit plan should provide resources for appropriate follow up for audit resolution of the issues raised in audit.

7.02 It is the duty and responsibility of the Internal Audit Section to completely test check all the sections in the office within a period of four years. However, if different period (cycle time) for coverage is fixed under the Manual governing the functioning of a particular category of field office, the Internal Audit of all sections shall be completed at least once in that period. The Internal Audit of a section should normally be completed within 10 working days. The audit party may consist of one AAO and two auditors (This can be varied by the Head of Department, depending upon the manpower position and exigencies of work). The Internal Audit should be done in such a way that the various aspects of work done in the section are critically examined and hidden arrears, if any, are brought to the notice of PAG/AG. The working of the sections should be examined with reference to the provisions of

1. Various codes/Manuals issued by CAG.
2. Manual of the Section concerned.
3. Office orders/circulars issued from time to time
4. The Comptroller & Auditor General of India's Memorandum of Secret Instructions.
5. Local Memorandum of Secret Instructions and
6. Resolutions of the State Government.

7.03 The three kinds of periodicity for the test check of sections are: Annual, Biennial and Quadrennial.

7.04 The selection of the sections for test audit should be made on risk assessment. The House keeping sections viz., General Section and Estate Section should be audited annually along with sections assessed to be having high risk. All controlling sections of functional wings, Legal Cell and Audit Planning and Co-ordination Cell (APC Cell) are audited once in two years. All the other sections should be audited once in four years.

The Sections under the direct control of PAG/AG should also be subjected to Internal Audit. The frequency of audit mentioned above may be varied at the discretion of the Head of Department.

The internal auditors should apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

The internal auditor should exercise due professional care by considering the

- Extent of work needed to achieve the assignments and objectives.
- Relative complexity, materiality or significance of matters to which audit procedures are applied
- Adequacy and effectiveness of risk management, control and governance process.
- Probability of significant errors, irregularities or non-compliance; and
- Cost of an audit procedure in relation to potential benefits

Internal auditor should use the computer aided audit tools and other data for analysis techniques.

7.05 The illustrative checks to be carried out during the test audit of sections/Groups are indicated in the subsequent chapters of this Manual. These checks should be supplemented by preparing detailed checklists based on the provisions of codes/Manuals/Rules and instructions. It will be the responsibility of the Internal Audit Wing to conduct test audit in an adequate manner to attain their objectives. The test checks should be applied to a sample of transactions, items of work selected on random basis as well as the month selected by the PAG/AG for review.

7.06 Test check by Internal Audit Section amongst other things includes surprise check of administration sections (including cash).

7.07 The errors and omissions pointed out by Internal Audit should be corrected expeditiously after the submission of the Report. The Group Officer should submit the compliance report to the Head of Department within one month of date of issue of the Report. In cases where the Compliance Report is not received, the Internal Audit Section should invariably verify after two or three months, whether the errors or omissions pointed out earlier have been rectified and the persistent repetitions of the same defects should be brought to the notice of PAG/AG. The re-checking work should be done within three days.

7.08 **Important items of work to be seen personally by supervisory officers**

During test audit, certain important items of work should be seen by Asst. Audit Officers. An illustrative list is given below:

- Investigation of important arrears.
- Review of corrections to ledger balances.
- Review of annual adjustments
- Consolidation of monthly arrear reports.

- 7.09 The IAO should personally see the following items of work without intervention of Asst. Audit Officers
1. Review Register
 2. Half yearly review of Cash Book
 3. Disposal of /Fax messages/E. mail
 4. Check of fortnightly reports of outstanding letters etc.

7.10 The PAG/AG may at his discretion vary the cycle of test check according to the circumstances and needs of the office and utilize Internal Audit Section for corrective action in areas found weak or defective.

7.11 **Horizontal check**

Horizontal check is the check of certain processes done in various sections of branch where the test audit is in respect of a section selected (it covers all items of work in the section). Horizontal check is carried out in respect of an item common to many sections of a branch. Horizontal check of an item in respect of that item gives a comparative picture of each section. It is useful and supplementary to test audit of the section. It is left to the discretion of the PAG/AG to arrange for the horizontal check whenever he considers it to be necessary and useful.

7.12 The following records of one branch at least should be taken up each quarter, for Horizontal check.

1. Calendar of Returns.
2. Register for watching Receipts of Government orders.
3. Register of recovery at the instance of audit.

The result of check should be communicated to the section concerned and compliance watched.

7.13 **List of items of work which may be entrusted to Internal Audit**

- Check of statistics in support of staff proposals.
- Cent percent review of all complaint cases which were not settled for six months from the date of complaint was lodged.
- Test of 5% to 10% complaint cases received in the office.
- Scrutiny of audit and review conducted by the Central Audit Parties and Integrated Audit Units.
- Checking of maintenance of Portfolio files.
- Adequacy or otherwise of existing arrangements for audit and review.
- Correctness of audit fees.
- Test check of receipts, approval, issue and pursuance of Inspection reports.

- Test check of records and functioning of sections, Resident Audit offices and Branch offices.
- Monitoring of the implementation of important office orders issued from time to time
- Investigation of important arrears.
- Half yearly review of cash Book
- Test check of Service Books
- Scrutiny of service books of personnel who would be completing 30 years of service or attaining 55 years of age.
- Independent scrutiny of details in support of Budget proposals of different wings.
- Check of statistics of regular, temporary and casual staff.
- Check of rosters for reservation of vacancies for candidates belonging to Scheduled Castes and Tribes.
- Check of list of candidates appearing in Subordinate Audit Service (SAS) Examination in terms of para 9.2.3 of MSO (Admn.) Vol I
- Check of Honorarium and Overtime claims.
- Check of Gradation list.
- Review of complaints addressed to CAG.
- Review of calendar of Returns and Attendance Register.
- Liaison between Director General of Inspection (DG(Inspn)) and Sections during the inspection of the office.
- Liaison between Peer Review Team and Sections.
- Investigation of procedural omissions / irregularities and audit lapses brought to the notice by DG(Inspn).
- Submission of appraisal report of work done by Internal Audit Section to DG(Inspn).
- Checking of quality of audit conducted and commenting specifically on this aspect in its report so that suitable measures may be initiated for improvement wherever necessary.
- Any other special work allotted by PAG/AG.

Other items of work

- 7.14 The Head of Department may in his discretion entrust Internal Audit Section with the work of consolidating the Monthly Arrear Report of all sections and sending Consolidated Report to the office of the CAG of India in accordance with the existing instructions. However, it is preferable that the work is entrusted to some other section like APC Cell.

- 7.15 According to the CAG of India's secret instructions the statistics in support of Budget estimates forwarded to Headquarters every year is to be checked by Internal Audit Section. The scrutiny should be restricted to the correct application of standards on which additional staff is claimed. The adhoc requirements are to be scrutinized with reference to the actual volume of work involved. The result of such check should be submitted directly to the PAG/AG.

Complaints

- 7.16 Internal Audit Section will send to CAG, a quarterly report in respect of cases of complaints received in CAG's office and referred to the office for a report thereon. The report is to reach CAG's office by 2nd May, August, November and February. To enable Internal Audit Section to send this report, Group Controlling Sections in the office dealing with the complaints, after processing will communicate to Internal Audit Section by 25th of April, July, October and January. The Internal Audit Section should ensure that the report is sent to Headquarters within the due date. A watch register should be maintained in accordance with the Headquarters instructions for watching complaints pending for over two months and such complaints should be reviewed by PAG/AG. Internal Audit Section should enter all the complaint cases referred to by Headquarters in a separate register and note the progress therein. Internal Audit Section should conduct a 100 *per cent* review of all complaint cases received from Headquarters office and which are not settled for six months from the date of complaint was first lodged. Internal Audit Section should also conduct a test check of 5 to 10 *per cent* of complaint cases received in the office and addressed by name to the AG and those directly received by sections.
- 7.17 According to Headquarters directions, the PAG/AG shall equip himself with the checking machinery capable of rectifying the mistakes before the Finance Accounts are submitted for approval. Internal Audit section is entrusted with the responsibility of undertaking certain checks in the Finance Accounts.

7.18 **Programme of work**

The programme of work of Internal Audit Section for each quarter should be got approved by the 5th of the month preceding the quarter. The sections to be taken up for audit, items for Horizontal check and the month of account for detailed scrutiny etc. should be got approved by PAG/AG. After the selection is done, intimation should be sent to the sections concerned by 10th of the month preceding the month in which test audit is to be taken up for keeping the records ready.

As far as possible all sections in a functional group should be taken up for test audit in one spell. In the case of larger functional groups comprising of several subgroups, test audit of all sections in one subgroup should be arranged as far as possible.

Test	Audit	of
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50 *per cent* of the sections may be arranged in one spell and the remaining in the other spell.

The number of sections taken up for test audit in various quarters should as far as possible be evenly distributed. The actual number of sections to be taken up for check in each month or quarter will depend upon exigencies of circumstances, subject to the condition that number of sections checked in a month may not exceed 3 and the number of sections checked in a quarter should not exceed 8. However, this may be relaxed by the Head of Department.

The sections should send on the same day, the records called for by Internal Audit Section which should ensure that such records are returned promptly. The common defects in the working of the sections noted during the test audit should be periodically brought to the notice of these sections by issuing circulars.

7.19 The IAO will be responsible for the general supervision of entire Internal Audit wing. The duties and responsibilities of Internal Audit officer will be as mentioned below, in addition to the duties mentioned elsewhere in this Manual, and which may be assigned to him by PAG/AG.

1. Complete supervision of the Internal Audit Section.
2. Review of items of work without the intervention of AAO as prescribed.
3. Completed Internal Audit reports and similar reports will be finalized by the IAO after discussing various points raised therein with the Branch officer and Group officer before they are submitted to PAG/AG.
4. 50 *per cent* of the Service Books selected for check every quarter.

7.20 The duties of Sr. Auditors/Auditors in Internal Audit Section will be as per the Register of Duty List.

Progress Register

7.21 The issue, return and the submission of the Internal Audit Report to the PAG/AG and its final closing should be watched through a Progress Register. A similar register may be maintained to ensure watch in respect of

- 1) Triennial Review Reports
- 2) Service Books Check Report
- 3) Review of Attendance Registers
- 4) Horizontal check Reports
- 5) Half Yearly Cash book check Reports

The Internal Audit Section should issue reminders to defaulting Sections through Group Officer concerned, and also bring to the notice of PAG/AG, the position of outstanding reports once in a month

indicating the sections which have not furnished the report and the period from which the reports are outstanding.

Preservation of records

7.22 Preservation of records is required to be made as indicated below:

Sl. No.	Particulars of records	Period of preservation
1.	Internal Audit Reports	Two years after closure of the report and settlement of all paras
2.	Watch Register of Internal Audit Reports	Two years after the closure of all Internal Audit Reports or till the inspection of DG(Inspn) is completed and the observations of DG(Inspn) are settled; whichever is later
3.	Correspondence relating to DG(Inspn)'s report	One year after the closure of the report and settlement of all paras
4.	Monthly statements of complaint cases to CAG	One year; provided, all outstanding cases are included in the monthly statements

Chapter 8

Internal Audit of Administration Group

8.01 As per Office Order No. 83SMU/PP/Restructuring/5-2011 dated 21st March 2012, the office of the Principal Accountant General (Civil and Commercial Audit), Kerala was renamed as Office of the Principal Accountant General (General and Social Sector Audit), Kerala and the office was restructured as follows into Sectoral Group headed by Group Officers.

Sectoral Group	Charge
Administration	Administration Central Co-ordination Certification of Finance and Appropriation Accounts Work relating to co-ordination and production of CAG's annual report on State Finances
Social Sector I including Local Bodies	Audit of accounts of State Departments/agencies/PSUs/ABs grouped within Social Sector Technical Guidance and supervision (TGS) functions relating to Audit and Accounts of Local Bodies
Social & General Sector II	Audit of accounts of State Departments/agencies/PSUs/ABs grouped within 'Social and General Sector'
Social & General Sector III	Audit of accounts of State Departments/agencies/PSUs/ABs grouped within 'Social and General Sector'

With effect from 1st April 2018, the Sectoral Groups 'Social Sector I including Local bodies' at Thiruvananthapuram and 'Social and General Sector III at Thrissur were mutually transferred. i.e SS I to Thrissur and SGS III to Thiruvananthapuram.

This chapter deals with the checks to be exercised while auditing different sections under the Administration Group.

8.02 Some of the matters generally dealt with by Administration Group include,

1. Staffing, organization, Service Books etc.
2. Cash, Valuables and related records
3. Contingent bills and Advances
4. Leave Travel Concession (LTC), Medical, Children Education Allowance (CEA) and Travelling allowance (TA)claims

5. Pensionary benefits to staff
6. Procurement of goods and services
7. Stock Registers
8. Old records management
9. System of receipt and issue of letters
10. General maintenance of office.
11. Expenditure including telephones, liveries, Service Postage stamps etc.,
12. Estate function
13. Information Technology Support Cell

The illustrative checks to be exercised and points to be seen are given below:

(a) Staffing

- (i) The number of sanctioned posts for the office in each cadre, viz. Sr.AO/AAO, Sr.Auditors/Auditors, DEOs miscellaneous posts and *MTS*, the number of persons actually in position and reasons for any variation may be obtained.
- (ii) Number of temporary posts, if any, specially sanctioned for clearance of arrears/special items of work indicating the period of sanctions and other details may be obtained.
- (iii) Number of sanctioned posts in training reserve and number of untrained officials and reasons therefor may be obtained.
- (iv) How many ad-hoc/casual/temporary posts(Group-wise) were sanctioned during the last three years and for what purpose? How many posts were filled in? What are the periods for which those were filled in?
- (v) How many members of employees up to and including the grade of Sr.AOs have been working for more than five years in the same group and for more than three years in same sections on date? Whether the cases for their retention are being reviewed from time to time and orders of PAG/AG obtained in compliance of Headquarters office instructions/instruction contained in CAG's MSO (Admn) Vol. I?
- (vi) Whether confirmation of any person in initial cadre is held up; if so, ascertain the reasons cadre-wise and individual-wise.
- (vii) How many persons were sent for training within three months, within six months and within one year of recruitment from the period of last audit to date? How many persons could not be sent on training after recruitment during the period from last inspection to date and for what reasons?

- (viii) What is the number of total employees trained in computer (Cadre-wise /Package-wise, including persons trained on their own outside office, persons who gained working knowledge by actual practice and self-study even though they might not have attended formal departmental training programmes.
- (ix) How many of the computer trained persons are working on computers?
- (x) Whether computer training programmes are arranged through Regional Training Institutes (RTIs) and In-house trainings, as per instruction of Headquarters?
- (xi) Whether there has been any case in which candidates otherwise not eligible/educationally qualified as per extant orders/rules were allowed to appear in the departmental examinations? Whether approval of competent authority obtained?
- (xii) How many persons who have passed the qualifying examination are awaiting for promotion? What are the reasons for not making promotion of such persons?
- (xiii) Whether entitlements of Government servants extended with the benefit of Modified Assured Career Progression Scheme (MACP) have been checked in the light of orders/clarifications issued by GoI/Office of CAG from time to time?
- (xiv) How many persons were employed as casual labourers on daily wages as of first of the month of audit? Find out the date from which employed.
- (xv) Whether the engagement of casual labourers was justified with reference to norms.
- (xvi) Whether any casual labourer is engaged continuously for more than 206 days in a year.
- (xvii) (a) Whether Headquarters instructions regarding engagement of casual labourers etc. are being strictly adhered to? If not, the reasons thereof.
(b) Whether GoI/Headquarters instructions issued from time to time regarding grant of temporary status to casual labourers are being scrupulously adhered to? If there had been any deviation, the details thereof with justification may be obtained.
- (xviii) Whether attendance registers are checked by Branch Officers/Group Officers periodically and whether actions are taken on crosses for late coming, absence, etc.

- (xix) Whether Headquarters instructions regarding discontinuance of the practice of operating leave chain are being followed scrupulously? If not, reasons thereof may be examined.
- (xx) What is the number of Supervisors in position vis-à-vis post sanctioned by Headquarters? Aspect of temporary appointment of Supervisors in Deficit Audit Offices in terms of headquarters office instructions in this regard should be seen. It should also be seen that the Supervisors temporarily promoted as Assistant Audit Officers are reverted as and when qualified SAS passed candidates are available for promotion.
- (xxi) What is the number of SAS passed candidates not promoted as on first January each year? Why they could not be promoted?
- (xxii) Whether GoI/Headquarters instructions issued from time to time on compassionate appointments regarding verification of applications, adherence of prescribed quota, time limit for making compassionate appointment, financial condition of the applicant/family etc. are being strictly followed.
- (xxiii) Whether prior approval of Deputy CAG or such other competent authority was obtained before making compassionate appointments in cases where it was required under extant scheme of compassionate appointment.
- (xxiv) Whether Government's instructions issued from time to time on post-based reservations are being followed scrupulously in the maintenance of cadre wise/methods of appointment-wise reservation rosters? Current status of cadre-wise backlog of Scheduled Caste (SC)/ Scheduled Tribe (ST)/ Other Backward Communities (OBCs) and efforts made to clear the same may be examined.
- (xxv) Check the material provided to the Departmental Promotion Committee (DPC) relating to preparation of promotion panels in respect of all cadres.
- (xxvi) Whether Headquarter's instructions issued from time to time regarding avoidance of delay in promotions are being strictly followed? If there has been any case(s) of delay during the current/previous panel year, the details may be examined.
- (xxvii) In the revised instructions relating to post based recruitment, the number of persons-in-position in a particular quota (Seniority/Departmental Examination/ Direct Recruitment) of a cadre is not to exceed the number of posts prescribed as per given percentages in the relevant recruitment rules. Whether there has been any case of deviation from these instructions? If so, the reasons thereof may be examined.

(xxviii) Whether there has been any case of termination from service/delay in confirmation of candidates directly recruited through Staff Selection Commission (SSC) due to delay in timely imparting of training in regional language as per Headquarters instructions.

(xxix) Whether training was given to staff in problem areas?

Inter alia see:-

How many training programmes have been conducted during the year/previous financial year?

What are the topics covered therein and also state level of participants in the training programme?

(xxx) Cases of sexual harassment of working women at work place:

(a) How many cases of sexual harassment are pending

(b) Present position of each case

(c) Whether committee prescribed for the purpose has been formed; if so, collect details.

(d) Reason for not finalizing the cases so far.

(xxxi) Whether complaint register to monitor the grievances of SC/ST employees is maintained as per the instructions of Headquarters and reviewed by the Group Officer monthly.

(xxxii) Check the material relating to preparation of gradation list.

(xxxiii) Whether the Transfer and Posting Boards were constituted for recommending the transfer and posting of all the Group 'B' and 'C' staff of the office as stipulated by Headquarters in Circular dated 06.01.2014?

(xxxiv) Whether the details of the Transfer and posting Board constituted and the guidelines on transfer and posting and posting orders were uploaded on the official website?

(xxxv) Confirm that the Group 'B' and 'C' staff were not transferred from a particular post before the lapse of a minimum period of two years.

(xxxvi) Check whether Government employee who is a care-giver of dependent daughter/son/parents/spouse/brother/sister with specified Disability as certified by the certifying authority were exempted from the routine exercise of transfer /rotational transfer?

Administration Setup and other matters

(i) What is the number of sections in the Administration group? Ascertain the distribution of work amongst them.

- (ii) Whether Calendar of Returns is maintained in the prescribed form and submitted regularly to the concerned Group Officers and Head of Department (Wherever required)
- (iii) Whether any control register is maintained in the Secretariat of Head of Department or of any other co-ordinating section to watch the timely submission of those returns to the Head of Department?
- (iv) What are the names of the officials with their designation against whom the disciplinary proceedings are pending? Also supply the following information for each case:-
 - a. Date of incidence
 - b. Date on which disciplinary proceedings initiated
 - c. Nature and present position of the case
 - d. Since when pending
 - e. Reasons for not finalizing the case so far
 - f. Any other remarks to be offered by Administration in regard to delay in finalization of disciplinary cases.
- (v) Check the records relating to grant of cash awards with reference to the eligibility, and relevant rules.
- (vi) Check the material relating to preparation of Activity Report and Administrative Report.
- (vii) Court cases/Tribunal cases

Information in the following proforma may be collected and examined

Year	Nature of case in brief	Date of filing	Date of disposal	Whether disposed in favour of Government /Government Servant or any other party	Expenditure incurred	If not disposed, stage at which pending.	Reasons for delay, if any
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

(viii) Annual Performance Appraisal Reports

Information in the following proforma may be collected and examined

Year	Total No. of staff cadre-wise /year-wise	Total Annual Performance Appraisal Reports received year-wise	Balance	Reasons for non – receipt	Follow-up action taken, if any

- (ix) Whether any confirmation, promotion etc. could not take place in time due to delay in receipt of Annual Performance Appraisal Reports.

(x) Complaint Cases

Total numbers of complaint cases received, disposed and balance pending for the period from last inspection to date may be ascertained. Also ascertain what control mechanism exists for redressal of complaints/grievances of staff.

(b) Service Books

1. Internal Audit Section is required to test check the service books of the office staff. For this purpose, IA Section should maintain a register of service books in alphabetical order. In the first quarter of each year, this register should be updated by taking note of service books for check every quarter.
2. The selection will be done in such a manner that all the service books are subjected to check within a cycle of four years. The check of service books should be conducted with reference to the personal files in respect of each official maintained in the Administration Section. A suitable note of having done the check should be recorded in the service books checked, indicating the cycle for which the check is done.
3. The service books of the staff of IA Section should be got test checked by any other section.
4. The service books of the officials deputed to the offices of the Principal Directors of Audit Indian Accounts in UK and USA should be checked by IA Wing before the service books are sent abroad so that the next review will not be due before the term of deputation of the official expires.
5. The remarks raised as a result of the check shall be communicated to Administration Section in the form of report as it is done in the case of Internal Audit reports. The report should be sent not later than 15th of the month following the quarter for which the selection is done. Compliance of the report should be watched as in the case of Internal Audit Report and after all the points are settled, it should be closed under the orders of the IAO.
6. A report on the scrutiny of service books should be submitted to the PAG/AG on completion of the checking of service books in the last quarter of the year.
7. Whether “Register of Service Books” was maintained and entries were made therein regarding new Service Books opened or received from other offices etc. and Service Book sent to other offices?
8. Whether belated claims for alteration of date of birth were accepted in violation of directions contained in OM dated 16.12.2014?

Illustrative Checks:

The test check should be conducted on the following lines:-

- (i) Check whether entries are attested (including re-attestation after every five years).
- (ii) Check whether the record with reference to which the date of birth has been verified is noted against the entry in the service book.
- (iii) Check whether the entries regarding physical fitness, verification of antecedents etc. have been noted in the service book
- (iv) Check whether any erasures overwriting or unattested/unauthorized entries in the service book.
- (v) Check whether particulars regarding the appointment, promotion, punishment, etc. have been correctly recorded with reference to the orders.
- (vi) Check whether signature of government servant is taken every year in token of rolls.
- (vii) Check whether service has been verified with reference to pay bills/acquittance rolls.
- (viii) Check whether the date of increment has been worked out correctly with reference to the dates recorded in the service book.
- (ix) Check whether service books of all the employees are maintained properly along with their leave account? Check whether all entries in the service book including entries for leave are made based on office order issued by the office.
- (x) Check whether the leave account has been correctly maintained and the entries of leave taken, balance at credit, etc. are correct with reference to the leave record in the personal file and whether leave availed are reconciled with attendance record.
- (xi) Check whether particulars of Foreign Service and the note regarding the recovery of leave salary and pension contribution is taken in respect of officials who were on Foreign Service.
- (xii) Check whether the options exercised by the Government servant regarding revision of pay/pension have been pasted in the service book.
- (xiii) Check whether the note regarding the receipt of nomination for Death cum Retirement Gratuity (DCRG) is taken in the service book.
- (xiv) Check whether the records of LTC availed of (All India/hometown) are declared correctly

- (xv) Check whether details of family members are kept pasted in the service book.
- (xvi) Check whether certificate relating to taking of oath of allegiance/affirmation to the Constitution of India is available.
- (xvii) Check the affixing of photograph of Government servant and its renewal after every 10 years.
- (xviii) Whether periodical verification of the service books is conducted?
- (xix) Whether registers for nomination in respect of DCRG/Group insurance scheme, family pension, GPF are maintained up to date and periodically physically verified?
- (xx) Check whether the leave account of child care leave was maintained in the proforma prescribed in Department of Personnel and Training (DOP&T), OM dated 29.09.2008 and kept along with the Service Book?
- (xxi) Whether Aadhaar number of the Government employees were entered in the Service Books?
- (xxii) Whether “Register of Service Books” was maintained and entries were made therein regarding new Service Books opened or received from other offices etc. and Service Book sent to other offices?
- (xxiii) Whether belated claims for alteration of date of birth were accepted in violation of directions contained in OM dated 16.12.2014?

(c) Cash

- (i) How many persons were working as Cashier and Assistant Cashier in Cash Branch? Ascertain their names and date of appointment as Cashier and Asst. Cashier, as the case may be.
- (ii) What is the currency of Fidelity Bond/Insurance policy in respect of each officials and due dates of their renewal? The records through which the renewal of Fidelity Bond/Insurance, etc., is watched may also be examined.
- (iii) What is the maximum amount of cash handled by each Cashier and Asst. Cashier at any time during the last one year? What was the actual cash balance at the close of each day during the month of inspection? Are there huge cash balances?
- (iv) Ascertain the names of Drawing and Disbursing Officers (DDOs) for the period from last inspection (to date).
- (v) Whether there had been any case of defalcation/losses/embezzlement of cash in the office since last inspection? If so, a brief history of the case indicating the action taken may be obtained and kept in inspection file

- (vi) What was the amount of imprest sanctioned by the headquarters office? Whether detailed account is being maintained? Whether certificate of balance was being sent to Headquarters.
- (vii) In case imprest is insufficient, whether Headquarters office was approached for raising the amount of imprest?
- (viii) Whether Abstract Contingent (AC) bills are being drawn? If so, details of AC bills drawn during the last three years and their clearance may be obtained. Reasons for delays in clearance, if any, may be examined.
- (ix) Year wise total amount of honoraria paid to the employees and whether approval of Headquarters office was obtained for payments made beyond prescribed ceilings.
- (x) Whether there is any discrepancy in the reports sent to Headquarters on staff strength as on previous 1st March as compared to pay bills drawn (number of persons on duty, leave and deputations (group wise)).
- (xi) Whether cash book and other documents are being maintained as per procedure laid down in Receipts and Payments Rules.
- (xii) Whether periodical surprise check of cash is carried out by personnel other than from Administration wing.
- (xiii) Whether the cash book is maintained in the prescribed form (presently GAR 3).
- (xiv) Whether the pages of cash book are machine numbered and a certificate of count of pages recorded on the first page before a cash book is brought into use.
- (xv) Whether all monetary transactions have been entered in the cash book as soon as they have occurred and attested by the DDO
- (xvi) Whether the cash book is closed regularly and properly checked and at the end of each month DDO has personally verified the cash balance and has recorded a signed and dated certificate to that effect.
- (xvii) Whether the totals have been checked by a person other than the writer of the Cash Book.
- (xviii) Whether surprise physical verification of cash has been conducted at periodical intervals by the DDO.
- (xix) Whether there is a voucher for every entry setting forth full and clear particulars of the claim and all information necessary for its proper classification and identification in accounts.

- (xx) Whether the amounts received have been paid in full into the bank without undue delay, for credit to Government Account under proper head.

Note:- The verification of credits of the selected month's receipts should be made with reference to the bank reconciliation statements of receipts prepared by the DDO.

- (xxi) Whether a receipt in the prescribed form (presently GAR 6) has been issued to the payer when money is received. This receipt is to be signed by the DDO who should satisfy himself at the time of signing the receipt that the amount has been entered in the cash book.
- (xxii) Whether there are erasures or overwriting in the cash book. Erasure or overwriting of an entry once made in the Cash book is prohibited. If a mistake is discovered it should be corrected by drawing a line through the incorrect entry and recording the correct entry in red ink.
- (xxiii) Whether adequate security as envisaged in the General Financial rules in respect of cashier has been obtained, accepted by the competent authority and relevant documents kept in the safe custody of the Head of Office.
- (xxiv) Whether Government money has been kept in strong cash box secured by double lock.
- (xxv) The officers in charge of Internal Audit parties may get the cash balance verified by the officers of the cash branch in their presence and have a certificate of verification recorded in the Cash Book.
- (xxvi) Whether the account payee cheques issued by the PAO/Cheques drawing DDO in favour of Government servants and third parties are being entered in the cash book. Such cheques, being payable only to the parties, should not be entered in the cash book. The delivery and acknowledgements of such cheques should however, be watched through a separate register.
- (xxvii) Check whether Permanent advances were sanctioned by the orders of the Head of Department and acknowledgements from the officers holding the Permanent Advances as on 31st March were obtained in April and forwarded to Headquarters?
- (xxviii) Whether all payments to the Govt. Servants including salary payments were made by electronically signed payment advices for direct credit to their Bank accounts.
- (xxix) Check whether the one time relaxation granted for payment by other recognized modes on the above provision in cases

of hardship with the resume duly approved by the Head of the Department.

(d) Register of Valuables

Illustrative Checks/Points to be seen

- (i) Whether the register is being maintained in the prescribed form.
- (ii) Whether the cheques/demand drafts received have been entered in the register on the day of their actual receipt.
- (iii) Whether full particulars of the valuables are recorded in the register
- (iv) Whether the valuables (cheques/demand drafts, etc.) have been sent to the bank soon after their receipt for credit to Government Account.
- (v) Whether the register is being closed every fortnight or at such other intervals as may be prescribed.
- (vi) Whether the credit of valuables has been traced in the bank scroll and particulars thereof recorded in the register.

(e) Register of Bank Drafts

It may be seen,

- (i) Whether the register of bank drafts is being maintained in the proper form.
- (ii) Whether full particulars i.e. Bill No. and date have been indicated before cheque is sent to bank for preparation of the bank drafts.
- (iii) Whether the bank drafts have been sent to the party (intended recipient) without delay.
- (iv) Whether the date of acknowledgement has been indicated in the columns prescribed for this purpose.

(f) Contingent Bills

It may be seen,

- (i) Whether the rules regarding preparation of contingent bills are being observed by the Drawing Officer and proper bill forms are used for withdrawal of funds.
- (ii) Whether expenditure has been incurred within the provisions of budget grant for that particular head of account.
- (iii) Whether, in case of contract contingencies, the proposed expenditure has not exceeded the contract/grant.
- (iv) Whether each voucher bears a pay order signed by the DDO specifying the amount both in words and figures.

- (v) Whether all the paid vouchers which are not required to be sent to the PAO have been stamped “paid and cancelled” by the DDO so that these may not be misused.
- (vi) The contingent bills for wages of Mazdoors engaged in manual work and paid at daily or monthly rate, rent, electricity and other charges incurred on the hire of private buildings, expenditure on light refreshment, etc. are in accordance with the rules and the Government orders issued from time to time.
- (vii) Whether the flow of expenditure during March in any financial year is not on high side with a view to exhausting the budget allotment.
- (viii) Whether expenditure has been sanctioned by the competent authority and sanction to the expenditure has been attached with the bill.
- (ix) Whether a register of contingent charges, to watch the expenditure under each sub-head is maintained in the prescribed form (presently GAR 27), budget provisions against each sub-head have been noted on the top of the columns provided and that every entry has been attested by the DDO before any payment is made.
- (x) Whether progressive totals of expenditure under various sub-heads are being struck so that expenditure does not exceed the budgetary allotment.
- (xi) Whether the vouchers bear dated acknowledgement of the payment received together with a stamped receipt in case of payments above the prescribed monetary value.
- (xii) Whether all the vouchers for purchase of stores bear a certificate by the competent officer regarding entry of stores in the stock register, indicating the page number of the stock register; and a certificate by the competent authority that the quantities of stores received were in order and that the stores were according to the approved specification.
- (xiii) Whether a detailed contingent bill is sent to the PAO in respect of amounts withdrawn on abstract contingent bill soon after the money has been utilized and that the unutilized amount has been refunded to the Government account.

(g) Advances

- (i) Ascertain separately the number and amount of TA advances and LTC advances outstanding as on the starting date of the month of commencement of inspection? Also ascertain the year-wise position.

- (ii) Why the advances pending for more than prescribed period could not be recovered from the salary of the officials concerned?
- (iii) How many TA claims/LTC claims submitted by employees are pending with the office for more than one month as on the starting date of the month of commencement of inspection?
- (iv) Whether control registers for all interest bearing and non-interest bearing advances are maintained in order to keep watch on their timely recovery. In this connection, check whether the House building/Motor Cycle advances are being maintained in the proforma as prescribed by Headquarters office and regularly submitted to the Branch Officer/Group Officer watched through Calendar of Returns. Also look into the aspects of obtaining requisite documents and charging of penal interest at the prescribed rates in case of defaulters.
- (v) Enhancement of ceiling of House Building Advance (HBA) sanctioned on or after 01.01.2016 but before 09.11.2017 (i.e. difference between the previously sanctioned amount and the new eligible amount) determined on the basis of basic pay as per the 7th Central Pay Commission (CPC) was made after complying with the conditions prescribed by OM dated 29.06.2018.
- (vi) Check whether the repayment capacity of the official was computed as stipulated in OM dated 09.11.2017.
- (vii) Confirm that any amount of interest bearing and non-interest bearing advances abolished by 7th CPC were continued to be granted incorrectly.

(h) Leave Travel Concession

The following are the illustrative checks to be exercised/points to be seen during Internal Audit of payments of LTC.

- (i) Check whether declaration of home town has been received from each official and recorded in the Service Book in accordance with the applicable instructions.
- (ii) Check whether the declaration of home town once made has been allowed to be changed more than once during the service.
- (iii) Check whether the concession is allowed to any Government Servant or his family members where the official has not completed one year's regular service as on the date of journey performed by him or by his family, as the case may be.
- (iv) Check whether the concession to home town is allowed not more than once in a block of two calendar years.

- (v) Check whether any official undertakes the journey in a chartered bus, van or other vehicles, which are owned by private operators
- (vi) Check whether any official undertakes the journey in private cars (the cost of propulsion being borne by Government Servant himself)
- (vii) Check whether the advance granted to the officials, if any, has been adjusted in full.
- (viii) Check whether any civilian official avails himself of LTC for journey to any place in India for more than once in a block year of four calendar years
- (ix) Check to see that there is no bar for the Government Servants and his family members to visit the same place or different places of their choice (anywhere in India)
- (x) Check to see that the leave travel concession for journey to any place in India is allowed only in lieu of and in adjustment against the leave travel concession to the home town including concession, if any, carried forward to which an official may be entitled at the time of journey to any place in India is undertaken.
- (xi) Check whether the officials are submitting adjustment bills within the prescribed period after completion of the journey.
- (xii) Check whether LTC was admitted to an employee while on Child Care Leave (CCL) without obtaining prior approval of appropriate competent authority to leave headquarters?
- (xiii) Whether fresh recruits were allowed to travel to their hometown along with their families on three occasions in a block of four years and to any place in India on the fourth occasion and this facility was made available only for the first two blocks of four years applicable after joining the Government for the first time?
- (xiv) Whether any cases of availing LTC during closed holidays only without taking any leave was noticed?
- (xv) Whether any re-imburement was made in respect of air journey performed by children having age below five years of Government Servants who are not entitled for air travel in LTC as the Railway authorities not charging children for such journeys
- (xvi) Whether the employees were allowed to travel by airlines other than Air India for availing LTC on sectors where Air India initially did not provide services but later started operation in those sectors
- (xvii) Check whether full re-imburement as per the entitlement of the Government Servant was admitted for journeys

performed by dependent family members from any place in India to Headquarters/place of posting of the Government Servant and back.

- (xviii) Whether Air Travel entitlement for LTC for employees of Level 6 to 8 of the Pay Matrix was admitted that eligible for TA in violation of OM dated 19.09.2017?
- (xix) Whether any daily allowance, incidental expenses and expenditure incurred on local journey were incorrectly admitted for travel on LTC?
- (xx) Check whether in case of journey between the places not connected by any public/ Government means of transport, expenditure for travel by private/personnel transport was admitted in excess of the maximum limit of 100 kms?
- (xxi) Check whether the dynamic fare component applicable in Rajadhani/Shatabdi/Duronto trains was reimbursed in cases where a non-entitled Government Servant travels by air and claims re-imburement for the entitled class of Rajadhani/Shatabdi/Duronto trains?
- (xxii) Check whether in case of non-entitled Government Servant travelling by air on LTC and claiming entitled rail fare, the condition of booking the air tickets through authorized travel agents was erroneously insisted upon?

(i) Medical re-imburement

- (i) Whether expenses incurred on the engagement of special nurse/attendant/ayah at the residence of the patients were incorrectly claimed and admitted?
- (ii) Whether the re-imburement for the different types of Intra-ocular lens implants were limited to the rates provided in Rule 8, GID (16) or the actual cost whichever is less?
- (iii) Whether the serving central Government employees residing within the municipal limits of the Central Government Health Scheme (CGHS) covered city were given a one-time choice to opt for CGHS (instead of Central Service (Medical Attendance)(CS(MA))Rules) from the nearest CGHS wellness Centre.
- (iv) In the case of the following artificial appliances viz. supply of the Heart pacemaker and the replacement of its Pulse Generator, replacement of diseased Heart Valves, Artificial electronic Larynx and Artificial Hearing Aid, once the instrument/equipment was prescribed by the specialist in a Government /Recognized hospital, whether the Administrative Department had made the payment direct to the supplying agencies as stipulated and not direct to the Government Servant?
- (v) Whether the rates of monthly subscriptions for availing CGHS facility were revised with effect from 01.01.2017 as stipulated in OM dated 09.01.2017?

- (vi) Whether various entitlements of CGHS beneficiaries were sanctioned as revised by OM dated 09.01.2017?
- (vii) Whether the Government Servants who were on leave or deputation abroad were reimbursed under CS (MA) Rules erroneously?
- (viii) Whether medical reimbursement claims of Government Servants who were admitted in the hospital before retirement but discharged from the hospital after a number of days on attaining the age of retirement was not admitted?
- (ix) Whether the sales tax paid by Government servant, while purchasing special medicines from the market are not admitted?
- (x) In case a Central Government Servant was transferred from an area covered under CGHS facility to that under CS (MA) Rules whether the family of that Central Government Servant was allowed to avail CGHS facility for a period beyond six month from the date of transfer?
- (xi) Whether Out Patient Department medicines purchased by CGHS beneficiaries were reimbursed?
- (xii) Whether serving CS (MA) and CGHS beneficiaries were granted 90% medical advance of the approved CGHS package rates for all indoor treatments, irrespective of major or minor diseases, on receipt of a certificate from the treating physician of a government recognized hospital as per guidelines given in OM dated 15.05.96 and OM dated 29.10.92 for CS (MA) and CGHS beneficiaries respectively.

(j) Children Education Allowance

- (i) Check whether the assistance was given to a child of Government Servant without ascertaining that the child studied in a recognized school.
- (ii) It is to be ensured that the assistance was given to one of the Government Servants only if both husband and wife are Central Government Servants
- (iii) Check whether the assistance was given to Government Servant for period treated as dies-non.
- (iv) It is to be ensured that in case of failure of sterilization operation, the CEA/Hostel Subsidy was admitted only to children born out of the first instance of such failure.
- (v) Check whether hostel subsidy was reimbursed to Government Servant for day-boarding children incorrectly?
- (vi) Check whether fees paid to organizations/institutions other than schools or private tutors were reimbursed?

- (vii) Whether the office had made reimbursement of CEA/Hostel subsidy more than once in a financial year?
- (viii) Whether the hostel subsidy was paid in respect of a child studying in a residential educational institution located at a distance less than 50 kms from the residence of the Government Servant?

(k) Travelling Allowance

- (i) Whether the entitlements on travel and transfer as revised in OM dated 13.07.2017 were effected from 01.07.2017?
- (ii) Whether it was ensured that the air tickets for official tour were purchased only directly from Airlines or by utilizing the services of M/s. Balmer Lawrie and Company Ltd, M/s Ashok Travels and Tours and Indian Railway Catering and Tourism Corporation Limited (IRCTC)?
- (iii) Whether Government employees availing free boarding and lodging, and incurred any expenditure on local travel, the reimbursement was made as per the rates provided in Para 2 E of Annexure to OM dated 13.07.2017?
- (iv) Whether claims for travelling allowance were submitted within sixty days from the date of completion of the journey?
- (v) Whether claims for travelling allowance of a Government Servant had been allowed to remain in abeyance for a period exceeding one year were investigated by the Head of the Department?
- (vi) Whether the taxes paid for hotel accommodation over and above the travel entitlement ceiling were not reimbursed?
- (vii) Whether if a Government Servant performs local journey, the entitlements were limited as prescribed in letter dated 12.09.2018 of Deputy Secretary to GoI?

(l) Pensionary Benefits

- (i) How many service books of officials who have completed 25 years of service or left with five years of service for retirement are to be verified as envisaged in Central Civil Services (CCS) (Pension) Rules as on date?
- (ii) Whether there are any cases of persons who have already retired from the office but whose pension cases/final payments of Provident Fund (PF) have not been finalized? If so, the details of each case and reasons for the delay may be obtained in the following proforma:-

Sl. No.	Name of the official	Designation	Date of retirement	Date of PPO	Date of GPO	Date of Payment of Leave encashment	Date of Payment of PF dues	Reasons for delay	Remarks

- (iii) How many nominations for Central Government Employees Insurance Scheme (CGEIS) in respect of the employees of the office have been received, accepted and kept in Vol.II of the Service Books? What action has been taken to obtain wanting nominations? Whether the register for the purpose is being submitted to the Branch Officer (BO)/Group Officer (GO) periodically with analysis of wanting nominations?
- (iv) Whether periodical physical verification of nominations for family pension and DCRG was being carried out? If so, the results of physical verification may be seen.
- (v) Whether there are Court/ Central Administrative Tribunal (CAT) cases regarding pensionary benefits? If yes, obtain full details.
- (vi) Check whether undertaking to the pension disbursing bank was submitted by the retiring Government Servant along with pension papers.
- (vii) Guidelines for furnishing photographs with pension forms were adhered to?
- (viii) Retirement gratuity and death gratuity to Government Servants covered by National Pension System (NPS) were given in deserving cases?
- (ix) Whether the absorbee pensioners who had taken 100% lumpsum amount in lieu of pension and 1/3rd pension had been restored after 15 years, full pension were restored after the expiry of commutation period of 15 years?
- (x) Check whether divorced daughters were denied family pension from the date of divorce where the divorce proceeding had been filed in the court during the life time of the employee/pensioner/ or his /her spouse but divorce took place after their death?
- (xi) Check whether childless widow of a deceased employee who had expired before 01.01.2006 had been denied family pension after her re-marriage which took place prior to/on or after 01.01.2006 even though fulfilling the condition that her independent income from all sources was less than the minimum prescribed pension.
- (xii) Check whether contribution from the employees under the NPS were recovered at the rates prescribed and credited along with Governments contribution?
- (xiii) Check whether employees under the New Pension System were sanctioned withdrawal not exceeding 25% of accumulated pension wealth of the employees contribution for specified purposes only.

- (xiv) Check whether the various forms substituted by the amendment to CCS (Pension) Rules, 1972 made with effect from 20.02.2014 have been used by the office for processing pension and other related payments?

(m) Central Government Employees Group Insurance Scheme

The following points should be seen by Internal Audit parties.

- (i) Whether the head of the office is maintaining a Register of members in the prescribed form.
- (ii) Whether nominations have been obtained by the head of office from each member, that they have been pasted in the service Books of the officials and that entries regarding the receipt of nominations have been made in the Service Books.
- (iii) Whether the subscription is being recovered from the salaries of the members through regular pay bills at the prescribed rates.
- (iv) That in case of death of a member, the insurance money has been paid correctly to the nominee at the prescribed rates (In addition, the member would be allowed the amount from the Saving fund at the prescribed rates)
- (v) That the amount of subscription under the old scheme has been credited to the employees' provident fund accounts as per orders on this subject.

(n) Procurement of goods and services

- (i) Whether the office is adhering strictly to the implementation of policy for providing preference to domestically manufactured electronic products in Government procurement?
- (ii) Check whether the procedure followed for making public procurement conform to the yardsticks prescribed under Rule 144 of General Financial Rules (GFR) 2017?
- (iii) Check whether the rate contracts published by Directorate General of Supplies and Disposal (DGS&D) are followed, in the case of goods which are not available on Govt-e-Market place (GeM), to the maximum extent possible
- (iv) Check whether goods or services available on GeM were procured through other modes
- (v) Check whether goods or services available on GeM were procured through GeM following the procedure laid down under Rule 149?
- (vi) Check whether the procurement of goods through Limited Tender Enquiry from Registered suppliers only
- (vii) Check whether any bidder who was debarred under Section 151 of GFR has been allowed to participate in the procurement process before completion of the stipulated period?

- (viii) Check whether the goods or services, the procurement of which are to be made mandatorily from the Agencies or items for which price preference is given under Rule 153 are purchased following the procedure prescribed?
- (ix) Whether in all cases where purchases of goods upto the value of ₹25,000/- (Rupees Twenty five thousand only) on each occasion made without inviting quotation, the certificate prescribed under Rule 154 is attached?
- (x) Whether purchases of goods costing above ₹25,000/- and upto ₹2,50,000/- was made on the recommendations of a duly constituted Local Purchase Committee consisting of three members of an appropriate level as decided by the Head of Department?
- (xi) Whether in case of direct procurement of rate contracted goods from suppliers, check whether the prices to be paid for such goods are exceeded those stipulated in the rate contract?
- (xii) Check whether the tender enquiries, the corrigenda thereon and details of bid awards are published on the Central Public Procurement Portal (CPPP)?
- (xiii) Whether for procurement of goods of estimated value of ₹25 lakh and above, invitation of tenders by advertisement (in CPPP, on GeM and in the official website of the department) is used?
- (xiv) Check whether demand for goods are divided into small quantities to make piecemeal purchases to avoid the necessity of obtaining the sanction of higher authority required with respect to the estimated value of the total demand.
- (xv) Check whether when the estimated value of the goods to be procured is upto ₹25 lakh, limited tender enquiry method is adopted by sending copies of bidding document directly by speed post/registered post/courier/e-mail to firms which are borne on the list of registered suppliers.
- (xvi) For purchasing high value plant, machinery etc. of a complex and technical nature check whether two bid system (simultaneous receipt of separate technical and financial bids) are obtained and also check whether the financial bids of only the technically acceptable offers were opened at the second stage?
- (xvii) In the case of advertised tender enquiry or limited tender enquiry, check whether late bids i.e. bids received after the specified date and time for receipt of bids were considered?
- (xviii) Check whether single tender enquiry was resorted to in the circumstances stated in Rule 166 of GFR only.
- (xix) Check whether any maintenance contracts were entered into on goods during its warranty period.

- (xx) Check whether bid security (also known as earnest money) ranging between two per cent to five per cent of the estimated value of the goods to be procured was obtained in all cases except from Micro and Small Enterprises (MSEs).
- (xxi) Check whether there are any cases where the bid security collected from the unsuccessful bidders not returned to them after the expiry of the final bid validity or before the 30th day after the award of the contract.
- (xxii) Whether performance security for an amount of five to ten per cent of the value of the contract and valid for period of sixty days beyond the date of completion of all contractual obligations including warranty obligations was obtained from the successful bidder to whom the contract was awarded?
- (xxiii) Whether there are cases where bid security was not refunded on receipt of performance security?
- (xxiv) Check whether advance payments were made to suppliers in excess of the limit prescribed in Rule 172(1) of GFR 2017.
- (xxv) Check whether the measures as laid down in Rule 173 of GFR for ensuring transparency, competition, fairness and eliminating arbitrariness in the procurement process were taken.
- (xxvi) Whether to ensure efficiency, economy and accountability in the Public Procurement System, the key areas mentioned in Rule 174 of GFR were addressed?
- (xxvii) Check whether the official of the procuring entity or the bidder has violated the Code of Integrity enumerated in Rule 175(i) of GFR?
- (xxviii) Whether approval of competent authority was obtained before engaging consultants?
- (xxix) Where the estimated cost of the consulting service is upto ₹25 lakh, check whether a long list of potential consultants was prepared on the basis of formal or informal enquiries from other Ministries or Departments or Organizations involved in similar activities etc.
- (xxx) Where the estimated cost of the consulting services is above ₹25 lakh, in addition to preparation of long list as in (xxix) above, check whether an enquiry for seeking 'Expression of Interest from consultants was published in the CPPP, on GeM and in the official website of the Department.
- (xxxi) Check whether the request for proposal (RFP) contained the essential things stated under Rule 186 of GFR.

- (xxxii) Check whether the proposals were received from the consultants in 'two bid system' with technical and financial bids sealed separately.
- (xxxiii) Check whether a Consultancy Evaluation Committee was constituted and technical bids received were analyzed and evaluated by this Committee.
- (xxxiv) In cases where the three methods of selection of consultants viz.
 1. Quality and Cost Based Selection.
 2. Least Cost System and
 3. Single source selection/consultancy by nomination
 were followed, whether the conditions enumerated under Rule 192, 193 and 194 respectively were adhered to?
- (xxxv) Whether the tender enquiry for outsourcing of services contained the essential elements enumerated in Rule 200?
- (xxxvi) Check whether for invitation of bids for estimated value upto ₹10 lakh, preliminary list of likely contractors were scrutinized, a limited tender enquiry was issued to the prima facie eligible and capable contractors asking them to submit their offers within a specified date and time.
- (xxxvii) Check whether for invitation of bids of outsourcing services for estimated value above ₹10 lakh, advertisement on CPPP, on GeM and in the official website of the Department was given.
- (xxxviii) In cases where non consulting service was procured from a specifically chosen contractor, check whether the circumstances leading to such procurement by choice and the special purpose it would serve were clearly recorded.
- (xxxix) Whether the service of Multi Tasking Staff (MTS) were utilized for the duties including 'watch and ward'?
- (xl) Whether the outsourcing of MTS were done in accordance with the percentage of vacancy in MTS cadre in accordance with relevant provisions of GFR after obtaining administrative approval from Headquarters Office?
- (xli) Whether MTS were allotted with the duties enlisted in the Circular No.18-NGE/2010 of 28.06.2010 from Headquarters.

(o) Purchase of Stationery

- (i) Whether the head of office has incurred expenditure on purchase of stationery in excess of the powers delegated to him.
- (ii) In case the head of office has incurred expenditure in excess of powers delegated to him, whether the same is regularized by obtaining sanction of the competent authority.

(p) Staff Cars (Government Vehicles)

In respect of offices maintaining staff cars/vehicles, the Internal Audit party should see that following records are maintained:

- (i) Log Book for each staff car in form SY 263
- (ii) A register of repairs and replacements indicating the cost and dates.
- (iii) A register showing the cost of petrol, Mobil Oil etc. consumed and all incidental expenditure.
- (iv) An inventory of equipment.
- (v) Check whether any expenditure was incurred for taking insurance against third party risk of staff car in violation of Headquarters instructions?

(q) Log Books

While scrutinizing the log books and their records the following points should be borne in mind:-

- (i) It is maintained in the prescribed form.
- (ii) The entries made in the log book are in ink.
- (iii) The entries of mileage at the beginning of the journey and also at the completion of the journey are noted by the officers using the staff cars themselves except in the case of officers of the rank of Joint Secretary and above where these entries may be made by their Private Secretaries/Personal Assistants.
- (iv) The log books are scrutinized by the head of Office (or senior officer of the rank of Joint Secretary in Secretariat offices) to ensure that there is no misuse.
- (v) That the log books are closed at the end of each month, and summary showing details of off duty and on-duty journey performed during the month is prepared in the prescribed proforma.
- (vi) That the staff cars are used for bonafide official duties at headquarters.
- (vii) That the staff cars have not been taken outside headquarters without the approval of the competent authority.
- (viii) That staff cars are not used for non-duty purposes to the places of entertainment, public amusement, play-grounds, pleasure trips etc. and by officers on leave.
- (ix) The sanction of CAG has been obtained for all cases of replacement of staff cars.
- (x) That the average monthly consumption of petrol/diesel per kilometre is calculated at the end of each month and that this average is not on the higher side.

- (xi) The cost of repairs and replacement is not on the higher side
- (xii) That the replacement of the spare parts are not frequent.
- (xiii) The reasons for frequent repairs/breakdown of the vehicles are not such as to indicate any negligence on the part of the drivers.
- (xiv) All the bills paid towards the cost of petrol are entered in the Petroleum Oil and Lubricants (P.O.L) Register as well as in the log book and that the entries agree.
- (xv) It should also be seen that DDO has recorded the following certificates on the contingent bills relating to payment of petrol:-
 - a. Certified that the quantity of petrol purchased has been entered in the log book of the respective vehicle.
 - b. Certified that the necessary recoveries have been made/are being made from the parties concerned who have used the staff car for non-duty journeys.
- (xvi) That all non-duty journeys are charged at the rates specified in Rule 21 of the Staff Car Rules and the charges at these rates are recovered promptly and for the distance covered by the staff car from the time it leaves office/garage till returns to office/garage.
- (xvii) That the controlling officer has personally checked the inventory of equipment every month and any loss arising out of negligence is made good through appropriate recovery.
- (xviii) That no cleaner has been appointed for cleaning of the staff car.
- (xix) That no extra allowances is paid to staff car drivers for cleaning and washing of the cars as this forms a part of their duty.
- (xx) That the staff cars are not parked at the residences of the drivers or of the officials.

(r) Grants-in-Aid

- (i) Scrutinize the methods by which the sanctioning authority satisfy itself of the fulfilment by the grantee of the conditions precedent to the issue of sanction.
- (ii) Test check of the accounts or the returns submitted by the grantee to see that the conditions were actually fulfilled.
- (iii) The test check referred to above is conducted normally in the office of the sanctioning authority. It should be seen that before sanctioning grants-in-aid, the sanctioning authority has satisfied itself that proper arrangements exist for the scrutiny of the accounts of the grantees and that rules have

been framed to ensure that grants are utilized by the grantees for the purpose for which they are intended and that unspent balances are refunded to Government after the close of the financial year.

The following points should receive special attention:

- (iv) The grant-in-aid was properly spent on the specified objects within the time allowed in the sanctioning order or within a time, if no limit has been fixed.
- (v) Money has not been unnecessarily drawn in advance of the requirements to avoid lapse of funds.
- (vi) The conditions attached to the grants-in-aid are fulfilled.
- (vii) Any portion of the amount of grant-in-aid which is not ultimately required for expenditure upon the specified object is promptly refunded to Government and that no unspent balance of the previous grant-in-aid, if any, is lying with the grantee.
- (viii) That the register of grants-in-aid is maintained by the sanctioning authority in a proper form and all columns provided therein are complete and correctly filled in.

(s) Stock registers

A. Accession Register

- (i) Whether Accession Register as prescribed in GFR is maintained for codes and Manuals, Secret Memorandum of Instructions and other books and physical verifications as contemplated in MSO (Admn.)Vo.-I is being carried out annually? When was the last physical verification? What action was taken to set right the discrepancies?
- (ii) What are the names of local manuals maintained in the office (Group-wise)? Which is their year of print (1st edition)? which is the year of latest publication?
- (iii) Whether up to date correction slips have been issued and pasted in the respective manuals?
- (iv) Whether any of the manuals were revised/updated in accordance with Headquarter office instructions?
- (v) Whether any manuals are lying with Government/other printing presses for printing? If yes, since when and what efforts have been made by the office to get the manuals printed early?
- (vi) Whether proper record of books issued to various functional groups/Sections and field parties have been maintained and availability of books reported by them annually, before the date of annual physical verification of books.

- (vii) Ascertain the value of books purchased during last three years indicating the value of Hindi and English books purchased.
- (viii) Ascertain the details of review of old books/codes and manuals conducted during last years to weed out the books which are not required.
- (ix) Similar information may be obtained in respect of sale of waste paper, scrap, etc.

B. Computers, Printers or other machines

- (i) Whether proper records are maintained regarding all machines and equipment and whether any accounting machines, duplicators, computers, printers or other machines are lying out of order? If so, details thereof may be obtained along with the dates from which they are lying out of order and action taken to get them repaired? In case any of them are unserviceable, the action taken to dispose them off may be verified.
- (ii) Whether annual physical verification was conducted? If so, when such last verification was done and with what results?

C. Dead Stock Register

- (i) When was the last stock verification of dead stock articles carried out? Whether the verification disclosed any Surplus/Shortages? If so, whether the shortages have been got regularized and surplus taken to stock?
- (ii) Whether a separate register of repairable /unserviceable furniture maintained to account for the repairable and unserviceable items.
- (iii) Whether furniture articles are lying in unserviceable condition? If so, what steps have been taken to get them repaired or to dispose them off?
- (iv) Expenditure (year wise) incurred on repair of furniture during last three years may be collected and reviewed.
- (v) Whether all the consumable and non-consumable items are entered in the registers?
- (vi) Whether proper record is maintained in respect of furniture and other items supplied to officers' flat/residence for official use vis-à-vis scale of furniture admissible?
- (vii) Whether proper records are maintained relating to procurement of forms and stationery including indents for their distribution and stock in hand?
- (viii) Whether Inventory Registers and History Sheets of machines purchased including computers, AC, coolers, vehicles, photocopiers, vacuum machines, shredders,

printers, servers, Fax machines, UPS, EPBX system etc. are maintained properly.

- (ix) Whether a stock register of computer hardware and software maintained to record all purchases made indicating their machine nos./configuration details.
- (x) Whether the surplus or obsolete or unserviceable goods of residual value above ₹2 lakh are disposed of by (a) obtaining bids through advertised tender or (b) public auction by following the procedure stipulated in Rule 219 and Rule 220 of GFR, 2017?
- (xi) Ascertain the total number of fire extinguishers in the office and their location.
- (xii) Ascertain whether all the fire extinguishers are in working condition. What is the date of expiry of their refill? Is periodical mock firefighting exercise is done?
- (xiii) How many persons have been given training in firefighting?
- (xiv) Whether all stock items having identification letters/numbers marked/painted on them in accordance with Headquarters instructions?

D. Asset Register

- (i) Check the maintenance of Asset Register of physical assets and furnishing of returns to Headquarters, in accordance with Headquarters instructions.
- (ii) Check whether the fixed assets are physically verified once in a year and outcome recorded in the Asset Register.

(t) Old Records management

- (i) Whether registers of files are maintained year wise by each section?
- (ii) Whether files for more than two years are reviewed annually by each section to weed out/transfer the files to old record section?
- (iii) Whether any regular review was being done regarding files and records and weeding them as and when necessary? If so, period up to which records destroyed/weeded out may be obtained/checked.
- (iv) Whether Old Records Register was being maintained? The records for the third preceding year are required to be sent by various sections. Verify the position of receipt of records in the Old Records Section.
- (v) Whether physical verification was being done continuously in a phased manner, i.e., section-wise in such a way that all sections are covered in a spell of two years?

- (vi) Whether orders from Group Officer for weeding out/destruction were obtained and whether the registers were submitted to the Group Officer after doing needful?

(u) System of receipt and issue of letters

- (i) Whether periodical verification by the Branch Officer are being made in accordance with Office Procedure/Manual with all connected records to see that all letters received are diarized, action taken and all letters received for issue were despatched in time?
- (ii) Whether the letters required to be sent by E-mails are sent by E-mail? If not reasons for the same may be examined
- (iii) Whether the Dak monitoring system has been computerized as instructed by Headquarters.
- (iv) Whether there is any delay in distributing the letters among concerned sections/wings?
- (v) Whether the letters are diarized in each of the sections and letters are delivered to concerned officials and acknowledgement obtained and also disposal indicated properly by recording relevant file number in which the letter was dealt with.
- (vi) Whether weekly/fortnightly report of outstanding letters is being prepared and submitted regularly and submission watched through Calendar of Returns.
- (vii) Whether all the letters to be issued are issued immediately?
- (viii) Whether there is a system to update the addresses of the different offices from time to time to avoid transit loss, etc.?

(v) General Maintenance

Check whether the Record (or General) Section is making satisfactory efforts for the maintenance of the following (Give remarks as satisfactory/unsatisfactory).

No.	Item	Remarks
(i)	State of lawns, gardens, open space around office	
(ii)	State of lawns and garden and open space around residential houses	
(iii)	State of toilets in office	
(iv)	Cleanliness of corridors and stair cases	
(v)	State of lifts	
(vi)	Appearance of office building	
(vii)	State of tables, chairs and side shelves in section	
(viii)	State of recreation	
(ix)	Firefighting equipment	
(x)	Cleanliness of canteen and hygiene in kitchen and canteen	

(xi)	State of water coolers, air-conditioner and Water filters	
(xii)	Clean look of curtains, walls, floors, windows, doors, fans and lights in sections	
(xiii)	Wearing of uniforms, shoes and caps by staff to whom liveries are supplied	
(xiv)	State of compound walls, security fences and deployment of watch and ward staff in office and residential premises (separately)	
(xv)	Upkeep of records	
(xvi)	Maintenance of old record section/room	
(xvii)	Display of office circulars in notice board and their periodic removal	

(w) Expenditure

The essential points to be seen in the Internal Audit of expenditure are as follows:-

- (i) That payments made by the cheque drawing DDOs are in accordance with the rules and orders governing them, their arithmetical calculations are correct and the recoveries/deductions made from bills are in order; and that the list of payments accompanied by paid vouchers are sent every week by them as per instructions to the concerned P.A.O by the prescribed dates.
- (ii) For expenditure beyond the powers of head of Office, there exists a sanction, either specific or general, accorded by the competent authority.
- (iii) For every payment made, there is a voucher complete in all respect or a certificate of payment where it is not possible to support a payment by a voucher.
- (iv) There is a provision of funds sanctioned by the competent authority.
- (v) The expenditure has not been incurred solely to prevent lapse of budget allotment.
- (vi) In case of work done or purchases made, the accepted tender along with the rejected tenders, comparative statements and notices of tender are available in the office of the accepting authority along with the reasons for non-acceptance of lowest tender.
- (vii) The payment has been made to the proper persons and it has been acknowledged and recorded so that a second payment on that account is not possible.
- (viii) The charges do not exceed the rates or scale fixed under rules/orders issued by the competent authority.

- (ix) The payments have been correctly accounted for in the initial accounting records.
- (x) Sub-vouchers and acquittance for amounts up to Rs.100/-and retained by the DDO are marked cancelled, after their entry in the contingent charges register, so as to prevent further use of the vouchers.
- (xi) Sub-vouchers for amounts in excess of Rs.100/-have been sent to the Pay & Accounts Office concerned along with the bill.

(x) Telephones register

The following points should be borne in mind while conducting the audit of telephone Bills/Register of Telephones and other connected records.

- (i) that telephone with STD facility has been provided to the officers entitled to the facility.
that the telephones register for bi-monthly rent and call charges is being maintained to prevent double payment.
- (ii) that ISD facility is allowed on official telephone in respect of Administrative Secretaries only.
- (iii) that officers below the rank of Deputy Secretary, official telephone with ISD facility is provided by the Administrative Secretary/Head of Departments in consultation with the concerned Financial Advisor.
- (iv) that residential telephones are allowed to officials below the rank of Deputy Secretary or equivalent on functional basis subject to the condition that this facility should be restricted to 25% of the sanctioned strength of Group 'A' Officers in that office.
- (v) that officers of the level of Secretary and equivalent are entitled to one mobile handset costing not more than ₹25,000/- once during the whole tenure.
- (vi) that the telephone charges are reimbursed based on the level /designation and the rates issued in OM dated 26.03.2018.
- (vii) that no SIM cards are provided by the office
- (viii) that there is no separate ceiling for the landline/mobile/broadband/mobile data/data card.

(y) (i) Liveries Account

While conducting Internal Audit of the liveries account, it should be seen that the provisions contained in the Hand Book of Uniforms have been observed by the D.D.O. In particular it should be seen:-

- (i) That the Register of Liveries is maintained by Head of office in the prescribed form and entries in regard to receipts as well as issue of Liveries to Group 'C' and Group 'D' officials are made in the register under proper attestation.
- (ii) That issue of liveries for Group 'C' and Group 'D' officials have been made according to the prescribed scale.
- (iii) That washing allowance is paid to Group 'C' and Group 'D' officials in accordance with the rules and orders issued by the Government of India from time to time and in case of officials proceeding on leave for more than 15 days in a calendar year, necessary recoveries on account of washing allowance have been effected from their salary bill for the month of January each year.
- (iv) That the uniforms have been issued only to those employees who are eligible.
- (v) Measurement card for each employee is maintained in the prescribed form.
- (vi) Where the local purchase of articles of uniform beyond the normal limits laid down by DGS&D becomes necessary for some administrative reasons or delay by DGS&D etc. specific permission for the same is obtained from DGS&D or CAG's office.
- (vii) That the uniforms have been withdrawn from employees who have either resigned or have been discharged or promoted to the post where such uniforms would not be used.

(y) (ii) Stamp account

The stamp account should be scrutinised to see that

- (i) The daily account of stamps is maintained properly in the prescribed form under proper attestation.
- (ii) The stock of closing balance has been correctly carried over under proper attestation.
- (iii) All purchases have been entered in the register.
- (iv) The physical verification has been conducted at the end of each month and the certificate to that effect recorded.
- (v) All issues are supported by proper receipts.
- (vi) Denomination wise closing balance has been entered at the end of each month.

(z) Consumption of Electricity

It should be seen that economy instructions issued by the Government of India in connection with the consumption of electricity in Government offices etc. are duly observed. In the

case of Central Government Installations/Workshops etc. where the consumption of electricity is very high and where high voltage transformers have been installed for the bulk supply of electricity, it should be seen that average actual consumption of electricity is not less than minimum limit for which the charges are levied by the Electricity Board. If the actual consumption of electricity is much less than the sanctioned load, the departmental officers may be advised to consider the possibility of a reduction of the sanctioned load so as to save expenditure on electricity due to excess billing.

Electricity used in Government Offices is exempt from levy of electricity duty. It should be seen that such duty has not been paid and wherever paid it should be pointed out for recovery.

(aa) (A) Office Building

- (i) What is the number of buildings along with floor area in which the office is located?
- (ii) How much floor area is available vis-à-vis the actual requirement as per approved scale?
- (iii) How much area is in possession/owned (indicating if title deed with PAG or Central Public Works Department (CPWD) and leased (separately) used for office.
- (iv) Ascertain the Average Gross office area per employee (taking Group A to C) together excluding casuals) as per previous 1st March.
- (v) In case of building taken on rental basis for office ,what is the rent per month and whether the same is covered by fair rent certificate?
- (vi) Whether any proposal was sent to Headquarters Office for acquiring of land/building for office ? If yes, when and what is the present status of the proposal?
- (vii) Whether any land is possessed by the office for construction purpose?
 - (a) What are the plans for construction?
 - (b) Whether Administrative Approval/Financial Approval have been obtained?
 - (c) Whether the work is executed through CPWD or any other agency?
 - (d) What were/are the stipulated dates of commencement and completion of the works?
 - (e) Whether any cost/time overruns occurred, examine the reasons therefor?
 - (f) What is the expected date of completion in case of delay?

- (g) Whether adequate mechanism exist for supervision of execution of the works regarding quality/specification/timelines.
- (h) Whether copy of the contract agreement concluded for construction of office building is available to ensure/check that the work is being executed as per specifications asked for and concluded.
- (i) Whether any periodical reports on the progress of work is obtained from CPWD?
- (viii) Whether there has been avoidable loss on account of payment of rent for rental building due to delay in execution/completion of the civil and other works.
- (ix) Whether Estate Manager (Ministry of Urban Development) was requested to allot space for the office? If yes, when and how much?
- (x) Whether space has been allotted by the Estate Manager, if yes, when and how much?
- (xi) Whether the space allotted by Estate Manager is adequate and suitable for the purpose.
- (xii) Whether the space allotted is taken into possession? If not, reasons thereof.
- (xiii) Whether any notice has been received from the Estate Manager/headquarters office for de hiring the rental accommodation as per the time schedule prescribed
- (xiv) What action has been taken to de-hire the rental accommodation as desired by Estate Manager/Headquarters Office?
- (xv) Whether the office building needs to be renovated/reconstructed/restored?
 - a. If yes, whether future requirement like generating more space, provision for computerization, modern and modular furniture/fixture, integration and co-ordination among various Offices/Wings, functional smoothness etc. have been taken care of.
 - b. Whether any consultant architect has been engaged for the purpose? If yes, the basis for selection, his past experience, quantum of fees and other terms and conditions for payment of fees may be ascertained.
 - c. Whether the work is to be got executed through CPWD or private agency? If through private agency, what is the basis for selection of the agency and what are the terms and conditions of the contract.
 - d. In case of restoration/renovation/reconstruction of heritage building, whether the contractor has got

adequate experience for similar type of works? If not, reasons to select such contractors may be examined.

- e. Whether the stipulated time schedule has been adhered to?
 - f. Mechanism evolved to ensure appropriate quality, quantity and timeliness in the work.
 - g. Whether bar chart was prepared for completion of various activities as per the time schedule.
 - h. Whether there were time/cost overruns; if so, examine the reasons therefor.
 - i. Whether various activities got disturbed due to non-completion of one/two key activities in time? If yes, action taken to overcome the bottlenecks.
 - j. Whether periodical meetings were convened by the designated authority to get the work completed in time and as per specifications.
 - k. Whether effective pursuance were made to get required clearance from local bodies and whether the project got delayed for want of required clearance from local bodies?
- (xvi) Whether any position of the building/space has been given on rent to any Government office/Private agency? If yes, how the rent was fixed and whether with the permission of Headquarters Office?
 - (xvii) Ascertain the Office accommodation area not used for seating staff or officers but used for storing Records Stationery, Stores, Recreation Club, Co-operative Society, Garage, Cycle Shed, Canteen, Post Office, bank etc.
 - (xviii) Whether proper arrangements are made for safe guarding by Watch and Ward of the office building?
 - (xix) Whether adequate firefighting equipment with trained personnel exists?
 - (xx) Whether the office is sending Quarterly Return to the Director(Works), Headquarters on works for which administrative approval and expenditure sanction have been accorded by Head of Department in the previous quarter?
 - (xxi) Whether regular mock drills are organized? If yes, list the incidence of mock drills for last five years.
 - (xxii) Whether annual Joint Fire Safety Evaluation with CPWD & Fire Services Department is conducted? Details of the same may be checked.
 - (xxiii) Whether rear building exit plan is explored during mock drill?

- (xxiv) Whether physically handicapped persons are included in mock drill?
- (xxv) Whether sign boards in the corridors and passages giving guidelines while making exit through all fire safety routes are arranged?
- (xxvi) Whether fire safety doors are painted with fire resistant paint?
- (xxvii) Whether fire resistant construction materials, hardware, paint, wires etc. are used for construction, repairs renovation and upgradation of buildings?
- (xxviii) Whether a fire accident team is trained in each floor of the office?
- (xxix) Whether the vacant office space, if any, is handed over to the concerned CPWD enquiry, under intimation to Directorate of Estates, Ministry of Urban Development, Government of India?
- (xxx) Whether digital photographs are sent in case of progress report on major works through e-mail to Principal Director (HQ) and Director (Works)?

(B) Residential Buildings

- (i) Ascertain the total staff strength (Persons in Position) category-wise.
- (ii) Number of staff quarters available (type I to type V)
- (iii) Whether details of fixture and fittings have been noted in the register of buildings to check during handing/taking over of each quarter as well as for maintenance purpose.
- (iv) Ascertain the number of staff staying in quarters (type I to type V)
- (v) Ascertain the number of staff staying in rented accommodation who are eligible for accommodation (type I to type V)
- (vi) Ascertain the percentage utilization of staff quarters (type I to type V)
- (vii) Ascertain the total number of applicants in waiting list (type I to type V)
- (viii) Ascertain whether any residential quarter had been allotted to CPWD/State Electricity department etc., If so, under what authority.
- (ix) Ascertain the total number of quarters required (type I to type V) i.e. total of column (iv + viii).
- (x) Ascertain the number of quarters proposed for construction/hiring on lease hire/purchasing ready built houses.

- (xi) Whether the staff quarters are physically checked periodically by a nominated officer to see that no quarter is unauthorized sublet/occupied. Whether any register has been maintained to record results of verification and follow-up action if any.
- (xii) Ascertain the total number of quarters occupied unauthorized /illegally by employees/families of employees/others.
- (xiii) Whether action has been taken against the unauthorized occupants as per rule including recovery of penal licence fee?
- (xiv) Whether quarters have been proposed to be purchased from any private agency, Housing Board, Development Authority etc.
- (xv) Ascertain
 - the total number of houses proposed to purchase along with justifications
 - From whom they are proposed to be purchased and basis for selection of site and agency.
 - Whether rates are justified and approved by headquarters Office?
 - Stipulated and actual dates of taking over possession of the houses.
 - Reasons for delay in taking over possession, if any.
 - Whether agreement has been executed with the agency from whom the houses were/are purchased.
 - Whether any advance has been given to the agency on this account.
 - Whether there is a clause in agreement for accruing interest on advance given to the agency in case of delay on the part of the agency in handing over possession?
 - Amount of cost escalation.
 - Whether entire escalated cost has been borne by the Office? If yes, examine the justification thereof.
- (xvi) Whether any land has been procured for construction of residential houses? If yes, from whom and whether procured at market rate or concessional rate?
- (xvii) Whether all legal formalities like registration of deed etc. have been completed and the land is free from all encumbrances?
- (xviii) Whether plans have been prepared to construct houses on the land procured? If yes, ascertain:

- (a) Category-wise details of the houses along with justification
 - (b) Whether administrative Approval/Financial Approval have been obtained.
 - (c) Whether the plan of the building was approved by local authority
 - (d) Whether the work is executed through CPWD or other agency.
 - (e) What were/are the stipulated dates of commencement and completion of the works?
 - (f) Whether any cost/time overrun. If yes, reasons thereof.
 - (g) What is the expected date of completion of the work incase of delay?
 - (h) Whether adequate mechanism exists for supervision of execution of the works regarding quality/specification/timeliness.
- (xix) Whether Government accommodation is available and employees are staying in rental houses resulting in payment of House Rent Allowance (HRA)? If yes, reason for non-occupying the Government Accommodation by the employees may be ascertained.
 - (xx) Whether electricity is purchased by the office and supplied to the employees at fixed rate? If yes, the reasons of procurement and distribution of the electricity along with total amount of difference between both of them may be obtained.
 - (xxi) Whether periodical surprise inspections are conducted to ensure that only allottees are living in Government Accommodation? If yes, how many times? Results of the surprise inspections may be checked.
 - (xxii) Whether any house/space is used for non-residential purpose? If yes, by whom and for what purpose? Whether any action has been taken in this regard?
 - (xxiii) How are the security, sanitation and cleanliness arrangements in the residential quarters?
 - (xxiv) Whether there is any system/mechanism to invite/entertain suggestion and complaints regarding maintenance, security, sanitation and cleanliness arrangement in the residential houses? If yes, how many suggestion/complaints were received and what action was taken thereon?
 - (xxv) How is it ensured that at the time of vacating the house, the occupant obtains no dues certificate from all the concerned Agencies/Authorities and the house surrendered is ready to be allotted to another applicant?

- (xxvi) Whether the rates and terms of Guest Houses are amended and implemented with effect from 01 February 2011?
- (xxvii) Whether revised flat rates of Licence Fee for the General Pool Residential Accommodation (GPRA) at Poonkulam and Melethumele have been implemented with effect from 01 July 2017?
- (xxviii) Whether there is any case of unauthorized occupation and subletting of GPRA? If yes, the rates of damages for the same is levied as prescribed in OM dated 07/09/2016?
- (xxix) Whether there are any cases of retention of General pool accommodation on retirement of allottees after the extended period of 6/8 months. If yes, whether licence fee is deducted as per OM dated 31.07.2013 of Directorate of Estates?
- (xxx) Whether the vacant spaces, if any, are utilised as per the order prescribed in the Headquarters order dated 26.06.2009?
- (xxxii) Whether the documents mentioned in Headquarters Letter No. 67/W&PG/10-99/Vol III dated 02.03.2010 is forwarded to Headquarters in support of the work estimates?

(ab) IT Support Cell

- (i) What is the total number of Personal Computers (PCs)/laptops/Servers/Printers etc. in the office?
- (ii) Whether returns required to be sent by Email are sent to headquarters by E-mail.
- (iii) Whether Computers, UPS, Laptops etc. were purchased during last four years? Entire details of the same may be obtained.
- (iv) Whether the computers and other hardware items were purchased following GFR procedures?
- (v) Who are the annual maintenance contractors for computers etc., What is the basis of selection of the contractors? Whether the annual maintenance rate exceeds 6% of the cost of the items? Whether Annual Maintenance Contract (AMC) is given with prior approval of HQrs/Competent Authority?
- (vi) How is performance of AMC contractors? In case of any dispute, please give the details.
- (vii) Whether all computers are Unicode enabled so as to use Hindi text processing?

Name of software	Number of Licenses	Total no. of machines on which installed	No. of each machine on which installed along with location/room no. where the machine is placed

- (viii) Whether arrangements have been made for uninterrupted power supply to all computer machines. In this connection please collect information in the following proforma:-

(i) UPS (size in KVA)	Numbers	Total KVA
(ii) Machines	No. covered under UPS	No. not covered under UPS
Servers		
PCs		
Printers		

- (ix) Whether backup of important data is regularly taken?
- (x) What is the frequency of data backup?
- (xi) On what media is the backup taken?
- (xii) Whether backup data is stored offsite? If so, the location of storage.
- (xiii) Whether physical verification of computer hardware done?
- (xiv) Whether promotion/posting orders are hosted in Office website?
- (xv) Whether tour programmes of field parties are hosted in the website?
- (xvi) Whether the website is updated regularly?

8.03 Audit of FINAT Section

1. Use of Voucher Level Computerisation in Audit

Various modules available in Voucher Level Computerisation (VLC) are to be utilized for effecting the required audit checks.

a. Budget and Appropriation module

The following points are to be seen.

- (i) Whether DDO based Budget and expenditure is studied to see unusual excesses, savings and expenditure pattern for Audit and planning for Audit.
- (ii) Whether monthly appropriation audit is conducted regularly.
- (iii) Whether areas where substantial excess expenditure occurred have been identified for in depth analysis.
- (iv) Whether the monthly check provide the basis for annual appropriation audit.

- (v) Whether a comprehensive review of budgetary procedure is conducted based on the persistent savings/excess in the past years and current year's figures.
- (vi) Whether re appropriation orders are issued by competent authority not in excess of the total grant amount, not for new service, or new instrument of service, not from one grant to another and not from voted to charged and vice versa, not from plan to Non plan and vice versa.
- (vii) Whether a quarterly review is conducted regarding Treasury Accounts, distribution of accounts/vouchers to section, their compilation and consolidation to identify the areas of weakness if any.
- (viii) Whether the delay in submission is analyzed and comment included in Chapter 1 of Audit Report.
- (ix) Whether Central Audit Parties perform a quarterly review of receipts and issue of suspense slips, Departmental Adjusting Accounts (DAA) (suspense) broad sheets and Objection Book (OB) suspense.
- (x) Transfers from consolidated Fund to Public Account is analyzed and commented in Audit.
- (xi) Whether statistical sampling is used for selection of Vouchers in Central Audit as well as local audit.
- (xii) Whether amounts transferred to various autonomous bodies is analyzed and commented upon in Chapter 1 of Audit Report in case sizable amount of Government Budget has gone out of audit purview.
- (xiii) Whether the scheme Reviews on the basis of details captured in VLC regarding allotment and release of funds Audit has commented on cases where funds could not be spent due to delay in allotment/release of funds or where the funds were released at the fag end of the year.
- (xiv) Whether the inputs like monthly civil accounts, appropriation accounts, unadjusted AC Bills, NIL payment vouchers, errors noticed in the vouchers relating to a Department are used by audit in conducting integrated audit.

Part II

- (i) Whether it is examined that variations under Revenue Expenditure, Capital expenditure, Loans and charged and voted categories have been separately worked out and acted upon.
- (ii) Exhibition of expenditure in Appropriation Accounts follows the provisions in the Budget. Whether it is also ensured that there are no mistakes in carrying out the annual adjustments and or following the 'Accounting' Mechanism as stipulated in the Budget estimates.

- (iii) Whether comments on defective budgeting are highlighted considering abnormal savings/excesses, surrenders, re appropriation etc.
- (iv) Transfer Entries are not passed to transfer funds to schemes that were not provided for in the Budget.
- (v) Government has discharged liabilities for guarantees due to default in repayment of loan and interest by the loanee institution. If yes in how many cases and how much amount was involved.
- (vi) Whether loans were guaranteed for institutions whose past record of repayment was poor. If yes, in how many cases and how much amount was involved.

b. Book Module

Finance Accounts

- (i) Whether the number and size of withdrawals from contingency Fund have been analyzed and commented up on?
- (ii) Whether advances from contingency Fund and their subsequent recoupment is watched carefully to ensure that they are properly accounted for and that there is no omission?
- (iii) Whether it is ensured that payments made by Reserve Bank of India (RBI) through daily scrolls are properly accounted for by treasuries and that there is no omission regarding rectification?
- (iv) Whether it is ensured that minus balances wherever occurring in the Finance Accounts are suitably explained by means of a Foot Note and whether it is investigated for reconciliation/rectification as they may throw up misclassification of transactions in accounts.
- (v) Whether the balances under debt, deposit and remittances heads are reviewed and verified. It may inter alia be seen how far the final results of detailed accounts kept, work up to and agree with the balances in the ledger.
- (vi) Whether a trend analysis of the current year and past four years has been made and comments included in Chapter I in respect of
 - i Assets and liabilities
 - ii Revenue Receipts
 - iii Tax revenue
 - iv Non Tax Revenue
 - v Sectoral expenditure
 - vi States Share of Union Taxes and duties
 - vii Grant in aid from Central Government
 - viii Interest payments
 - ix Loans and advances by State Government
 - x Capital expenditure
 - xi Revenue deficit

- xii Internal debt
- xiii Fiscal deficit
- xiv Other liabilities
- xv Loans and advances from Central Government and Ways and Means advances.

1. Whether the investments by the Government and cash balances have been analyzed that these are not unauthorized, irregular and unsound.

2. *Audit Checks to be exercised based on Financial Attest Auditing Guidelines for audit of State Government Accounts*

- (i) Whether the FINAT is entrusted with the planning, execution, reporting and documentation of audit of Finance Accounts and Appropriation Accounts as well as coordination with the other teams in the Financial Audit Wing (FAW) dealing with scrutiny of vouchers, sanctions etc.?
- (ii) Check whether the FINAT coordinates with audit teams contributing to Financial Attest Audit (FAA), local audit parties responsible for substantive audit as part of FAA and Treasury Inspections teams of office of Accountant General (A&E)?
- (iii) Check whether the internal control assurance given by AG(A&E) is validated by independent test checks?
- (iv) Check whether assurance from the Finance Department /other departments is obtained through A&E office or directly, on the correctness of the data (on guarantees given by State Govt., investment in Statutory Corporations/Govt. companies, incomplete works etc.,) depicted in the annual accounts to be certified?
- (v) Check whether independent test checks are conducted for confirming the robustness of the systems prevalent in these departments for completeness and accuracy?
- (vi) Check whether it is ensured that risk analysis of account areas, accounting information, accounts rendering units, expenditure incurring units and revenue collection units are decided prior to commencement of audit?
- (vii) Check whether appropriate sampling methods as provided in Chapter 2 and 4 of FAA Manual are applied to draw the sample transactions for the conduct of FAA and the same are communicated to a FAW, field audit parties and treasury inspection teams?
- (viii) Whether 100% check of the transactions and related heads of accounts detailed in para 2.18 of Financial Attest Auditing Guidelines for audit of State Government Accounts (FAASGA) is done?
- (ix) Whether a 'Matrix' showing, the assertions sought to be proved, samples of transactions and vouchers selected for carrying out the test, substantive audit tests to be carried out

and the responsibility centre for the substantive test was prepared?

- (x) Whether the receipt of 'Information sheets' based on the 'Matrix' supplied to all the audit teams involved in the FAA of Finance Accounts and Appropriation Accounts (FA&AA) showing, the nature for substantive audit test, the units/accounts area/account information on which the test was carried out and the result of the substantive audit tests carried out by FAW, Local Audit Parties and Treasury Inspection units is monitored?
- (xi) Whether the 'information sheets' are received in FINAT after vetting by the concerned HQrs section?
- (xii) Whether an assurance has been received from the AG(A&E) that the budget data was correctly transferred to the VLC system?
- (xiii) Whether check of IT controls in the VLC system has been conducted as a preparatory activity to assess the reliability of the systems?
- (xiv) Check whether the audit checks stipulated in para 3.7 were carried out while auditing sanctions for the purpose of audit of Finance and Appropriation Accounts?
- (xv) Whether the Register showing the irregularities noticed during the audit of sanctions has been maintained and list of unsettled cases are being sent to FINAT in March?
- (xvi) Whether FINAT analyses the unsettled cases received and appropriate decisions are taken while conducting the audit of Financial statements?
- (xvii) Whether copies of contracts endorsed to Audit are also being scrutinised?
- (xviii) Whether the vouchers are audited as per detailed guidelines given at Annexure E of FAASGA?
- (xix) Whether the results of the Central and Local Audit of vouchers are communicated to FINAT in the information sheet (Annexure C of FAASGA) on a monthly basis?
- (xx) Whether the sampling methodology adopted in the selection of vouchers is shared with the AG(A&E) for selection of transactions to be examined during treasury inspections?
- (xxi) Whether it is ensured that checks on financial controls in treasury and on selected transactions are carried out during Treasury Inspection as per Annexure F of FAASGA?
- (xxii) Whether AG (A&E) sends quarterly reports on issues noticed in Treasury inspection to the Audit office?
- (xxiii) Whether FINAT has analysed the inputs from desk audit and local audit of selected vouchers, treasury inspection

reports and monthly accounts to ascertain their impact on the financial statements?

- (xxiv) Whether the result of the aforesaid analysis of the inputs is reported in the Report on State Finances, if considered significant, or informed to the State Govt. in the form of a Management Letter?
- (xxv) Whether detailed audit of the monthly civil accounts, Report on Monthly Expenditure (Monthly Appropriation Accounts) for the months of September, January, February, March (preliminary) and March (supplementary) has been conducted by FINAT?
- (xxvi) Whether the Monthly Civil Accounts is audited in accordance with the audit checks given in annexure G of FAASG?
- (xxvii) Whether the Report on Monthly Expenditure (Monthly Appropriation Accounts) are audited in accordance with the audit checks given in Annexure G of FAASGA?
- (xxviii) Whether FINAT has test-checked the transactions indicated in the 'Verified Date wise Monthly Statements' for each month?
- (xxix) Whether FINAT has conducted review of at least two grants which were selected for audit based on professional judgment?
- (xxx) Whether a Register to record errors and omissions noticed during audit of Monthly Civil Accounts, Report of Monthly Expenditure is maintained by FINAT?
- (xxxi) Whether unsettled cases which may have impact on accuracy or completeness of Finance and Appropriation Accounts are considered for audit comments for qualification of accounts as well as for inclusion in State Finance Audit Report (SFAR)?
- (xxxii) Whether entry conference has been done before the start of Phase II of audit implementation?
- (xxxiii) Whether AG(A&E) and sub Auditor (AG (E&RSA)) have participated in the Entry Conference?
- (xxxiv) Whether for auditing the statements of Finance Accounts and Appendix of Finance Accounts, the audit checks as prescribed in the Annexure I of FAASGA are applied?
- (xxxv) Whether for auditing the final Appropriation Accounts, the audit checks as prescribed in Annexure J of FAASGA are applied?
- (xxxvi) Whether a confirmation report on the audit checks included in Category I: 'Automated checks' is obtained from AG (A&E)?

- (xxxvii) Whether draft Note to Accounts (NTAs) are vetted before inclusion in the Accounts?
- (xxxviii) Whether the audit observations elaborating and accentuating the NTAs are communicated to AG (A&E) and State Govt. and considered for inclusion in the State Finance Audit Report?
- (xxxix) Whether the draft audit comments on the Finance and Appropriation Accounts are sent to the Finance Department for their replies and a copy has been sent to AG(A&E).
- (xl) Whether Exit Conference with Finance department to discuss the draft comments on accounts and issues relating to certification has been conducted?
- (xli) Whether AG (A&E) and Sub-Auditor (AG(E&RSA)) are requested to participate in the exit conference?
- (xlii) Whether the minutes of Exit Conference has been prepared and issued to the State Govt.?
- (xliii) Whether 'Audit File' as prescribed in para 4.1 of FAASGA is maintained?
- (xliv) Whether the 'Assurance Memo', to provide assurance to the controlling ADAI/DAI about the completeness and robustness of the process being followed while compiling and certifying the accounts by the concerned authorities, is sent to Headquarters?
- (xlv) Whether unqualified opinion with emphasis of matter is given when the financial statements present a true and fair view, but there are certain issues or concerns which are to be brought to the notice of stakeholders as part of the audit opinion?

3. Checks based on Practice Note dated 27.03.2019 of Professional Practices Group

- (i) Whether it is ensured that the certified Finance and Appropriation Accounts and SFAR are presented to the State Legislature simultaneously?
- (ii) Whether deviations, if any, from the process of financial attest audit as prescribed in Financial Attest Audit Manual 2009 and brought to the notice of DAI/ADAI concerned before forming/expressing the audit opinion on the Govt. Accounts?
- (iii) Whether cases of scope limitation are brought out in the Audit Certificate and SFAR?
- (iv) Whether before making any comment/qualification in the Audit Certificate/SFAR, the matter has been brought to the notice of Finance Secretary or Chief Secretary?

- (v) Whether cases of persistent irregularities noticed in the management of State Finances, the underlying risk and recommended course of action are brought out in the audit observations included in SFAR?
- (vi) Whether cases of 'Emphasis of Matter' included in the Audit Certificate as per format prescribed in the Practice Note?
- (vii) Whether non-compliance to rules and procedures on issues like National Pension Scheme, Personal Deposit Accounts, Reserve Funds, AC/DC bills and utilization certificate of Grant-in-aid vouchers have been considered for Emphasis of Matters/Qualifications as per instructions contained in the Practice Note 1 of 2019?

8.04 Central Audit

a. Audit of Vouchers

- (i) In case of the sample selected for review whether the prescribed checks (including checking of classification etc) were exercised.
- (ii) Whether the selection of vouchers for central Audit was based on any risk assessment using Computer Centric Techniques?
- (iii) Payment of money by transfer (NIL payment Vouchers) from the consolidated fund to the public Account (deposit Heads, Panchayat Accounts etc) are required to be scrupulously audited and reviewed every month and receipt of a certificate that this has been done is to be watched by Integrated Audit Unit (IAU) Sections. Has this been done?
- (iv) After scrutiny of such NIL payment vouchers, the I.A.U Sections are required to furnish a consolidated report every month to Report Section detailing such NIL payments effected during the month. Has this been done?
- (v) All purchases made in proforma invoices and the materials which have not been received and taken to stock are to be audited in detail and Central Audit parties should furnish details of such purchases to I.A.U Sections for further follow up action. Has this been done?
- (vi) The Central Audit of 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 Accounts Office. Has this been done?
- (vii) In case of any departure from (vi) above, special circumstances should exist and express sanction of competent authority should be obtained. Has this been done?
- (viii) A specific schedule indicating the dates by which the Central Audit process relating to each month's vouchers to be completed should be prescribed and clearly set out in the office Manual. Has this been done?

- (ix) Ascertain the quantum of arrears on account of any delay in Central Audit Work.
- (x) Special attention is to be paid to Central Audit of vouchers for the month of March. Has this been done?
- (xi) Co-ordination with Accountant General (A&E) and Audit Office. See whether a good degree of coordination and cooperation exists between the two offices.
- (xii) Review whether statistical sampling techniques are adopted to facilitate an objective approach in audit.
- (xiii) Review whether the duties and responsibilities of Central Audit personnel are broadly as indicated in Chapter I, Section III of MSO (Audit) and any local manuals. Also review whether any changes in the distribution of work are ordered in writing by the competent authority.
- (xiv) Review how Senior AO/AAO ensures that all members of Central Audit Party perform their duties promptly, regularly and efficiently, guides the staff under him and always keeping himself posted with the progress of audit.
- (xv) Whether portfolio files for, centrally sponsored and state plan schemes are maintained and reviewed.
- (xvi) Vouchers and other documents which were not received with the monthly accounts, on receipt subsequently are to be audited in the same manner as received at the stipulated time. Has this been done?
- (xvii) Cases where certificates of payments are received in lieu of lost vouchers or payees receipts are to be audited in detail as a special case, in the same manner as original vouchers even if they have not been selected for audit. Has this been done?
- (xviii) Acceptance of certificates of payments in lieu of wanting paid vouchers is to be done in accordance with the monetary units prescribed, after exercising the primary accounting checks with same manner as in the case of original vouchers. Has this been done?
- (xix) Particulars of certificates of payments so accepted are to be recorded in a register maintained for this purpose. Has this been done?
- (xx) Unusual features of malades related to the non-production of original vouchers noticed in the course of audit of these certificates of payments are to be brought to notice of Audit officer for further investigation. Has this been done?

b. Audit of sanctions

- (i) Copies of sanctions issued by the State Governments and their subordinate authorities are received by IAU Section concerned and examined in accordance with the relevant

instructions in the MSO (A) and local manuals before admissions in Audit. Has this been done?

- (ii) Whether a data base of sanction orders is maintained in the prescribed manner?
- (iii) Review whether the Audit Office has made arrangements for the receipt, processing and scrutiny of sanctions and maintenance of files/folders in a regular and systematic manner.
- (iv) The IAU Section is required to communicate objections arising out of audit of sanctions to the departments concerned with copies thereof to the Accounts office and closely watch their settlement. Has this been done?
- (v) The audit office should evolve suitable procedures for ensuring that the results of all sanctions are readily available before the Central Audit of the relevant transactions take place.
- (vi) All sanctions relating to foreign travel received in IAU Section should be entered in a register and copies made available to Central Audit parties for arranging audit of the related transactions. Has this been done?

c. Audit of Abstract Contingent Bills

The AC Bill register maintained in the office of the Accountant General(A&E) is to be checked in detail by the Central Audit Parties with reference to the AC Bills and Non-payment Detailed Contingent Bills received from the compilation sections and cases of amounts drawn on AC bills and kept outside Government Accounts particularly in the month of March are to be collected and pursued with the Department/Government by IAU Section for inclusion in the Audit Report. Has this been done?

i. Completion of audit

After scrutiny and editing of audit notes/memos, the IAU Section forward them in convenient batches to the Departments concerned. Has this been done ?

ii. Pursuance of objections

The audit office is required to be watching the systems and procedures for and the effectiveness of pursuance of objections of an accounting nature, such as non-availability of DC Bills, vouchers, payees' receipts, errors in the treasury accounts etc. that are required to be watched by A&E office and should audit, to the prescribed extent, these wanting documents. Has this been done?

8.05 Audit of Audit Planning and Co-ordination Cell

The following checks are to be exercised while conducting the Internal Audit of the Audit Planning and Co-ordination Cell:

- (i) Whether the various reports are submitted to the Accountant General on time?
- (ii) Whether the reports to CAG office are sent on time?
- (iii) Whether circular instructions are issued on common matters relating to the functional wings?
- (iv) Whether a data base of all the audit units is prepared and updated regularly?
- (v) Whether the Special Purpose Vehicles (SPVs) and Trusts/Societies implementing beneficiary oriented schemes are included in the data base as implementing units?
- (vi) Whether the selected samples of implementing units contained SPVs and Trusts/Societies?
- (vii) Whether the regulatory bodies under the jurisdiction of the office are included in the data base maintained for planning purpose?
- (viii) Whether the planning and conduct of the compliance audit of Regulatory bodies become a part of the annual compliance audit plan of the office?
- (ix) Whether an upto date database of Public Private Partnership (PPP) projects is prepared to enable selection of a sample of such projects during regular audit of the public partner?
- (x) Whether a suitable mechanism has been devised for obtaining the details of PPP arrangements regularly?
- (xi) Whether the indicative risk factors for PPP arrangements provided at annexure II of the Guidance Note dated 24.08.2016 of Professional Practices Group is used to select a sample of PPP projects?
- (xii) Whether the budget documents, budget speech and important policy decision of the Government were analysed and used the inputs from those documents to improve the audit plan?
- (xiii) Whether the guidelines issued for identifying the risk areas were followed during the preparation of audit plan?
- (xiv) Whether the data from VLC/audit entity/third party is used for risk analysis and audit planning?
- (xv) Whether a data base of topics which can be taken up for Performance Audit/Compliance Audit with feedback from functional wings is maintained?
- (xvi) Whether an updated data base on paper clippings/media reports is kept?
- (xvii) Whether the risk assessment of Apex audit units, Audit units and Implementing units is made as per provisions of Compliance Auditing Guidelines, 2016?
- (xviii) Whether three year rolling audit plans are prepared?

- (xix) Whether at the end of each year, the plan for the remaining two years is re-visited and plan for the third year added?
- (xx) Whether in alignment with the three year rolling strategic audit plan, the Annual Audit Plans are prepared and approval of CAG received?
- (xxi) Whether the annual audit plan has been approved by Audit Planning Group before sending the same to CAG office?
- (xxii) Whether audit plan is prepared keeping in view the instructions issued by Headquarters office regarding standard for number of man hours per person per annum for computation of staff strength?
- (xxiii) Check the comprehensiveness of Audit Plan (including I.T audit Plan) vis-à-vis availability of staff, priority for inspection and periodicity adopted for local audit of units/formations.
- (xxiv) Whether the Audit Planning Group meets from time to time to review the implementation of Audit Plan.

8.06. List of Returns to be sent to Headquarters

<i>Sl. No</i>	<i>Name of Return</i>	<i>Due Date</i>
C.Cell		
1	Return on APARs in respect of Gazetted (except the Commercial officers posted in E&RSA) and Non-Gazetted employees	Yearly (Second week of December)
2	Return on disciplinary cases and details of complaints regarding sexual harassment of women at the workplace	First week of every month
3	Return of the cases reviewed under FR 56 (j) and rule 48 of CCS (Pension) Rules, 1972	Quarterly (First week of the month following the quarter)
4	Report on vigilance cases against Gazetted Group 'B' and Non-Gazetted Group 'B' and 'C' staff in IA&AD and Review mechanism to ensure probity among Government servants	Half Yearly (First week of the month following the half year)
5	Return on court cases, vigilance and disciplinary cases in respect of Commercial Officers.	Half Yearly (First week of the month following the half year)
6	Position of blank answer books, Printed, utilised, in stock etc. in respect of various offline mode Departmental examinations	Half Yearly (First week of the month following the half year)
Estate		
1	Return relating to private/State Government building hired for office accommodation/Rest House/Guest House etc.	By July of every year
2	Availability of residential accommodation in IA & AD	By 15 th January and 15 th July
Cash		
1	Settlement of terminal claims and other complaints of retired employees	10 th – Monthly
2	Statement of Pension and other retirement benefits – complaints of retired officials/employees	1 st – Quarterly

<i>Sl. No</i>	<i>Name of Return</i>	<i>Due Date</i>
3	List of Central Government Servants (IA&AS) who completed 18 years of service	31 st January - Annual
4	Monthly expenditure statement of HBA	5 th – Monthly
5	Acknowledgement of Permanent Advance	15 th April - Annual
6	Review of Expenditure (RoE) statement for full year after closing supplementary account (March Final)	10 th July - annual
7	Budget proposal for subsequent year and RE for current year	30 th September - Annual
8	RoE of Gr. A &Gr.B and non-Gazetted staff	2 nd – Monthly
9	Statement of expenditure in respect of Loans and advances – other than HBA	15 th – Monthly
10	Report on pending AC Bills/TTA/LTC/TA claims for more than Six months	10 th – Monthly
11	Report regarding actual expenditure on Pay and various allowances	30 th April, 31 st July, 31 st October & 31 st January
12	Flash figures for the month of February and March – Monitoring of expenditure	15 th February - Annual
Legal Cell		
1	Quarterly return of legal cases pertaining to employees of IA & AD	By 15 th of January, April, July & October of every year
2	Quarterly return of legal cases of non-employees of IA & AD (Non-IA & AD cases)	By 5 th of January, April, July & October of every year
3	Right to Information	By 15 th of January, April, July & October of every year
Administration		
1	Details showing the number of posts of AOs as on 1 st of each month, No. of posts filled, on leave etc.,	2 nd week of every month
2	Statement showing sanctioned strength & staff in position	10 th of every month
3	Monitoring of SS & PIP through WEB based application	10 th of every month
4	Report on caste verification of Gr. B.C.D employees appointment on or after 01.01.1995 on the basis of ST Certificate	Bimonthly
5	Report on caste verification of Gr. B.C.D employees appointment on or after 01.01.1995 on the basis of ST Certificate (comml.)	Bimonthly
6	Report of surplus/deficit SAS	15 th of every quarter
7	SAS/DAE staff waiting for promotion as AAO/Auditors	5 th January and July
8a	Half Yearly distribution list of IA&AS officers and materials for all India, Civil List	10 th of June and December
b	Half Yearly distribution list of IA&AS officers and materials for all India, Civil List –Amendments	3 rd January
9	Information relating to Telephone List/Distribution of Gr. A officers and other information	As and when changes occur
10	Personnel including AOs on deputation within and outside each Audit Office	By 15 th January and 15 th July
11	Half yearly report for monitoring the conduct of IT Audit test for Sr.AO/AO/AAO	By 31 st January and 31 st July

<i>Sl. No</i>	<i>Name of Return</i>	<i>Due Date</i>
12	Reservation of vacancies for Ex-servicemen in Group 'C' & Group 'D' posts	By 15 th January and 15 th July
13	Reservation of posts to the physically handicapped persons	By 15 th January and 15 th July
14	Name of officials who have been on deputation/foreign service for a period exceeding 3 years	By 15 th January and 15 th July
15	Half yearly report on the compulsory training in Typing to Group D promoted Clerks	By 15 th January and 15 th July
16	Half yearly report on special casual leave	10 th January and July
17	Engagement of retired officials on short term contract basis	10 th of April and October
18	Monitoring of pending compassionate appointments	10 th April and October
19	Report regarding checking appointment roster by ITA	1 st of April every year
20	Report regarding checking promotion roster by ITA	1 st of April every year
21	Details of Office bearers of recognized association and audited statement of accounts (If not available before 30 th June, the position to be intimated to CAG in July)	1 st of July every year
22	Gradation List	15 th of June every year
23	Eligibility List of AOs for consideration to IA&AS (List will be received from CAG)	31 st January of every year
24	Application for continuance of temporary posts of GOs	1 st week of February
25	Proposals for continuance of casual/temporary posts	1 st week of February
26	Information regarding post of Hindi work (Staff proposal file)	30 th April
27	Memorandum/Petitions addressed to CAG withheld (Nil report not to be sent)	30 th April
28	Information about utilization of no. of vacancies reserved and filled up by the physically handicapped candidates in group 'C' & Group 'D' posts for the year ending 31 st December of each year. Report in Proforma PWD I& II)	15 th February
29	Annual Return regarding utilization of number of vacancies reserved and filled by Ex-service men for the period ending 31 st December each year	31 st January
30	Annual Statement in SC/ST/OBC/PH-Report I showing the representation of SC/ST/OBC/PH as on 1 st January and number of appointments made during the year	15 th February
31	Report for monitoring & recruitment of minority communities	20 th April
32	Annual Review of Existing Committees by AG	End of October
33	Submission of documents of recognized associations	1 st July of every year
34	Annual return regarding membership position of Commercial Association	5 th August of every year
35	Annual return of Sexual Harassment of women at work place	1 st April
36	Annual return on Compassionate Appointment	30 th April
37	Representation of women in IA&AD	15 th April every year
38	Annual report on sports quota appointments	15 th January every year
Training		
1.	Report regarding progress of implementation of the Scheme	By 10 th April, July, October and

<i>Sl. No</i>	<i>Name of Return</i>	<i>Due Date</i>
	of In-house training No.210/IN-house/Trg/BRS2012 dated 30.09.2012	January of every year
2.	Annual in house calendar No.210/In-house/Trg/35	28 th February every year
Audit Planning and Coordination Cell		
1.	Annual Report/Performance Report	20 th October every year
2.	Progress report on revision/updation of manuals	15 th April every year
3.	Audit plan	September every year
4.	Report on important points noticed in Central audit	1 st May and 1 st November every year
5.	Report on fraud/presumptive fraud cases noticed in audit	1 st May and 1 st November every year
6.	Quarterly Progress Report	By 15 th April, July, October and January of every year

Chapter 9

Internal Audit of Functional Wings

9.01 As stated in the beginning of Chapter 8, the Office of the Accountant General (G&SSA) has three Groups other than Administration: Social & General Sector I including Local Bodies (SS I & LBs), Social & General Sector II (SGS II) and Social & General Sector III (SGS III). Of the above, SSI & LBs is entrusted with the audit of accounts of State Department/agencies/PSUs, Autonomous Bodies grouped within 'Social sector' and the Technical Guidance and Supervision (TGS) functions relating to audit and accounts of Local Bodies. The checks to be exercised while auditing this Group are given in Chapter 10. SGS II and SGS III wings have been entrusted with the audit of accounts of departments/autonomous bodies/Corporations/PSUs coming under the Social and General Sector. The certificate of expenditure on Centrally Sponsored Schemes implemented by a Department is done by the group which is doing the audit of that Department. The certification work of Externally Aided Projects is carried out by SGS II wing.

With a view to assess the functioning of the wings, the following records/information/clarifications on the various aspects such as preparation of audit plan, audit programme, technical support, supervision of audit parties, approval and pursuance of I.Rs.etc. may be obtained/checked. In addition to the above, checks based on Compliance Auditing Guidelines, 2016 and Guidance Note No.226-09-PPG/2017 dated 23.08.2017 are also to be exercised.

9.02 Audit Plan

1. Whether list of auditable units/cycle index register is updated annually. What is the mechanism applied for its timely updation annually?
2. Whether audit cycle register or database showing periodicity of audit is maintained?
3. Whether frequency/periodicity of audit was reviewed. If so when?
4. Whether any criteria was spelt out for deciding the periodicity.
5. Obtain three years data showing the status of units planned for audit as under.

Year	Units due for audit as per laid down periodicity	Units provided for audit in the Audit Plan	Units actually audited during the year

6. Whether analysis of man days available and man days utilized for audit was done? If so, details for last three years may be obtained.
7. Whether any deviation from the audit plan has taken place and, if so reasons for justification.

8. Whether instructions issued by Headquarters from time to time regarding audit of autonomous bodies are being followed.
9. Whether all the units auditable under Section 14(1) and (2) of Comptroller & Auditor General India's DPC Act are being audited as per periodicity of audit prescribed.

9.03 **Audit Programming**

1. Review the composition of party / manpower available.
2. Whether Annual Audit Programme drawn up including all auditable units due during the year; if not ascertain the reasons therefor and whether the shortfall was provided for in the succeeding year.
3. Whether arrears in audit were shown in the arrear report sent to Headquarters.
4. Whether quarterly programmes are framed in time and issued to the parties.
5. Whether auditee institutions are informed in advance.
6. Whether questionnaire/list of records to be kept-ready for audit party is also enclosed.
7. Whether any change in the duration made.
8. Whether such programmes are approved by AG/GO.
9. Whether there is a system of rotation of party personnel.
10. Whether there is a system of rotation of auditee units. Whether names of audit party members are noted in the register of auditable units along with the dates of audit.
11. Whether good practices guides for each of the major audits are issued to audit parties.

9.04 **Technical**

1. Whether any specific audit manuals were compiled. If so when?
2. Whether party personnel were provided with copy of manuals?
3. Whether guard file of Memorandum of Association/Articles of Association, important circulars/instructions etc. is maintained by Headquarters controlling section and important orders circulated to OAD parties for information and verifying their implementation.
4. Whether individual Audit Note Books are maintained and updated.
5. Whether there is a system of cross referring in respect of points noted during audit of accounts with transaction audit and vice-versa and points noted during Central audit with local audit and vice-versa.
6. Whether the audit parties are briefed before commencement of audit programme.

7. Whether there is a system of centralized scrutiny of agenda and minutes of Board Meetings, sanction, purchase cases, important vouchers etc. and communication of results of such scrutiny to the audit parties for detailed examination.
8. Whether list of all Acts and Rules and Journals etc. applicable to each of the Auditee units has been kept and relevant books are available readily.
9. Whether press cuttings/News items pertaining to each of auditee unit are submitted to the Head of Office and results of examination watched.
10. Whether minutes of periodical meetings held by GO with Senior AOs/AAOs are kept and circulated for compliance of decision taken in the meeting.
11. Whether any system is in vogue to keep a watch on the amendment in the Accounts, Rules etc. affecting auditee institution.
12. Whether concurrent audit is done for major contracts and agreements.
13. Whether the registers of important points to be seen for each auditee units are maintained
14. Whether auditee Profile/database is updated after each visit/audit.

9.05 **Supervision**

1. What is the extent of supervision by Senior AOs of field parties?
2. How many units remained unsupervised during last three years?
3. What is the extent of supervision by GO?
4. Whether any record of original work done by supervising Senior AO/GO is kept in audit files.
5. Whether list of objections issued by each member of the audit party as well as supervising Senior AO/GO as a result of original work done is kept in the audit files to record contributions of each official.
6. What is the impact on quality of audit due to supervision by GO?
7. Whether AG conducted any supervision of field officers/Parties. If so, details for last three years may be collected/ checked.
8. Whether tour notes are regularly submitted every month by GOs to AG bringing out the work done.
9. What are the basics for allocating party days for the audit of various auditees? Whether any study has been conducted in this regard.

9.06 **Working papers and documentation**

1. Whether and on what basis that work has been distributed amongst members of a party.
2. What is the extent of original work done by Senior AO and whether it was adequately mentioned in the Title sheet?
3. Whether details of work done by each party member are available?
4. Whether these have been reviewed at appropriate level.
5. Whether all entries in the Title sheet been made and reviewed.
6. Whether there is sufficient indication as to the availability of Key documents in the file.

9.07 **Reporting**

1. Whether the Inspection Report (IRs) has been drafted by Senior AO.
2. Whether IRs have been submitted to Headquarters in time and in cases of delay, whether reminders are issued and reasons for delay recorded for further action.
3. Whether the IRs have been properly numbered, referenced and approved.
4. Whether the IRs have been issued within one month as per Headquarters instruction? Tabulate instances of delay for last two years.
5. Whether IRs have been suitably pursued and followed up and suitable entries made in the IRs Register. Status of IRs settled during last 12 quarters and pending for above 6 months (page wise) may be obtained in tabular format.
6. Whether IRs are submitted to AG for review? If so, quantum of IRs reviewed may be collected.
7. Whether periodical review of old IRs have been made and results recorded?
8. Whether IR files are called for by AG for review and proper follow up action taken on the directions of AG and proper records of IR files called for is maintained.
9. Whether summary of outstanding IR paras is submitted to AG periodically.
10. Whether reply to IR paras put up to GO with vetting remarks.
11. Whether instances wherein Central Government funds have been misutilised or unutilized by State Government were brought to notice of Ministries.
12. Whether details of any records not made available/not examined due to paucity of time are reported.

9.08 **Potential Draft Para/Draft para Register**

1. Whether there is a system of marking Potential Draft Para (PDP) cases at the time of approval of IRs.
2. Whether instructions exist to collect copies of supporting documents in respect of each fact and figure for the IR cases proposed to be considered as a potential draft para case and cross linked.
3. Whether such PDPs marked as identified, segregated and action taken immediately to process the same as Draft Para (DP).
4. Whether proper pursuance of such PDPs like collection of wanting Key Documents (KDs), obtaining timely response from Auditee/Government, obtaining required classifications/ information etc. done.
5. For settlement/dropping PDPs, at what level decision is taken?
6. Whether system of periodical review of PDP register exists?
7. What is the mortality rate of PDPs marked? Whether reasons for high mortality rate are analysed?
8. Whether any system for other paras (Part II C, Part III), minor irregularities exist with a view to identifying PDPs and incorporating them in the reviews.
9. Whether Audit Reports of other states are studied to identify the cases for working them to get examined by field audit parties to check similar nature or irregularities for possible comments through Audit Report? If so whether cases identified are noted in the register to watch results of examination?

9.09 **Draft paragraphs and material for Audit Reports**

1. Whether timely action i.e. within six months of issue of IRs, been taken for issue of identified DPs to the management?
2. Whether DPs are processed and issued on a regular basis or bunched?
3. Whether timely action is initiated for obtaining reply/additional information etc.
4. Whether arrangements for timely verification of reply and collection of KDs/information made?
5. Whether Audit committee meetings are organized regularly to settle/pursue the paras?

9.10 **Important and interesting cases noticed in Audit**

1. A gist of all important cases dealt with by various sections is required to be circulated among other sections as and when they arise. Has this been done?
2. A gist of important and interesting cases noticed in Audit is to be compiled, half yearly and forwarded to the CAG

so as to reach him by the 7th of January and July every year or such other date as may be prescribed 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 are to be included in the digests. Has this been done?

9.11 **Audit of Autonomous Bodies**

1. Whether instructions issued by Headquarters office to improve quality of audit and contents of Separate Audit Reports (SARs) of autonomous bodies are being scrupulously followed.
2. Whether claims for Audit Fee were raised/initiated on completion of audit and pursued effectively for early realization? Status of Audit Fee outstanding may be obtained.
3. Whether all reports and returns as directed by Autonomous bodies wing of Headquarters are being rendered regularly and monitored through Calendar of Returns.
4. Whether records of Autonomous Bodies, Programme Book, detailed instructions and data sheet on autonomous bodies are being maintained.
5. Whether audit of Branch units are being conducted, watched and consolidated IRs are being prepared as per instructions issued by Headquarters from time to time.
6. Whether for the audit of autonomous bodies and issue of SARs time schedule/instructions prescribed by Headquarters from time to time are being followed.
7. Whether various circular letters/instructions are made available to audit parties before proceeding for the audit and audit parties are briefed for compliance of Headquarters requirements.
8. Whether procedures have been streamlined with a view to ensure that audit of autonomous institutions is not omitted to be taken up through inadvertence as per instructions issued by Headquarters from time to time.

9.12 **Audit Certification of Externally Aided Projects**

1. Whether the matter of non-receipt of SOE was taken up demi-officially with the Head of the Department of the project implementing agencies by 1st May of every year.
2. Whether the list of Externally Aided Projects which requires audit certification has been forwarded to the Accounts and Entitlement office and copy of the list sent to Headquarters.

9.13 **Information Technology Audit**

1. Whether a complete data base has been prepared regarding the auditee units which have computerized their operations/functions.
2. Whether the data base is updated periodically.

3. What is the system of updating the data base-by visiting the unit or by calling for information?
4. Whether progress of computerization of functional activities in various auditee units/organizations has been obtained/ascertained to know the areas of computerization/ software programme developed/being developed by each auditee departments and year wise details of expenditure incurred on computerization programme.
5. Whether any training plan to impart training to members of field audit parties in respect of software/computer programmes developed/being developed by major auditee units have been drawn up? If so number of officials trained during last three years may be obtained.
6. How many units have been identified as significant for Information Technology (IT) Audit and based on what criteria?
7. How many IT trained officers are available in the office?
8. Whether these officers were trained abroad or in RTIs/RTCs or through hands on training or through private trainers or on their own efforts.
9. Whether guidelines and instructions issued on IT Audit reporting issued by DG/PD (IT Audit) are being followed strictly.
10. Whether training modules have been prepared/developed/arranged to impart training to IT auditors.
11. Whether required infrastructure/logistics are available in the office for IT auditors.
12. How many units were due for IT audit during last three years and how many were audited.
13. Whether the IT audit findings were included in the Audit Report.
14. Whether all the instructions and manuals etc. issued by Headquarters office on IT Audit are available in the office and provided to auditors.
15. Whether the IT audit parties are briefed properly before taking up IT audit.
16. Whether all the IRs on IT audit have been sent to Headquarters office within stipulated time incorporating replies of the auditee organizations.
17. Whether in IT audit, General Controls and Application Controls have been examined thoroughly.
18. Whether the IT audit was carried out in accordance with the instructions or guidelines prescribed by IT Audit wing of Headquarters Office.

9.14 General Points to be seen

1. Maintenance and updating of Registers including Calendar of Returns
2. Closing and submission of registers to officers.
3. Maintenance of IR Register, Performance Register and other registers.
4. Submission of various returns to Headquarters.
5. List of files, Index Register of files etc.
6. Weeding out of old records.
7. Whether correspondence to Headquarters have AG's approval or not. Instances may be examined.
8. Effectiveness and efficiency of the in house training programmes, utilization of slots, coverage and the extent to which they are related to the audit needs.
9. Whether attempts have been made towards investigative audit. If yes important points noticed in this regard.

9.15 Quality of audit output

1. Status of total number of Inspection Reports issued during last four years.
2. Number of Inspection Reports issued with Major objections.
3. Number of Major objections approved as PDP cases/DPs issued and featured in the Audit Report.
4. P.D.P to DP conversion ratio over last four years.

9.16 Checks based on Compliance Auditing Guidelines, 2016

1. Check whether the Compliance audits are planned to achieve adequate coverage at an acceptably low level of audit risk, audit processes are carried out in an economic, efficient and effective manner and result in a high quality audit report.
2. Check whether list of Apex Auditable Entity, Audit Units and the implementing units is maintained?
3. Check whether risk profiling of Apex Auditable Entities and Audit Units are done after reviewing the documents mentioned in para 3.11 of Compliance Auditing (CA) Guidelines?
4. Based on the risk profile, an Annual Audit Plan of Compliance Audits to be taken up and completed during the year is prepared?
5. Whether the risk profile of the Audit units are reviewed and updated periodically to assess continued maintenance or to consider revision on the risk profile assigned to the Apex Auditable Entities and Audit units based on new intervening developments, changes etc.

6. Whether a separate inventory of implementing units under their respective Audit units is maintained?
7. Check whether it is ensured that all the Apex Auditable Entities are covered in a reasonable period of time, i.e between three to five years.
8. After preparation of Annual Compliance Audit Plan, individual plans for the identified Apex Auditable Entities are prepared as stipulated in para 4.4 of CA guidelines?
9. Check whether a Compliance Audit Design Matrix for the identified Apex Auditable Entity is prepared in the format given in para 4.17 of CA guidelines?
10. Whether in case of departments/sectors where e-governance has taken root and transactions are being conducted in virtualized environments, digital auditing using the help of digital analytical tools is adopted?
11. Whether when multiple audit teams are constituted for the audit of large entities, a lead team to provide guidance, liaison support to other teams throughout the audit process and also to consolidate the audit findings of all other audit teams is formed?
12. Whether the intimation regarding conduct of compliance audit include the scope of audit, audit objectives, subject matters selected, criteria, composition of audit team, duration and schedule of audit?
13. While doing the compliance audit, check whether the audit team has gathered audit evidence using the techniques such as document scrutiny, physical inspection/site visits, observation, questionnaires, surveys, confirmation, re-performance and analytical procedures based on the needs of the audit?
14. Whether the audit evidence collected through different audit procedures are evaluated against the relevant, already identified criteria to arrive at audit conclusions?
15. Check whether an Audit Finding Matrix is prepared in the format given in para 5.14 of CA guidelines for both positive and negative findings?
16. Before commencement of compliance audit, check whether entry meetings with the heads of Audit Units are held?
17. At the close of audit, whether exit meeting is held with the officer in charge of the Audit Unit and the minutes of the meeting prepared and shared with the Audit Unit and acknowledgement obtained?
18. Whether on completion of audit an Inspection Report presenting all the findings is issued within 30 days of completion of audit to each of the selected Audit Units?

19. Whether the findings relating to an implementing unit of an Audit Unit are included in the Inspection Report of the respective Audit Units?
20. Details on Departmental Appreciation Notes on various subject matters planned, conducted but not issued to the Department may be collected and reasons therefor analyzed.
21. Ensure whether the outstanding paras of previous Inspection Reports are reviewed during the conduct of audit and their status included in the current Inspection Report.
22. Check whether there is regular interaction with the Departmental Audit Committees to review and settle old paragraphs as per extant orders?
23. Whether the receipt of the 'explanatory notes/Action Taken Notes' to the paragraphs appeared in the Compliance Audit Reports from the Heads of Departments within the time frame prescribed is monitored?

9.17 **Checks based on Professional Practices Group Guidance Note No.226-09-PPG/2017 dated 23.08.2017 (Improving quality of IRs)**

1. Check whether while planning the Compliance Audits, Data Analytics is carried out by the Data Analytics Group by following the steps stipulated in the Guidance Note?
2. Whether a guard file is maintained for each auditable entity containing the legislations/rules/policies/orders, financial and outcome budgets etc.
3. Whether the guard files are updated in every audit?
4. Whether desk review is carried out by the audit party identified for audit of an individual entity before embarking on the compliance audit?
5. Whether data analytics is used in desk review?
6. In case, desk review is not conducted whether specific relaxation from the concerned GO is obtained duly explaining the circumstances and recording the reasons for the relaxation before commencing the audit.
7. Whether the SAO in charge of the audit party has prepared a plan of audit procedures for the specific entity detailing the audit objectives, scope of audit, main focus areas for audit and assignment plan for the team members and the same got approved by the respective GO.
8. Whether technological solutions being implemented in the State offices are leveraged to enhance the quality and effectiveness of monitoring.
9. Whether the issues emerging from supervision of GO are effectively followed up and reported.

10. Whether any systemic issues observed during audit are communicated to other parties carrying out similar audits to enable a holistic assessment across all audited entities.
11. Whether the SAO of the field audit party certifies that the audit process was conducted as planned in accordance with the Auditing Standards and Code of Ethics and that documentation requirements are adhered to.
12. Check whether each para in the Draft IR clearly brings out whether the deficiency / best practice is an isolated case or it has a systematic connotation?
13. Check whether the paras in the Draft IR are drafted in an orderly manner by identifying the criteria, describing the condition, correlating the cause of deviation and determines the effect of deviation?
14. Check whether the reply of the audited entity has been incorporated and audit rebuttal/contention thereon are clearly presented.
15. While reviewing paras outstanding from previous Inspection Reports, check whether in case of a continuing deficiency or persistent irregularities, the audit team identifies the system issue /control deficiencies.
16. Check whether the IR paras are categorized appropriately as Part IIA and Part IIB paras respectively.
17. Check whether while seeking approval of GO for issuing the IR, a judgment of the persistent irregularities that need to be brought to the notice of the Executive through a Department Appreciation Note is taken?
18. Whether NIL Reports has been issued only after prior approval of AG?
19. Whether the grading of IR is done as directed in the Guidance Note?
20. Whether the procedure of scoring and grading of IRs are periodically reviewed by AG?

Chapter 10

Audit of Panchayati Raj Institutions and Urban Local bodies

10.01 All matters relating to providing TGS and conduct of audit of Panchayati Raj Institutions (PRIs) and Urban Local Bodies (ULBs) in Kerala has been entrusted with AG (GSSA), Kerala.

The following points are to be checked/seen during the audit of SSI&LBs Wing:

1. What are the number of PRIs/ ULBs in the State?
2. Whether the State has enacted legislation for PRIs/ULBs after 73rd and 74th constitutional amendments.
3. Whether the State Government has accepted the Budget/accounting formats prescribed by CAG. If yes, whether the State Government has issued formal orders.
4. Whether any amendment in the State Act has been carried out to accommodate CAG of India's role as per the recommendation of 11th Finance Commission.
5. If the State Government has decided to adopt the accounting formats, whether any training programme has been organized for the PRIs/ULBs functionary in the new accounting formats.
6. What is the percentage of expenditure on PRIs/ULBs to the total Revenue Expenditure of the State?
7. What was the total receipts and revenue from all sources for all PRIs/ULBs from Central Government/State Government and Central/ State Finance Commissions in the last three years?
8. Compliance by the State Government with recommendation of the State Finance Commission regarding devolution of funds to PRIs/ULBs eg: sharing of Non Loan Gross Revenue Receipts?
9. What is the method of transfer of funds to the three tiers of PRIs/ULBs i.e., whether funds are first given to the first tier and then passed on to the two lower levels or directly transferred to each tier?
10. Whether VLC has been established in A&E Office.
11. To what extent data captured in VLC is being used for planning and executing ULB audit.
12. Ascertain the number of *ad hoc* AAO posts sanctioned by Headquarters for PRIs/ULBs audit and status of their actual deployment.
13. Whether the audit plan approved by Headquarters is being followed.

14. Ascertain the dates on which annual audit programme was drawn up and got approved by Headquarters.
15. Ascertain the party days allowed for audit of District Panchayat/Block Panchayat/Grama Panchayat and ULBs under Section 14/15 of DPC Act.
16. Ascertain the number of audit parties formed/deployed for the audit of PRIs/ULBs and staff kept in Headquarters for pursuance of IR files etc.
17. Ascertain the total number of party days utilized for audit of PRIs/ULBs.
18. Review the status of IRs/Paras outstanding.
19. Review the details of meetings held with the State Authorities for effective pursuance of irregularities/points included in the IRs.
20. Ascertain the percentage of PRIs/ULBs selected for test check/audit of their accounts and in how many years all the units are planned to be covered.
21. Review the documents maintained to record major irregularities noticed and whether the same was reported to Headquarters.
22. Review the position of discussion in Public Accounts Committee (PAC)/ other Legislative Committees.

10.02 Local Bodies-Criteria for Assessment of Performance of offices based on the above check List

1. Adequacy of follow up with the State Government for getting entrustment of TGS, adoption of accounts and amendments in the State Act to accommodate the role of CAG.
2. Initiatives taken to organize training for trainers for the accounts staff of PRIs.
3. The extent to which the data from VLC is being used for planning and execution of Local Bodies Audit (LBA).
4. Assessment of efficiency of audit planning and implementation in terms of number of Audit Parties, Party days etc.
5. Timeliness of issue of IRs, adequacy of pursuance of IRs/irregularities, status of pending paras etc.
6. Adequacy of documentation, record keeping for major irregularities and reporting.
7. Adequacy of Press coverage and discussion in the PAC/ other Legislative Committees.

10.03 Checks to be exercised based on Manual of Local Bodies Audit

1. Whether the Local Fund Auditor has prepared by the end of March every year, an annual audit plan for the audit of PRIs and ULBs in the next year and forwarded it to AG?

2. Check whether the audit methodology and procedures for audit of PRIs and ULBs by the local fund auditor is as per various Acts and statutes enacted by the State Govt. and guidelines prescribed by CAG?
3. Whether the copies of Inspection Reports in respect of selected local bodies are forwarded to AG for advice on system improvements?
4. Whether LBA wing reviews the Inspection Reports received from the local fund auditor to make suggestions for improvement of existing systems being followed by local fund audit department?
5. Whether the LBA wing monitors the quality of IRs issued by local fund auditor?
6. Whether returns are sent by the local fund auditor in the formats prescribed by CAG?
7. Check whether in order to provide technical assistance test check of some of the PRIs and ULBs are conducted and the report of the test check sent to the local fund auditor for pursuance of actions?
8. Whether it is ensured that objections involving serious irregularities such as system deficiencies, serious violation of rules and fraud noticed by the local fund auditor are intimated to AG?
9. Whether it is ensured that an internal control system has been developed by the local fund auditor in consultation with AG?
10. Whether training and capacity building is imparted to the local fund audit staff by AG?
11. Whether the District Level Audit Monitoring Committees for timely settlement of outstanding paras in IRs issued to Local Self Government Department (LSGD) are held once in three months?
12. Whether the State level Audit Monitoring Committee with Principal Secretary, LSGD as Chairman, State Performance Audit Officer as Convenor and DAG (SSI and LBs) as member was constituted and meetings of the Committee are held once in four months?
13. Check whether in addition to audit under TGS, audit under Sections 14 and 15 is conducted for those Local Self Government Institutions (LSGIs) which attract the provisions of these sections?
14. Whether transaction audit is conducted in ten per cent of LSGIs and supplementary audit of 10 *per cent* of LSGIs is conducted focusing on the financial statements?
15. Check whether the checks prescribed in para 8.3.2 of Manual of Local Bodies Audit are applied while auditing the expenditure incurred by LSGIs?
16. Check whether the checks prescribed in para 8.4.1 of Manual of Local Bodies Audit are applied while auditing the receipts received by LSGIs?

17. Check whether while auditing the stores and stock of LSGIs, the store balances are investigated and discrepancies thereon highlighted?
18. Check whether the checks prescribed in para 8.7.1 of Manual of Local Bodies Audit are applied while auditing the grant in aid received and loans availed?
19. Check whether the entry meeting at the beginning and exit meeting at the close of the performance/compliance audits are conducted and minutes prepared and signature of AG as well as Secretary, LSGD obtained?
20. Whether quarterly conference of the wing is convened in time for reviewing the performance of party members during the previous quarter?
21. Whether the IRs are issued within 30 days from the date of completion of audit?
22. Whether the remittances made to the treasury and payments made from the treasury for the selected month by the LSGIs are verified in audit?
23. Check whether the service books of the members of staff in an office are checked by the audit party at the rate of percentage prescribed according to the periodicity of audit?
24. Whether the declaration that no Government servant has been retained by service beyond the date of superannuation is attached by the audit party to the IR?
25. Whether a para on internal control mechanism is incorporated in the IR after filling the questionnaire on internal control?

Information to be collected during internal audit of functional wings as mentioned in Chapters 9 and 10

Status of auditee units due for audit and actually audited during last four years
(Separately for each wing)

Year	No. of auditee units due for audit during the year as per laid down periodicity	No. of auditee units planned to be audited during the year	No. of units actually audited

Status of Inspection Reports issued during last four years
(Separately for each wing)

Year	No. of units audited during the year	No. of IRs pending to be issued at the beginning of the year	No. of IRs Issued during the year	No. of IRs Pending at the close of the year

Status of Inspection Reports Issued
(Separately for each wing)

Year	Total IRs issued	IRs issued in time	Delay in no. of days					
			1-15	16-30	31-60	61-90	91-150	Beyond 150

Status of Nil Reports
(Separately for each wing)

Sl No.	Years				
1	Total No. of IRs issued				
2.	Total No. of major objections containing IRs issued				
3.	Total No. of Nil major objections containing IRs issued				
4.	Nil IRs issued				

Status of Major Objections considered for Draft Paras
(Separately for each wing)

Sl No.	Years				
1	Total number of major objections issued				
2.	Number of major objections approved as PDP cases				
3.	Number of cases selected for issue of Factual Statement				
4.	Number of Factual Statements converted into DP				
5.	Number of cases returned to sections to process them through IRs				

Status of IRs and Paras added and cleared
(Separately for each wing)

Period quarter ending	Opening Balance		Additions		Clearance		Closing	
	IRs	Paras	IRs	Paras	IRs	Paras	IRs	Paras

Chapter 11

Documentation

- 11.01 The Internal Audit Team should adequately document the audit evidence in working papers, including the basis and extent of planning, work performed and the findings of audit. Working papers should contain sufficient information to enable an experienced auditor having no previous connection with the audit to ascertain from them the evidence that supports the auditor's significant findings and conclusions.

Importance of adequate documentation

- 11.02 Adequate documentation is important for the following reasons.
- a. Confirm and support the auditors' opinion and reports.
 - b. Increase the efficiency and effectiveness of audit.
 - c. Serve as a source of information for preparing reports or answering any enquiries.
 - d. Serve as evidence of the auditor's compliance with Auditing standards.
 - e. Facilitate planning and supervision.
 - f. Help the auditor's professional development.
 - g. Help to ensure that delegated work has been satisfactorily performed and
 - h. Provide evidence of work done for future reference.
- 11.03 It should be borne in mind that the content and arrangement of working papers reflect the degree of proficiency, experience and knowledge of the auditor. The working papers should be sufficiently complete and detailed to enable an experienced auditor having no personal connection with the audit, to subsequently ascertain, what work was performed to support the conclusions.
- 11.04 The Internal Audit report must be based on competent, relevant and reasonable evidence. The audit should be planned to achieve this. The evidence is gathered by the Party and the conclusions are drawn from the tests carried out. The review of audit by senior officers has to assess the adequacy of the evidence and the reasonableness of the conclusions reached. The Officers responsible for the audit work have to know that all these items of work have been carried out properly. Good documentation is, therefore, vital to show the quality of audit attained.
- 11.05 Every matter relevant to the audit should be recorded in a clear and concise way. The referencing of documents is especially important to show the way through the papers. The aim should be to make it easy to anybody not previously involved with the audit and for senior officers reviewing the documentation to see exactly what has been done and conclusions reached. The auditor knows exactly what he has

done and what views he has formed; the documentation must make sure that other people examining the documentation are put in the same position. The acid test for good documentation is that an experienced auditor with no previous connection with the audit should be able, without difficulty to ascertain the evidence gathered and understand and support the conclusions reached.

- 11.06 A standard method of filing document is essential. The filing method should recognize that documents fall into two categories.
- Those relevant to the audit of the section/group under audit generally.
 - Those relevant only to the audit of the section/group under audit for a particular period.
- 11.07 The documents to which the auditor needs to refer each year should be placed on a standing file. This file should contain current information about the section/group itself, such as,
- Organization chart and key personnel.
 - Description of accounting systems.
 - Manual
 - Systems evaluations,
 - Relevant job descriptions and authority limits.
 - List of locations and main books of record or accounts.
 - Specimen copies of formats of registers. (Sy.328, GAR.9, GAR.10 etc.)
 - Formulae for reference in items of work like calculation of audit fee, staff proposals, calculations of man days for internal and external arrears etc.
 - Time targeted/prescribed for various items of work.
 - Specimen copies of documents, extract of records and reports
 - Previous Internal Audit Reports.
 - Previous reports of Director of Inspection.
- 11.08 The documents relevant for audit for a particular period should be filed in a manner which brings together related working papers in a series of folders.
- 11.09 The working paper folders should include documentation which shows,
- the names of audit personnel who carried out the audit work.
 - audit work plan
 - audit test programme.
 - The dates when the audit work was done
 - Sources of the information/evidence obtained
 - The nature and purpose of audit tests carried out and the results obtained.
 - Follow up records and correspondence.

Chapter 12

Reporting and follow up

- 12.01 The Internal Audit may use comprehensive check lists/ questionnaires for eliciting information and planning the audit. In many cases non-compliance with an item in the check list does not automatically warrant an audit comment. In case some control is missing, audit should check for compensating control. Besides each item needs to be evaluated based on overall circumstances in which deviation occurred. Audit Reports should be carefully drafted taking into account the replies given at various stages and the result of interview and discussions. The report should indicate specific irregularities followed by recommendations and not merely narration of facts.
- 12.02 There should be only one Report for one section say Cash, Report etc. at a point of time. The unsettled paras of the previous report should be updated with remarks that no action was taken since last verification. Such paras should also be clubbed in one part of the report. The Report of Internal Audit should be in the format for local audit stipulated in para No. 744 of MSO(Tech) Vol.I, detailed below:
- Part I (a) Introduction
(b) Outstanding Objections in previous Inspection Reports
(c) Schedule of persistent Irregularities
- Part II Section A Major Observations
Section B Other Observations
- 12.03 These reports will be prepared in duplicate and forwarded to the Section concerned after it is discussed by the IAO with the BO and the Supervisory GO. The Section shall retain one copy for its use and reference and return the other copy to Internal Audit Section after complying with the remarks. After the receipt of the report from the sections the correctness of the replies should be test checked by Internal Audit Section and the report with further remarks submitted to AG. After all the points are settled the report should be closed under the orders of AG after due scrutiny and suitable note of closure included at the time of submission of synopsis of the Reports to AG.
- 12.04 A monthly report should be sent to the Headquarters Office detailing the principal defects noticed during Internal Audit and action taken thereon and also an appraisal as to whether procedures and systems prescribed have been followed and if not what corrective action has been taken so that such failures do not recur in future. The progress of work of Internal Audit Section in respect of changes in the Cycle of Internal Audit and other items of work like post review, triennial review etc., should be shown in the report.

12.05 Completion of Internal Audit, issue of reports etc. may be regulated as per the following time schedule or such tighter schedule as may be prescribed by the Head of Department.

- i) Completion of Internal Audit Within 10 working days (one AAO, two Auditors)
- ii) Issue of Internal Audit Memos Within 20 working days
The Memos should be issued during the course of inspection wherever necessary.
The last batch of Memos should be issued within three days of completion of Internal Audit.
- iii) Return of Audit Memos Within three to seven days of receipt of Internal Audit Memos in the section.
The period of seven days allowed for furnishing replies to Internal Audit Memos is only to give the Section internal audited an opportunity to verify the facts, etc. If, however, the replies to Internal Audit Memos are not received within the period prescribed, the Internal Audit Reports should be finalized and issued without waiting for the replies to Internal Audit Memos.
- iv) Issue of Report Within 15 days of completion of Internal Audit/within two days of receipt of AG's orders on the Internal Audit Report.
- v) Furnishing of replies to the Internal Audit Reports by the Section Within one month of receipt in Section. If any difficulty is anticipated in adhering to the stipulated date, the matter should be brought to the notice of the Group officer who after satisfying himself would recommend suitable extension of time and take the orders of AG in this regard.
- vi) Submission of the report to AG with further remarks of Internal Audit Section for orders for final settlement/further pursuance Within 10 working days on receipt of the report in the Section.

Chapter 13

Quality Assurance in Internal Audit

- 13.01 The Accountant General should develop and maintain a quality assurance programme that covers all aspects of internal audit activity and continuously monitor its effectiveness. The programme includes periodic internal quality assessment and ongoing internal monitoring. Each part of the programme should be designed to help to add value to the internal auditing activity and improve the operations of the office and to provide the assurance that the activity is in conformity with the prescribed frame work, standards and instructions.
- 13.02 The internal audit activity should adopt a process to monitor and assess the overall effectiveness of the quality programme. The process should include both internal and external assessment.

Quality programme assessments

- 13.03 The AG is responsible for implementing processes that are designed to provide reasonable assurance to the various stake holders of the internal audit activity that it,
- a. performs in accordance with prescribed frame work, standards and instructions.
 - b. operates in an effective manner.
 - c. is perceived by those stake holders as adding value and improving the organization's operations.
- 13.04 These processes include appropriate supervision, periodic internal assessments and ongoing monitoring of quality assurance and periodic external assessments.
- 13.05 Monitoring includes ongoing measurements and analysis of performance metrics e.g. Cycle time and recommendations accepted.
- 13.06 Assessments should evaluate and conclude on the quality of internal audit activity and lead to recommendations for appropriate improvements. Assessment of quality programmes includes evaluation of:
- Compliance with the prescribed frame work, standards and instructions.
 - Adequacy of the internal audit activity's scope, goals, objectives, policies and procedures.
 - Contribution to the risk management, governance and control processes of the Office.
 - Effectiveness of continuous improvement activities, and adoption of best practices and
 - Whether the auditing activity adds value and improves the operations of the Office.

Continuous Improvement

- 13.07 All quality improvement efforts should include a communication process designed to facilitate appropriate modification of resources, technology, processes and procedures indicated by monitoring and assessment activities.

Internal Assessments

- 13.08 Internal Assessment should include.
- Ongoing reviews of the performance of internal audit activity.
 - Periodic reviews performed through self-assessment or by other persons within the organization, with knowledge of internal auditing practices and prescribed frame work, standards and instructions.
- 13.09 Ongoing assessments may be conducted through,
- Supervision during Internal Audit assignments.
 - Check lists and other means to provide assurance that, processes adopted by the audit activity are being followed.
 - Feedback from GOs and BOs.
 - Observations of Inspection Parties.
 - Observations of Peer Review Groups carrying out Peer review of the office.
 - Analysis of performance matrices (cycle time and recommendations accepted)
 - Adherence to time frame or time budgets, audit plan completion, compliance to Internal Audit observations, recoveries effected etc.
- 13.10 Conclusions should be developed as to the quality of ongoing performance and follow up action should be taken to ensure that appropriate improvements are implemented.
- 13.11 Periodic assessments should be designed to assess compliance with the activity's prescribed frame work, standards and instructions and the efficiency and effectiveness of the activity in meeting the needs of its various stakeholders.
- 13.12 Periodic Assessments may
- include more in-depth interviews and surveys of stake holders group (for e.g. GOs and BOs)
 - be performed by members of the internal audit Activity.
 - be performed by other competent audit professionals, currently assigned elsewhere in the office.
 - encompass a combination of self-assessment and preparation of materials subsequently reviewed by other competent audit professionals from elsewhere in the office and

include bench marking of internal audit activity's practices and performance metrics against relevant best practices of other field offices.

- 13.13 Conclusion should be developed as to the quality of performance and appropriate action initiated to achieve improvements and conformity to prescribed frame work, standards and instructions as necessary.
- 13.14 The Head of Department should establish a structure for reporting results of periodic reviews that maintains appropriate credibility and objectivity. Those assigned responsibility for conducting ongoing and periodic reviews should report to AG while performing the reviews and communicate the results directly to AG.
- 13.15 The AG is to share the results of internal assessments and necessary action plans with appropriate persons outside the activity such as GOs, DG(Inspn) at Headquarters and Team Leaders of Peer Review Groups carrying out peer review of the office.

External Assessments

- 13.16 External assessments such as quality assurance reviews should be conducted at least once in five years by a qualified independent reviewer or review team from other field office or Headquarters.
- 13.17 External assessment of internal audit activity should appraise and express an opinion as to its compliance with the prescribed frame work, standards and instructions and should include recommendations for improvement.
- 13.18 External reviewers including those who validate self-assessment should be independent of field office and of internal audit activity. The review team should consist of individuals competent in the professional practicing of internal auditing in the field offices of I.A & AD.
- 13.19 The office that is performing the external assessment, the members of the review team, and any other individuals who participate in the assessment should be free from any obligation to or interest in the office that is the subject of the review or its personnel. Individuals who are in another department of that office although organizationally separate from internal audit activity, are not considered independent for the purposes of conducting an external assessment.
- 13.20 Reciprocal peer reviews of two field offices should not be performed.
- 13.21 The external assessments should consist of a broad scope of coverage that includes, the following elements of internal audit activity
 - a. Compliance with prescribed framework, standards and instructions, plans, policies, procedures and practices.
 - b. The expectations from the internal audit activity expressed by PAG/AG and GOs.

- c. The integration of the internal audit activity into the organization's governance including the attendant relationship between and among the key groups involved in the process.
- d. The tool and techniques employed by the internal audit activity.
- e. The mix of knowledge, experience and disciplines within the staff including staff focus on process improvement.
- f. The determination whether the audit activity adds value and improves the operations of the office.

Self-assessment with independent validation

13.22 An alternative process is to arrange a self-assessment with independent external validation with the following features.

- A comprehensive and fully documented self-assessment process
- An independent on-site validation by a qualified reviewer.
- Economical time and resource requirements.

Some best practices in internal auditing activity

13.23 The following are some of the best practices in internal auditing activity.

- Obtaining an understanding of auditees so as to satisfy their needs.
- Applying quality principles and developing performances measures.
- Auditing operations as well as controls to improve entity performance.
- Serving as an agent for change in the organization
- Communicating regularly with in the internal audit activity with auditees and other stake holders.
- Integrating Information Technology and auditing.
- Emphasizing the professional satisfaction of the internal auditors.

13.24 The Head of Department should share the result of external quality assessments with various stake holders of the activity like GOs, DG(Inspn) as well as Peer Review Groups.

Chapter 14

Relationship between Internal Audit and Director General of Inspection

- 14.01 The Internal Audit Wing can usefully supplement the work of the DG(Inspn) and also serve as liaison between him and the office in pursuing the objections raised by him till their final settlement and issuing instructions to ensure that irregularities pointed out by him do not recur.
- 14.02 The DG (Inspn) at Headquarters office will be the nodal section for overseeing the work of Internal Audit. It reviews the functioning of Internal Audit Wing. The Internal Audit Wing can investigate the procedural omissions, irregularities and audit lapses brought to notice by DG (Inspn.) and submit appraisal report of the work done by Internal Audit Wing to the DG (Inspn).
- 14.03 While Internal Audit is an instrument of control available to the Head of Office, DG (Inspn) can be helpful to CAG in formulating general policies in rectification of persistent defects in particular areas.
- 14.04 While it is necessary to bring important lapses to the notice of CAG by DG (Inspn.), routine and procedural lapses can be left to be dealt finally by heads of field offices by their Internal Audit Wings.
- 14.05 For the guidance of Internal Audit Wings, DG (Inspn) issued a Best Practices Guide in September 2003, which is to be referred as ready reckoner to activate groups and controlling sections concerned through their Internal Audit Wings.
- 14.06 Records generally seen by Inspection Parties.

OAD wing

1. Register of Auditable units.
2. Note book of orders.
3. Register for watching timely issue of IRs
4. IR pursuance Register.
5. Audit Progress Register.
6. Register of cases marked as PDP cases.
7. Register of important points.
8. Register of special points.
9. Monthly status Report submitted to AG.
10. Register of files.
11. Incumbency register of OAD wing.
12. Register of files called for by AG for review.
13. Register of meetings conducted by GO with Sr.AO/AAO for improvement of audit.
14. Calendar of returns.
15. Register of complaints

16. Register of new items.
17. Register of contribution of members of OA parties.
18. Register of Audit fees.
19. Objection Book.
20. Register for watching recovery of Audit fees.
21. Register for watching disposal of Advances and adjustment of TA Bills of field parties.
22. Target and Achievement Register.
23. Register for watching disposal of Notes received from IAU Sections for inspection in local audit.
24. Register of serious financial irregularities.
25. Register for collection of statistics to serve as fair index of volume of work done.
26. Register of local audit undertaken under Section 15, 19 and 20 of Comptroller & Auditor General of India's (DPC) Act.

The list is not exhaustive.

Chapter 15

International standards on Internal Audit

- 15.01 The Institute of Internal Auditors (IIA) has issued International Standards for the Professional Practice of Internal Auditing. The purpose is to
- a. Delineate basic principles that represent the practice of internal auditing as it must be
 - b. Provide a frame work for performing and promoting a broad range of value added internal audit activities.
 - c. Establish the basis for the evaluation of internal audit performance.
 - d. Foster improved organizational processes and operations.
- 15.02 The Internal Auditing Standards Board of Institute of Internal Auditors revised International Standards for the Professional Practice of Internal Auditing in January 2004. The Standards provides guidance for the conduct of internal auditing at both the organizational and individual auditor levels. The standards describe the nature of internal audit activities, key components of a charter and an annual plan of activities, ways of conducting engagements and communicating results and criteria for evaluating the performance of the services.
- 15.03 Standards comprise Attribute, Performance and Implementation Standards. Attribute Standards and Performance Standards apply to all internal audit services whereas Implementation Standards apply to specific types of engagement such as assurance and consulting activities.
- 15.04 Periodically new or amended Standards are approved by the IIA's Internal Auditing Standards Board. Before making changes, the Board releases exposure draft of the proposed amendments, additions and deletions for public comment. This exposure process is a critical step in the formulation and testing of concepts and the approval of new and amended Standards.
- 15.05 The standards issued by IIA are reproduced in Annexure after incorporating the amendments made to the Standards in October 2017.

Annexure
(Ref. Para 15.05)
**STANDARDS ISSUED BY THE INSTITUTE OF INTERNAL
AUDITORS (IIA)**

ATTRIBUTE STANDARDS

1000 – Purpose, Authority, and Responsibility

The purpose, authority and responsibility of the internal audit activity must be formally defined in a charter, consistent with the mission of internal audit and the mandatory elements of the International Professional Practices Framework. The chief audit executive must periodically review the Internal Audit charter and present it to senior management and the board for approval.

1000.A1 - The nature of assurance services provided to the organization must be defined in the audit charter. If assurances are to be provided to parties outside the organization, the nature of these assurances must also be defined in the charter.

1000.C1 - The nature of consulting services must be defined in the audit charter.

1100 – Independence and Objectivity

The internal audit activity must be independent, and internal auditors must be objective in performing their work.

1110 – Organizational Independence

The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfil its responsibilities.

1110.A1 - The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results. The chief audit executive must disclose such interference to the board and discuss the implications.

1120 – Individual Objectivity

Internal auditors must have an impartial, unbiased attitude and avoid conflicts of interest.

1130 – Impairments to Independence or Objectivity

If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.

1130.A1 – Internal auditors must refrain from assessing specific operations for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year.

1130.A2 – Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by a party outside the internal audit activity.

1130.C1 - Internal auditors may provide consulting services relating to operations for which they had previous responsibilities.

1130.C2 - If internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made to the engagement client prior to accepting the engagement.

1200 – Proficiency and Due Professional Care

Engagements must be performed with proficiency and due professional care.

1210 – Proficiency

Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

1210.A1 - The chief audit executive must obtain competent advice and assistance if the Internal Audit staff lacks the knowledge, skills, or other competencies needed to perform all or part of the engagement.

1210.A2 – The internal auditor must have sufficient knowledge to identify the indicators of fraud but is not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.

1210.A3 – Internal auditors must have knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.

1210.C1 - The chief audit executive must decline the consulting engagement or obtain competent advice and assistance if the Internal Audit staff lacks the knowledge, skills, or other competencies needed to perform all or part of the engagement.

1220 - Due Professional Care

Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

1220.A1 - The internal auditor must exercise due professional care by considering the:

- Extent of work needed to achieve the engagement's objectives.
- Relative complexity, materiality, or significance of matters to which assurance procedures are applied.
- Adequacy and effectiveness of risk management, control, and governance processes.
- Probability of significant errors, irregularities, or non-compliance.
- Cost of assurance in relation to potential benefits.

1220.A2 - In exercising due professional care the internal auditor must consider the use of computer-assisted audit tools and other data analysis techniques.

1220.A3 – The internal auditor must be alert to the significant risks that might affect objectives, operations, or resources. However, assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.

1220.C1 - The internal auditor must exercise due professional care during a consulting engagement by considering the:

- Needs and expectations of clients, including the nature, timing, and communication of engagement results.
- Relative complexity and extent of work needed to achieve the engagement's objectives.
- Cost of the consulting engagement in relation to potential benefits.

1230 – Continuing Professional Development

Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.

1300 – Quality Assurance and Improvement Program

The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity. A quality assurance and improvement program is designed to enable an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics.

1310 – Requirements of the Quality Program and Improvement Program

. The quality assurance and improvement program must include both internal and external assessments.

1311 – Internal Assessments

Internal assessments must include:

- Ongoing reviews of the performance of the internal audit activity
- Periodic reviews performed through self-assessment or by other persons within the organization, with knowledge of internal audit practices and the Standards.

1312 – External Assessments

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organization.

1320 – Reporting on the Quality Program

The chief audit executive must communicate the results of the quality assurance and improvement program to senior management and the board.

PERFORMANCE STANDARDS

2000 – Managing the Internal Audit Activity

The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization.

2010 – Planning

The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization's goals.

2010.A1 - The internal audit activity's plan of engagements must be based on a risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.

2010.C1 - The chief audit executive must consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value, and improve the organization's operations. Accepted engagements must be included in the plan.

2020 – Communication and Approval

The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and to the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.

2030 – Resource Management

The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

2040 – Policies and Procedures

The chief audit executive must establish policies and procedures to guide the internal audit activity.

2050 – Coordination and Reliance

The chief audit executive must share information, coordinate activities and consider relying upon the work of other internal and external assurance and consulting service providers to ensure proper coverage and minimize duplication of efforts.

2060 – Reporting to Senior Management and the Board

The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and the Standards. Reporting must also include significant risk and control issues, including fraud risks, governance issues, and other matters that required the attention of senior management and /or the board.

2100 – Nature of Work

The internal audit activity must evaluate and contribute to the improvement of the organisation's governance, risk management, control processes, using a systematic disciplined and risk-based approach. Internal audit credibility and value are enhanced when auditors are proactive and their evaluations offer new insights and consider future impact.

2110 – Governance

The internal audit activity must assess and make appropriate recommendations to improve the organisation's governance processes.

2110.A1 - The internal audit activity must evaluate the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities.

2110.A2 - The internal audit activity must assess whether the information technology governance of the organization supports the organization's strategies and objectives.

2120 – Risk Management

The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.

2120.A1 - The internal audit activity must evaluate risk exposures relating to the organization's governance, operations, and information systems regarding the:

- Achievement of the organization's strategic objectives.
- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations and programs.
- Safeguarding of assets.
- Compliance with laws, regulations, policies, procedures, and contracts.

2120.A2 - The internal audit activity must evaluate the potential for the occurrence of fraud and how the organization manages fraud risk.

2120.C1 – During consulting engagements, internal auditors must address risk consistent with the engagement's objectives and be alert to the existence of other significant risks.

2120.C2 – Internal auditors must incorporate knowledge of risks gained from consulting engagements into their evaluation of the organization's risk management processes.

2130 – Control

The internal audit activity must assist the organization in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.

2130.A1 – The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organization's governance, operations, and information systems regarding the:

- Achievement of the organization's strategic objectives.
- Reliability and integrity of financial and operational information.
- Effectiveness and efficiency of operations and programs.
- Safeguarding of assets.
- Compliance with laws, regulations, policies, procedures, and contracts.

2130.C1 – Internal auditors must incorporate knowledge of controls gained from consulting engagements into evaluation of the organization’s control processes.

2200 – Engagement Planning

Internal auditors must develop and record a plan for each engagement, including the scope, objectives, timing and resource allocations.

2201 - Planning Considerations

In planning the engagement, internal auditors must consider:

- The strategies and objectives of the activity being reviewed and the means by which the activity controls its performance.
- The significant risks to the activity’s objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level.
- The adequacy and effectiveness of the activity’s governance, risk management, and control processes compared to a relevant framework or model.
- The opportunities for making significant improvements to the activity’s governance, risk management, and control processes.

2201.A1 – When planning an engagement for parties outside the organization, internal auditors must establish a written understanding with them about objectives, scope, respective responsibilities and other expectations, including restrictions on distribution of the results of the engagement and access to engagement records.

2201.C1 - Internal auditors must establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities, and other client expectations. For significant engagements, this understanding must be documented.

2210 – Engagement Objectives

Objectives must be established for each engagement.

2210.A1 – Internal auditors must conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives must reflect the results of this assessment.

2210.A2 - Internal auditors must consider the probability of significant errors, fraud, noncompliance, and other exposures when developing the engagement objectives.

2210.C1 – Consulting engagement objectives must address governance, risk management, and control processes to the extent agreed upon with the client.

2220 – Engagement Scope

The established scope must be sufficient to satisfy the objectives of the engagement.

2220.A1 - The scope of the engagement must include consideration of relevant systems, records, personnel, and physical properties, including those under the control of third parties.

2220.A2 - If significant consulting opportunities arise during an assurance engagement, a specific written understanding as to the objectives, scope, respective responsibilities and other expectations must be reached and the results of the consulting engagement communicated in accordance with consulting standards.

2220.C1 – In performing consulting engagements, internal auditors must ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If internal auditors develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement.

2230 – Engagement Resource Allocation

Internal auditors must determine appropriate resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources.

2240 – Engagement Work Program

Internal auditors must develop and document work programs that achieve the engagement objectives.

2240.A1 - Work programs must include the procedures for identifying, analysing, evaluating, and documenting information during the engagement. The work program must be approved prior to its implementation, and any adjustments approved promptly.

2240.C1 - Work programs for consulting engagements may vary in form and content depending upon the nature of the engagement.

2300 – Performing the Engagement

Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement's objectives.

2310 – Identifying Information

Internal auditors must identify sufficient, reliable, relevant, and useful information to achieve the engagement's objectives.

2320 – Analysis and Evaluation

Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.

2330 – Documenting Information

Internal auditors must document sufficient, reliable, relevant and useful information to support the engagement results and conclusions.

2330.A1 - The chief audit executive must control access to engagement records. The chief audit executive must obtain the approval of senior management and/or legal counsel prior to releasing such records to external parties, as appropriate.

2330.A2 - The chief audit executive must develop retention requirements for engagement records regardless of the medium in which each record is stored. These retention requirements must be consistent with the organization's guidelines and any pertinent regulatory or other requirements.

2330.C1 - The chief audit executive must develop policies governing the custody and retention of consulting engagement records, as well as their release to internal and external parties. These policies must be consistent with the organization's guidelines and any pertinent regulatory or other requirements.

2340 – Engagement Supervision

Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.

2400 – Communicating Results

Internal auditors must communicate the engagement results.

2410 – Criteria for Communicating

Communications must include the engagement's objectives and scope

2410.A1 –Final communication of engagement results must include applicable conclusions, as well as applicable recommendations and/or action plans. Where appropriate, the internal auditors' opinion should be provided. An opinion must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.

2410.A2 – Internal auditors are encouraged to acknowledge satisfactory performance in engagement communications.

2410.A3 – When releasing engagement results to parties outside the organization, the communication must include limitations on distribution and use of the results.

2410.C1 – Communication of the progress and results of consulting engagements will vary in form and content depending upon the nature of the engagement and the needs of the client.

2420 – Quality of Communications

Communications must be accurate, objective, clear, concise, constructive, complete, and timely.

2421 – Errors and Omissions

If a final communication contains a significant error or omission, the chief audit executive must communicate corrected information to all parties who received the original communication.

2431 – Engagement Disclosure of Non-conformance

When noncompliance with the Code of Ethics or Standards impacts a specific engagement, communication of the results must disclose the:

- Principle(s) or rule(s) of conduct of the Code of Ethics or the Standard(s) with which full conformance was not achieved.
- Reason(s) for non-conformance.

- Impact of non-conformance on the engagement and the communicated engagement results.

2440 – Disseminating Results

The chief audit executive must communicate results to the appropriate parties.

2440.A1 - The chief audit executive is responsible for communicating the final results to parties who can ensure that the results are given due consideration.

2440.A2 - If not otherwise mandated by legal, statutory or regulatory requirements, prior to releasing results to parties outside the organization, the chief audit executive must:

- Assess the potential risk to the organization.
- Consult with senior management and/or legal counsel as appropriate
- Control dissemination by restricting the use of the results.

2440.C1 - The chief audit executive is responsible for communicating the final results of consulting engagements to clients.

2440.C2 – During consulting engagements, governance, risk management, control, and issues may be identified. Whenever these issues are significant to the organization, they must be communicated to senior management and the board.

2500 – Monitoring Progress

The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.

2500.A1 - The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

2500.C1 – The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.

2600 – Resolution of Management’s Acceptance of Risks

When the chief audit executive concludes that management has accepted a level of risk that may be unacceptable to the organization, the chief audit executive must discuss the matter with senior management. If the chief audit executive determines that the matter has not been resolved, the chief audit executive must communicate the matter to the board.

Glossary

Add Value

The internal audit activity adds value to the organization (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management, and control processes.

Adequate Control

Present if management has planned and organized (designed) in a manner that provides reasonable assurance that the organization's risks have been managed effectively and that the organization's goals and objectives will be achieved efficiently and economically.

Assurance Services

An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.

Board

The highest level governing body (e.g., a board of directors, a supervisory board, or a board of governors or trustees) charged with the responsibility to direct and/or oversee the organization's activities and hold senior management accountable. Although governance arrangements vary among jurisdictions and sectors, typically the board includes members who are not part of management. If a board does not exist, the word "board" in the Standards refers to a group or person charged with governance of the organization. Furthermore, "board" in the Standards may refer to a committee or another body to which the governing body has delegated certain functions (e.g., an audit committee).

Charter

The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Chief Audit Executive

Chief audit executive describes the role of a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the mandatory elements of the International Professional Practices Framework. The chief audit executive or others reporting to the chief audit executive will have appropriate professional certifications and qualifications. The specific job title and/or responsibilities of the chief audit executive may vary across organizations.

Code of Ethics

The Code of Ethics of the Institute of Internal auditors (IIA) are principles relevant to the profession and practice of internal auditing, and Rules of

Conduct that describe behaviour expected of internal auditors. The Code of Ethics applies to both parties and entities that provide internal audit services. The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.

Compliance

Adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements

Conflict of Interest

Any relationship that is, or appears to be, not in the best interest of the organization. A conflict of interest would prejudice an individual's ability to perform his or her duties and responsibilities objectively.

Consulting Services

Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization's governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.

Control

Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

Control Environment

The attitude and actions of the board and management regarding the importance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements:

- Integrity and ethical values.
- Management's philosophy and operating style.
- Organizational structure.
- Assignment of authority and responsibility.
- Human resource policies and practices.
- Competence of personnel.

Control Processes

The policies, procedures (both manual and automated), and activities that are part of a control framework, designed and operated to ensure that risks are contained within *the level that an organization is willing to accept*.

Core Principles for the Professional Practice of Internal Auditing

The Core Principles for the Professional Practice of Internal Auditing are the foundation for the International Professional Practices Framework and support internal audit effectiveness.

Engagement

A specific internal audit assignment, task, or review activity, such as an Internal Audit, control self-assessment review, fraud examination, or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.

Engagement Objectives

Broad statements developed by internal auditors that define intended engagement accomplishments.

Engagement Opinion

The rating, conclusion, and/or other description of results of an individual internal audit engagement, relating to those aspects within the objectives and scope of the engagement.

Engagement Work Program

A document that lists the procedures to be followed during an engagement, designed to achieve the engagement plan.

External Service Provider

A person or firm outside of the organization that has special knowledge, skill and experience in a particular discipline.

Fraud

Any illegal act characterized by deceit, concealment, or violation of trust. These acts are not dependent upon the threat of violence or physical force. Frauds are perpetrated by parties and organizations to obtain money, property, or services; to avoid payment or loss of services; or to secure personal or business advantage.

Governance

The combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.

Impairment

Impairment to organizational independence and individual objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel, and properties, and resource limitations (funding).

Independence

The freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.

Information Technology Controls

Controls that support business management and governance as well as provide general and technical controls over information technology infrastructures such as applications, information, infrastructure, and people.

Information Technology Governance

Consists of the leadership, organizational structures, and processes that ensure that the enterprise's information technology supports the organization's strategies and objectives.

Internal Audit Activity

A department, division, team of consultants, or other practitioner(s) that provides independent, objective assurance and consulting services designed to add value and improve an organization's operations. The internal audit activity helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

International Professional Practices Framework

The conceptual framework that organizes the authoritative guidance promulgated by the IIA. Authoritative guidance is composed of two categories – (1) mandatory and (2) recommended.

Must

The Standards use the word "must" to specify an unconditional requirement.

Objectivity

An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others.

Overall Opinion

The rating, conclusion, and/or other description of results provided by the chief audit executive addressing, at a broad level, governance, risk management, and/or control processes of the organization. An overall opinion is the professional judgment of the chief audit executive based on the results of a number of individual engagements and other activities for a specific time interval.

Risk

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Risk Appetite

The level of risk that an organization is willing to accept.

Risk Management

A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organization's objectives.

Should

The Standards use the word "should" where conformance is expected unless, when applying professional judgment, circumstances justify deviation.

Significance

The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance, and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

Standard

A professional pronouncement promulgated by the International Internal Audit Standards Board that delineates the requirements for performing a broad range of internal audit activities and for evaluating internal audit performance.

Technology-based Audit Techniques

Any automated audit tool, such as generalized audit software, test data generators, computerized audit programs, specialized audit utilities, and computer-assisted audit techniques (CAATs).

**FORM – 1
PROGRESS REGISTER**

Sl. No.	Name of the Section checked	Name of the party Auditors	Name of the AAO	Date of commencement of check	Date of completion of check	No. of working days for completion	Date of issue of the report	Date of receipt of first reply	Date of submission to AG	Details of reminders	Date of final records	Initials of AAO	Remarks
1	2	3	4	5	6	7	8	9	10	11	13	14	15

**FORM - 2
SECTION-WISE ARREARS**

Sl. No.	Details	Arrears as on	
		Last Report	Current Report

**FORM – 3
STATEMENT INDICATING INCREASE OR DECREASE IN ARREARS**

Branch	Position as per last report			Position as per this Report			Increase(+)/Decrease(-)		
	Internal	External	Total	Internal	External	Total	Internal	External	Total

FORM-4

STATEMENT INDICATING OVERALL POSITION OF ARREARS

Sl. No.	Section	Position as per last report			Position as per this report			Net Increase(+)/ Decrease(-)		
		Internal	External	Total	Internal	External	Total	Internal	External	Total

FORM – 5

OBJECTIONS OUTSTANDING OVER SIX MONTHS

Sl. No.	Group/ Section	Opening Balance (Money value)	Addition	Clearance	Closing Balance	No. of items outstanding		Arrears in Man days	
						As per this Report	As per previous Report	As per this Report	As per previous Report

FORM-6

STATEMENT INDICATING POSITION OF ARREARS IN CORRESPONDENCE

Sl. No.	Branch	As on last report								As on this report							
		More than one month				More than 3 months				More than one month				More than 3 months			
		Letters	UORs	Dos	Total	Letters	UORs	Dos	Total	Letters	UORs	Dos	Total	Letters	UORs	Dos	Total