



GOVERNMENT OF HIMACHAL PRADESH

AUDIT CODE

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HP STATE AUDIT DEPARTMENT

SDA, COMPLEX BLOCK NO.38

KASUMPTI, SHIMLA-171009

भारत का संविधान

उद्देशिका

इस, भारत के लोग, भारत को एक संपूर्ण प्रभुत्व - संपन्न समाजवादी पंथनिरपेक्ष लोकतंत्रात्मक गणराज्य बनाने के लिए, तथा उसके समस्त नागरिकों को:

सामाजिक, आर्थिक और राजनैतिक न्याय,
विचार, अभिव्यक्ति, विश्वास, धर्म
और उपासना की स्वतंत्रता,
प्रतिष्ठा और अवसर की समता

प्राप्त कराने के लिए, तथा उन सब में

व्यक्ति की गरिमा और राष्ट्र की एकता
और अखंडता सुनिश्चित करने वाली बांधुता
बढ़ाने के लिए

दृढ़संकल्प होकर अपनी इस संविधान सभा में आज तारीख
26 नवम्बर, 1949 ई० (मिति मार्गशीर्ष शुक्ला सप्तमी, संवत् दो
हजार छह विक्रमी) को एतद्वारा इस संविधान को अंगीकृत,
अधिनियमित और आत्मार्पित करते हैं।



Message

It is a matter of great pleasure to note that the HP State Audit Department has updated the Audit Code comprising codification of matters in the area of auditing. It has been our endeavor to professionalize working under the Government and updation of this Code is a welcome step in this direction. It is a guidance document in the domain of auditing and aims at systematic as well as rational organizational functioning. It has incorporated the best practices and meets the national norms and standards. It conceptualizes both the internal mechanism as well as external control. It is an effective tool to maintain checks and balances. It is not a "fault finding" exercise but vital input for organizational efficiency.

I hope that the Code will be of immense use to the officers and staff of the Department. I will also place on record my appreciation and accolade to all the officers/officials of the staff who have done a yeoman's job to materialize this important assignment.

(R.D. Dhiman)



FOREWORD

In today's competitive world, it is essential that the government agencies keep themselves abreast with the latest developments taking place around them. We need to constantly improve our professional skills to prove meaningful to the client organizations and the society at large. For achieving this end, we need to update codes/manuals, adopt best practices, organize trainings and workshops, and move towards computer oriented working in the offices to make our working efficient, effective and transparent. I am glad that the HP State Audit Department has initiated action in this regard with the up-dation of this Audit Code being a step in this direction to provide the necessary know-how to the auditing staff at the grass root level.

This Audit Code includes codification of the best practices in the area of auditing and is therefore very useful for the officers/officials of the HP State Audit Department. Auditing standards and Guidance Notes of Audit and Guiding principles for conducting the audit of various institutions are primarily designed to guide the stakeholders on matters which arise in the course of their day-to-day work, and on which they may require assistance in resolving intricate issues.

The Audit Code has been updated after an exhaustive study. The Officers/Officials of the HP State Audit Department have put in immense concerted efforts in updating the Audit Code. All of them deserve commendation.

PRABODH SAXENA, IAS
Additional Chief Secretary
(Finance, Planning, Personnel & EST)



Ellerslie
Shimla-171 002

I am confident that the Audit Code will be updated from time to time in future also and this edition will be utilized by the stakeholders to the optimum.


(Prabodh Saxena)



P R E F A C E


**Amarjeet Singh, IAS,
Director -cum- Examiner,
HP State Audit Department**

The HP State Audit Department Himachal Pradesh came into existence on November 1, 1966 after re-organization of States. The department at the time of its inception was responsible for conduct of audit of Panchayat Samities, Zila Parishads, Municipal Committees, Pupils funds of educational institutions, industrial schools, District Relief Funds and other Miscellaneous Accounts. Gradually, the Department has been entrusted with functions of audit of Universities, H.P. Board of School Education, H.P. Marketing Board & Marketing Committees, H.P. Housing & Urban Development Authority, Temple Trusts, e-Governance societies, educational institutions including Govt. schools & colleges, H.P. Language Art and Cultural Academy Shimla, Directorate Small Savings, Himachal Pradesh, District Small Saving Prize Money, Polytechnics and Industrial Training Institutes, National Security Relief Funds, Fish Farmer Development Agencies etc.

To fulfil the development needs of the state, requirement of a sound financial management system is an important tool of resource mobilization/management as it prevents waste of scarce resources. The HP State Audit Department will play an important role by identifying the leakages of revenue and propriety of expenditure.



To cater to its clients more efficiently and professionally, the HP State Audit Department has taken some path breaking initiatives. The new measures focuses on both capacity building as well as change in working systems and procedures. A generous grant was made available by the Govt. of Himachal Pradesh to computerize activities in the Resident Audit Schemes at CSKHPKV Palampur, H.P. University Shimla and Directorate of HP State Audit Department. Software to handle work in these places has been developed and online working facilitated. One of the most important initiatives is updation of this Audit Code. It contains the origin of the department, its evolution over a period of time, its structure. Auditing Standards and Guidance Notes of Audit and Guiding principles for conducting the audit of various institutions have also been incorporated for the guidance of the stakeholders.

 In updating the Audit Code, the state of the art literature on professional procedures followed nationally and internationally, has also been consulted. Various notifications, instructions, guidelines and related correspondence made by the department from time to time in the matters concerned with conduct of audit have been kept in view.

I acknowledge with thanks the valuable directions and guidance imparted by Sh. Prabodh Saxena, IAS, Additional Chief Secretary (Finance) to the Government of Himachal Pradesh in updation of this Audit Code. I also wish to place on record the untiring efforts and contributions made by the Officers/Officials of the HP State Audit Department, Himachal Pradesh in updating the Audit Code.

Special Secretary



**Ellerslie,
Shimla-171 002.**

The updated Audit Code, it is hoped, will meet the functional requirements of officers and staff of the Department and any suggestions for its improvement are welcome. I am confident that the Audit Code of HP State Audit Department will be up-dated from time to time and continue to guide the audit staff and other stakeholders.

(Amarjeet Singh)

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CHAPTER – 1

NATURE AND SCOPE OF LOCAL FUND AUDIT

1.1 GENERAL

The HP State Audit Department Himachal Pradesh came into existence on November 1, 1966 as a result of re-organization of States. A skeleton staff consisting of seventeen officers/officials of the erstwhile State of Punjab was allocated to the Government of Himachal Pradesh. The department at the time of its inception was responsible for conduct of audit of Panchayat Smities, Zila Parishads, Municipal Corporation Shimla/Municipal Committees, Pupils Funds of educational institutions, Industrial Schools, District Relief Funds and other miscellaneous accounts. Now, the audit of different 37 Govt. Institutions/organization (As per annexure-A) has been entrusted to this department.

The HP State Audit Department functions under the administrative control of The Additional Chief Secretary (Finance) to the Government of Himachal Pradesh, Special Secretary (Finance) to the Government of Himachal Pradesh acts as the Head of the Department and discharges the duties of the Director-cum-Examiner H.P. State Audit Department.

The HP State Audit Department functions as a centralized office with the following branches.

(a) Headquarter Office

The HP State Audit Department functions directly under the control of The Director-cum-Examiner, H.P. State Audit Department, Himachal Pradesh and he is assisted by the Additional Director/Joint Director(H.Q.) who is Head of the Office, Joint/Deputy/Assistant Directors, Section Officers, Junior Auditors and other supporting staff.

(b) Resident Audit Schemes

To conduct pre-Audit in some important institutions, the department has introduced Resident Audit Schemes. The Joint Controllers, Deputy Controllers, Assistant Controllers and Section Officers of the department manage these schemes.

(c) Audit Circles

For conducting the post audit of various institutions under the auditorial jurisdiction of the department throughout the State, 12 Audit Circles (Annexure-B) have been created as per requirement and in order to ensure smooth functioning of the Department. An audit party comprising of Assistant Controller / Section Officer and one or more Junior Auditor(s) is deployed in each Audit Circle.

To conduct audit of major institutions like HIMUDA, Urban Local Bodies, Panchayati Raj Institutions, Temple Trusts etc., audit teams are deployed under the supervision of senior officers of the rank of Deputy/Assistant Controllers. Likewise, senior officers are also deployed for conducting the special audits entrusted by the Government from time to time as well as special investigation of

accounts of the institutions under the auditorial jurisdiction of the department as per the need of hour.

1.2 THE AUDIT ESTABLISHMENT OF THE DEPARTMENT

Sr.	Designation	Sanctioned strength
1.	Director-cum-Examiner, HP State Audit Department	1
2.	Additional Director	1
3.	Joint Director/Controller	5
4.	Deputy Director/Deputy Controller	8
5.	Assistant Director/Assistant Controller	21
6.	Section Officer	38
7.	Junior Auditor	105

1.3 ROLE OF STATE AUDIT

‘Local Fund’ means any fund to the control or management of which, a local authority is legally entitled and includes the proceeds of any cess, rate, duty or tax which such authority is legally entitled to impose and any property vested in such authority. Local Fund is not a part of the Consolidated Fund of the State. Audit is literally defined as an intelligent and critical scrutiny of books of accounts written on the basis of documents and vouchers to ascertain whether the results shown in the accounts like Profit and Loss account, Balance-Sheet etc., are truly determined. The audit in regard to Government Accounts, Semi-Government Institutions and Local Bodies accounts is defined as an instrument of financial control. The modern trends in administration visualize audit in a different manner. Money and finance have been described as fuel for administrative machinery and blood stream of

administration. No administration can efficiently function if it does not take care to maintain the financial health and discipline and audit is the only independent agency through which efficient maintenance of financial discipline is ensured.

The financial health and discipline concern the entire system right from the sources from which the public money flows into the Executive and again flows out in the shape of benefits and amenities to the public or society as a whole. In the democratic form of Government, people, through their elected representatives, authorize the Executive to collect money in the shape of taxes and other incomes for utilizing in the manner authorized by them, through budget, appropriation accounts etc., and makes the Executive accountable. Similarly Local Bodies and Semi Government Institutions, enjoying the sanction of legislation, constitute democratic set up through public representatives and authorize the Executive to collect and utilize the public fund and account for the same.

The money collected from the public by way of rents, rates and taxes or grants-in-aid sanctioned by the Government to the Executive constitute a public fund. Therefore, it is necessary that a systematic accounting system is prescribed for realization of income and its usage which, in turn, leads to prescribing of codes, rules, regulations and a procedure to account for the public fund. The Legislature or the statutory bodies, who have authorized the Executive to deal with the public fund, are not experts in examining the accounts of the said public fund. Therefore, the job of examining the public fund account is entrusted to an independent agency called, “Audit”. The Director-cum-Examiner, HP State Audit Department, conducts the audit in respect of Local Funds.

The Auditor, who has to play an important role in regard to collection and utilization of public finances, is viewed from different angles. The taxpayers or public see him like a Policeman. An Executive takes as an irritant instead of

recognizing him as a friend, philosopher and guide. Auditing is ever a welcome word with management. It is essentially associated with statutory requirements and the role of the Auditor is not fault-finding but fact-finding, reporting, helping and guiding the administration in the proper utilization of public finances just like Architects bringing a maximum living place from the available piece of land besides making the whole structure beautiful.

Thus the Auditor has to play an important role in the financial management of a body or authority. While doing so he has to be conversant fully with all the methods and systems of audit so as to perform the role in a quite technical manner within the framework of rules, regulations and procedures.

The Auditor, who has got the inherent power of critical appraisal or commenting on the performance of Financial Administration of Local Bodies, should behave in a highly responsible manner keeping good and pleasing relations with the Executive. He should note that the work of the Executive should not be criticized. He should therefore, exercise this difficult task in such a manner that his role of functioning should not come in direct conflict with the Executive and at the same time, he plays his role efficiently. His observations should be precise, effective, supported with facts and conform to rules and regulations all of which should be couched in a pleasing language. Frivolous objections should be avoided. Important irregularities should not be overlooked. The Audit Report should be precise and suggestive. Having produced the report in the manner, the same should be sent to the respective bodies for placing it in the respective committees of Local Bodies/ institutions for appraisal and necessary action over the observations.

The compliance report over the observations has to be watched to see whether the defects pointed out have been rectified and the measures taken to guard against them.

NECESSITY OF STATE AUDIT

The main purpose of State Audit is to conduct the audit of Urban Local Bodies, Panchayati Raj Institutions, Universities, H.P. Board of School Education, Government educational institutions, HIMUDA, Marketing Board/Committees, Temple Trusts, H.P Language and Culture Academy, e-Governance societies, other miscellaneous institutions etc.

GENERAL ARRANGEMENT FOR STATE AUDIT

The classes of accounts with which State Audit staff deals are so varied that any general rules and instructions applicable to State Audit could not possibly be laid down. The essential object of accounts of any institution is to present a definite financial picture and intelligent audit is impossible unless there is some consideration of the general financial picture as well as investigation of the transactions. The State Audit staff before taking up the audit of any particular institution have, therefore, to study the system of accounts and accounting books/ledgers prescribed, Acts, Codes, Statutes, Ordinances, Manuals etc, wherever applicable. Audit staff has to ensure that instructions issued by the Government from time to time have been followed mutatis-mutandis by the institutions wherever applicable. They have also to consult the periodical administrative reports or any other publications, where the accounts of income and expenditure of the institution appear, to obtain a correct perspective of the financial side of the institution.

Further, one of the objects of State Audit is to conduct ‘Efficiency-cum-Performance Audit’ wherever it is possible. ‘Efficiency-cum-Performance Audit’ of expenditure is conducted with a view to ascertain (i) whether the various schemes are being run economically (ii) whether they are actually yielding the results expected of them and (iii) have assumed the importance. Examination would focus on aspects such as inefficient handling, lack of foresight, expensive delays and wasteful expenditure due to lack of coordination.

1.4 DIFFERENT KINDS OF AUDIT

Auditing in State Local Funds generally takes two forms: “Pre-Audit” and “Post-Audit.” Pre-Audit is the examination of transaction before payment is made. It is more traditional function, in which both treasury as well as audit functions are carried out simultaneously and is accomplished generally in similar manner throughout the country. Post-Audit represents an ‘after-the-fact’ examination. Alongwith “Pre-Audit” and “Post-Audit”, different kinds of audit conducted by HP State Audit Department are enumerated below:

(a) Pre-Audit

Pre-audit of Local Funds revenue and expenditure is performed in all the states, usually in the offices of Resident Audit Schemes headed by a responsible audit officer. The pre-audit, perhaps more accurately described as pre-encumbrance/prepayment audit, is pre-scrutiny of expenditure before the same is incurred/authorized.

The basic objectives of pre-audit are to provide assurance that (i) expenditures are not, upon their face, unreasonable or extravagant; (ii) significant funds are available to enable encumbrance of the order or payment of the voucher;

and (iii) there has been compliance with budgetary, civil service, legislative and legal requirements. It may include an examination of contracts prior to approval and encumbrance, scrutiny of all vouchers before payment, and review of payroll before payment.

Pre-Audit is conducted, on a day-to-day basis, under the Resident Audit Schemes of the Department as no treasury system exists in these institutions. Thus, treasury functions, such as arithmetical calculations, budget provisions, authority sanctioning the expenditure and booking of revenue and expenditure under appropriate heads, are exercised and checked in audit as well as A.G functions particularly in the matter of Pensions, CPF/GPF, including issuance of Utilization Certificates, are also exercised by the HP State Audit Department in the Resident Audit Schemes.

(b) Post-Audit

The scope of post-audit in State Local Funds may be grouped into three general categories: (i) financial accountability and legality - verification of accounting records and review of internal control concerning revenues and expenditures; (ii) performance efficiency - examination of efficiency and economy with which client institution's operations are carried out; and (iii) program evaluation – the broad examination of the extent to which program goals are fulfilled.

(c) Special Audit

Special Audit means an audit of accounts pertaining to a specified item or series of items, which requires thorough examination. In public exigencies, special audits of any Govt. Department/Institution, which are not under the auditorial

jurisdiction of the Department, can be assigned by the Director-cum-Examiner, HPSAD to its audit staff provided the request to conduct such audit is received from the Administrative Department of the concerned Department/Institution. Audit fee of such special audit shall be determined and charged by HP State Audit Department on merit considering the nature of accounts audited and nature of additional services to be provided and it will be the discretion of the Director, HP State Audit Department to charge or not to charge any audit fee from the Govt. Department for such special audits.

(d) Detailed Audit

Detailed Audit is an audit of income and expenditure of the institution for the whole year, which is conducted in public exigencies as assigned by the Director-cum-Examiner, H.P. State Audit Department.

(e) Performance Audit

Performance audit is an independent assessment or examination of the extent to which an organization, programme or scheme operates economically, efficiently and effectively.

Three E's of Performance audit

Economy:- Economy is minimizing the cost of resources used for an activity, having regard to appropriate quality. Economy issue focuses on cost of the input and processes

Efficiency:- Efficiency is relationship between the outputs, in terms of goods, services or other results and the resources used to produce them. Efficiency exists where the use of financial, human, physical and information resources is such that output is maximized for any given set of resource inputs, or input is minimized for any given quantity and quality of output.

Effectiveness:- Effectiveness is the extent to which objectives are achieved and the relationship between the intended impact and the actual impact of an activity.

Effectiveness addresses the issue of whether the scheme, programme or organization has achieved its objectives.

(f) Audit against regularity

Audit against regularity or Audit against rules and orders consists in verifying that the expenditure conforms to the relevant provisions and rules made thereunder and is also in accordance with the financial rules, regulations and orders issued by a competent authority. The rules, regulations and orders against which audit is conducted mainly fall under the following categories:—

- (i) Rules and orders regulating the powers to incur and sanction expenditure as well as delegation of powers to incur and sanction expenditure.
- (ii) Rules and orders dealing with the mode of presentation of claims, withdrawing money and in general the financial rules prescribing the detailed procedure to be followed by Government servant in dealing with such transactions.
- (iii) Rules and orders regulating the conditions of service and pay and allowances of employees of client organization.

Audit, in relation to regularity of expenditure, is of a quasi-judicial character. It involves interpretation of statutes, rules and orders. The final power of interpretation, however, resides in the authority specified in the Act/ Statute or the authority, which is the author of the rules or order. Interpretation by Audit should be based on the plain meaning of the section of statute, rule or order, in

such a case the inconsistency should be referred to the competent authority for resolution or removal.

It is, however, the duty of audit to bring to the notice of the competent authority any expenditure that does not appear to be covered by the terms of the section, rule or order quoted as justifying it, and which has been incurred by placing upon the section, rule or order an interpretation which may seem to it not to be natural, plain or reasonable one. It is also an important function of audit to ensure that rules and regulations are observed not merely in their letter but also in their spirit.

In relation to audit of expenditure against regularity, it is duty of audit to examine all financial rules and orders issued by the executive authorities affecting expenditure and other transactions subjected to audit to see that the rules and orders are themselves intra-vires and to ensure that the transactions to which they relate may be effectively audited.

In scrutinizing rules and orders it should be seen that:—

- (i) These are not inconsistent with any provisions of any laws made there under.
- (ii) These are consistent with the essential requirements of audit and accounts.
- (iii) These do not conflict with the orders or rules made by any higher authority.
- (iv) The authority issuing rules that have been separately approved by the competent authority is vested with the necessary powers to frame them.

(g) Audit against Sanction to Expenditure

One of the important functions of audit in relation to the audit of expenditure is to see that each item of expenditure is covered by sanction of the competent authority. While doing so, audit has not only to see that expenditure is covered by a sanction, either general or special, but it has also to satisfy itself that :—

- (i) The authority sanctioning the expenditure is competent to do so by virtue of the powers vested in it by the provisions of laws, rules or orders made there under or by the rules governing delegation of financial powers framed by the competent authority.
- (ii) The sanction is definite and therefore needs no reference either to the sanctioning authority itself or to any higher authority.

Besides the question of competency of the authority sanctioning the expenditure, the scrutiny of sanctions should extend to see whether: —

- (i) The expenditure is a legitimate charge on the provision from which it is proposed to be met.
- (ii) The expenditure conforms to the statutory provisions as well as the relevant financial rules, regulations and orders.
- (iii) The expenditure is in conformity with the standards of financial propriety.
- (iv) A satisfactory procedure of accounting has been evolved by the sanctioning authority in the case of sanctions of new schemes, and the detailed cost and time schedules, physical targets and other objects of the expenditure have been duly stipulated.

Sanctions having a long period of currency, as well as sanctions of permanent nature are required to be reviewed periodically so that, if there is any reason to think that the administrative authority concerned should be requested to

review the sanction, such action may be taken. The responsibility for watching the progress of expenditure against a grant or appropriation devolves on the Executive who is ultimately responsible for keeping the expenditure within the grant or appropriation. Audit should, however, render all legitimate and constructive advice to the Executive in this matter and see that suitable and adequate arrangements exist in all the organizations for the control of expenditure.

(h) Audit against Propriety

It is an essential and inherent function of audit to bring to light not only clear and obvious irregularities but also every matter that, in its judgment, appears to involve improper expenditure or waste of public monies or stores even though the accounts themselves may be in order and no obvious irregularity has been committed. Such audit, often called Propriety Audit, “extends beyond the formality of the expenditure to its wisdom, faithfulness and economy”. It is thus not sufficient to see that sundry rules or orders of a competent authority have been observed. It is of equal importance to see that the broad principles of orthodox finance are borne in mind not only by disbursing officers but also by sanctioning authorities.

No precise rules can, however, be laid down for regulating the course of audit against propriety. Its objective is to support a reasonably high standard of public financial morality and sound financial administration and devotion to Government’s financial interest. In any case, audit staff in the performance of their duties should apply the following general principles that have long been recognized as standards of financial propriety :—

- (i) The expenditure should not *prima facie* be more than what the occasion demands. Every public officer is expected to exercise the same

vigilance in respect of expenditure incurred from public moneys, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

- (ii) No authority should exercise its powers of sanctioning expenditure to pass an order that will be, directly or indirectly, to its own advantage.
- (iii) Public moneys should not be utilized for the benefit of a particular individual or section of the community unless : —
 - (a) The expenditure involved is insignificant; or
 - (b) A claim for the amount could be enforced in court of law; or
 - (c) The expenditure is in pursuance of a recognized policy or custom; or
 - (d) The amount of allowance, such as travelling allowances granted to meet expenditure of a particular type, should be so regulated that the allowances are not, on the whole, sources of profit to the recipients.

The proper discharge of duties by audit staff in this field is a very delicate matter and requires much wisdom. Audit observations against expenditure should not be expressed as based on “canons of financial propriety” but as transgressing a universally accepted standard of official conduct and financial administration.

(i) Audit of Receipts

Audit of Receipts embraces the audit of all tax and non-tax receipts. It requires that audit staff should satisfy themselves that, the rules and procedures in their behalf are designed to secure an effective check on the assessment, collection and proper allocation of revenue and are also being duly designed for this aforesaid purpose to make such examination of the accounts as audit think fit and report thereon.

It is the primary responsibility of the client organization's authorities to see that all receipts due to it are correctly and properly assessed, realized and credited in the accounts. The most important functions of audit are (i) to see that adequate regulations and procedures have been framed by the client organization to secure an effective check on assessment, collection and proper allocation of taxes and (ii) to satisfy itself by an adequate test check that such regulations and procedures are actually being adhered to. Audit should also make such examination, as it thinks fit, with respect to the correctness of the sums brought to account.

Audit of receipts will be regulated mainly with reference to the statutory provisions or financial rules or orders applicable to collection of receipts involved. If the test check reveals any defects, lacunae or loopholes in the provisions, rules or orders, the department's attention should be drawn to the advisability of these being suitably amended.

Audit should carefully review any outstanding dues and suggest to the client organization's authorities any feasible means for their recovery. Audit will see that the internal procedures adequately secure correct and regular accounting of demands, collections and refunds and no amount due to the client organization remain outstanding in its books without sufficient reason and that the claims are pursued with due diligence and are not abandoned or reduced except with adequate and proper justification. Whenever any dues appear to be irrecoverable, orders for their waiver and adjustment should be taken by the client organization from the competent authority.

To sum up, the most important function of audit and the area of audit concern in relation to assessments and refunds is to satisfy itself, by such test

checks, as it may consider necessary, that the internal procedures adequately provide for and actually ensure:

- (i) Collection and utilization of data necessary for the computation of the demand or refund are in order.
- (ii) That the computation and realization of various taxes, fees, rents, royalty, etc is in accordance with the rules and regulations.
- (iii) Prompt raising of demands on taxpayers in the manner provided under statutory provisions.
- (iv) Regular accounting of demands, collections and refunds.
- (v) Correct accounting and allocation of collections and their credit in the accounts.
- (vi) That the relevant and requisite records are being maintained properly.
- (vii) That proper arrangements are in place to safeguard against negligence or omission to levy or collect taxes or to authorize refunds.
- (viii) That adequate control and monitoring mechanisms have been devised to prevent loss or leakage of revenue.
- (ix) That there has not been any loss or leakage of revenue on account of lacunae or loopholes in the rules framed for the purpose or on account of avoidable delays in the issue of the necessary notifications and orders.
- (x) That the machinery for detection of cases of evasion is adequate.
- (xi) That the cases pending in courts of law or before appellate authorities have been pursued adequately and appeals, wherever justified or considered necessary, have been filed within the period of limitation.
- (xii) That a proper receipt is issued by the institution to the persons from whom the amount is received on behalf of the institution and record of

all the receipt books used in the institution is kept on the following Proforma.

Detail of Receipt Books Account:

Date of receipt of Receipt Books	No. of Receipt Books received	Sr. No. of the Receipt Books	No. of forms in the Receipt Book referred to in Col.No.3	Signature of the custodian of Receipt Book
1	2	3	4	5

Signature of the officer attesting the entry made in the Stock Register	Date of issue of Receipt Books for use.	Sr. No. of the Receipt Book issued for use.	Signature of the official to whom issued.	Remarks
6	7	8	9	10

CHAPTER – 2

AUDIT CODE OF PROFESSIONAL CONDUCT

2.1 INTRODUCTION

The HP State Audit Department of Himachal Pradesh is an independent agency reporting to the State Finance Department. The HP State Audit Department is vested with the authority to conduct audits on any matter within its jurisdiction. It is within this context of the increased delegation of authorities to departments that the HP State Audit Department is strengthening its audit function, which is carried out by the Audit Staff. The Audit Code of Professional Conduct adds to the professional discipline required in the conduct of audits. Along with the audit and other policies, it guides Audit Branch employees on a daily basis.

2.2 EFFECTIVE DATE

(To be added after notification)

2.3 APPLICATION

This Audit Code of Professional Conduct applies to all the Auditors within the HP State Audit Department and to those officers/employees of the Departments who may be involved in the conduct of an audit. Within the Audit Branch, auditors include all officers/employees of the Audit Operations of Resident Audit Schemes and the Circle Audit Parties and those officers/employees of the Department, who may be involved in the conduct of an audit. The Audit Branch encourages all of its auditors to view themselves as professionals, in the sense that

they aspire to high standards in the fulfillment of their employment duties and take pride in their accomplishments.

This document sets out the HP State Audit Department's requirements for institution's audit arrangements and gives the broad framework in which they should operate.

This Code is the HP State Audit Department's view on how effective audit coverage can be achieved. It also provides an overview of the roles and responsibilities of the Audit staff of the HP State Audit Department.

Within this Code 'must' and 'will' denote mandatory requirements, and 'should' denotes the Department's view of good practice. 'May' indicates ideas worthy of consideration. The Code also includes a number of 'model' documents. These are for guidance only and, together with the good practices set out, should be used with discretion. They may need adaptation to meet local circumstances. Additional guidance is available from the HP State Audit Department. The Department will assess compliance with these requirements, having regard for the guidance on good practice, and all the audit arrangements that an institution has in place.

The Code is primarily for use by the auditors, and audit parties. It should be read with the relevant publications, circulars and other guidelines issued from time to time. More detailed advice on any aspect of the Code is available from the Department. The Code is intended to be a manual. Institutions should also consider to develop their own manuals to detail their own procedures for audit-related matters. The Department may also supplement the Code with occasional Audit Practice Notes (APNs) and circular letters, giving guidance on good practice in specific areas.

The rest of this Code deals with the separate elements of audit arrangements, and sets out guidance on general principles of audit.

To obtain assurance that institutions are making proper arrangements to ensure that public funds are being used and are adequately safeguarded and that the institution's funds are utilized for the purposes for which they were given, audit staff of HP State Audit Department should periodically assess compliance with this Code and assess the internal management controls of institutions. The governing body of the institution is responsible for ensuring the proper use of public funds.

Note.— The word 'Auditor' wherever it appears in this 'Code' includes incharge audit parties, Section Officers as well as Junior Auditors and Independent auditors; it also includes all audit employees of the audit operations of Resident Audit Schemes and the Circle Audit Parties as well as those officers of the Department who may be involved in the conduct of an audit.

2.4 RESPONSIBILITIES

The HP State Audit Department will undertake a programme of work, over a periodic cycle, to achieve the following objectives :—

- (a) To appraise the soundness, adequacy and application of financial and other controls.
- (b) To ascertain the extent of compliance with established policies and procedures.
- (c) To ascertain the extent to which assets and interests of funds provided to or by the council are properly controlled and safeguarded from losses of all kinds.
- (d) To ascertain that accounting and other information is reliable as a basis for the production of accounts and other returns.

- (e) To identify and test where appropriate, the controls established to ensure the integrity and reliability of information used.
- (f) To ascertain that the systems of control are laid down correctly and operate to promote the most effective, efficient and economic use of resources.

2.5 ROLE, SCOPE AND TERMS OF REFERENCE

The primary role of audit is to ensure that an institution must establish that it has sound systems of control which help to ensure the following parameters.

- (a) The institution's objectives are achieved as far as possible.
- (b) The efficient, effective and economical use of resources is promoted.
- (c) Adherence to management's policies, directives and established procedures and compliance with any relevant laws or regulations.
- (d) The institution's assets and interests are safeguarded - particularly from losses arising from fraud, irregularity or corruption.
- (e) As far as reasonably practicable, the integrity and reliability of accounting records and other information are established.

Accordingly, the audit service must embrace the whole internal control system of the institution, including all its operations, resources, staff, services and responsibilities for other bodies. It should cover all activities associated with the institution, including those to protect it in its dealings with any subsidiary or associated institutions or any other activity in which the institution has an interest.

While it is the responsibility of management to promote value for money, auditors can specifically assist with this process as they have a responsibility to consider value for money in their routine audit work. This may include, among other things, considering:—

- (a) Systems for planning, budgeting and controlling capital and revenue income and expenditure.
- (b) Personnel, estates and information systems management.
- (c) Arrangements for managing the assets of the institution.
- (d) Proper codification of responsibilities, authority and accountability.
- (e) Monitoring results against predetermined objectives.

Auditors should not question policy objectives, but should consider the effects of policy, the arrangements by which policy objectives have been determined and the means for achieving those objectives.

Auditors may also assess the adequacy of the arrangements in place to prevent and detect irregularities, fraud and corruption. However, the primary responsibility for preventing and detecting corruption, fraud and irregularities rests with the management, who should institute adequate systems of internal control, including clear objectives, segregation of duties and authorization procedures.

The audit service should have formal terms of reference, agreed by the governing body of the institution and the audit department.

2.6 INDEPENDENCE AND STATUS

Independence is fundamental to the effectiveness of an audit. Therefore, while the auditor may consult the senior management on audit plans, these plans should be submitted to and be approved by the Director-cum-Examiner H.P. State Audit Department/Additional Director. Auditors may also carry out additional work at the request of management, including investigations, provided such work does not compromise the objectivity and independence of the audit service or the achievement of the audit plan and should invariably be approved beforehand by the

Director-cum-Examiner, H.P. State Audit Department/Additional Director. Accordingly, each institution should satisfy itself that the independence of the audit service has not been affected by the extent and nature of other work carried out.

Audit services should not have any management responsibilities other than for conduct of audit. The reporting arrangements should take account of the nature of audit work undertaken.

Audit should be seen to have sufficient status, respect and support within the institution. To be effective, the head of audit staff, or equivalent, must have direct access to the institution's designated officer and, if necessary, to the chairman of the governing body. Auditors must also have unrestricted access to all records, assets, which is necessary for smooth conduct of audit.

2.7 ASSESSMENT OF AUDIT NEED

An assessment of audit need will help the institution's governing body to judge the effect of any decision they may take regarding audit scope or resources. The audit needs of an institution should be determined without regard to constraints such as the time and resources, which may be available.

The needs assessment process should involve :—

- (a) Identifying all areas of work by system and sub-system.
- (b) Determining how systems will be grouped for audit purposes.
- (c) Seeking senior management's views on which areas or particular factors are considered high risk.
- (d) Assessing the vulnerability of each area of work.

- (e) Determining the period over which all systems should be audited and the frequency of review.
- (f) Estimating the resources required to meet audit needs.

Where existing resources are inadequate to meet the assessed need, the head of audit unit should refer to the governing body, through the designated officer. They should then decide, on the advice of the institution, whether :—

- (a) Additional resources should be provided.
- (b) Audit scope or time-scales and hence assurance, should be modified.

Audit results should be continually assessed. Critical areas, which warrant considerable attention or early audit examination, may not have been recognized in the initial assessment of audit need. Similarly, some areas may be found to warrant less attention.

2.8 AUDIT PLANNING PROCESS

All plans should be achievable and promote the efficient use of resources. They should be based on the Risk Based Approach, priorities, indicated in the audit needs assessment and the actual resources available. Their precise nature will depend upon the complexity and size of the institution, but they should reflect the need for long-term, short-term and individual work plans.

The work of the audit should be planned at each level of operation. The head of audit wing should prepare plans to carry out the responsibilities of the audit unit.

Systematic planning helps an audit unit to achieve its objectives and helps those with responsibility for reviewing the plans. Plans should cover all systems and should :—

- (a) Establish a schedule of systems assessed as requiring review and a period within which it is desirable that each of these systems should be examined.
- (b) Define the tasks to be performed.
- (c) Assist in the direction and control of work, identifying critical areas, setting target dates and allocating resources.

In order to plan adequately the head of audit unit should :—

- (a) Define audit needs based on the terms of reference.
- (b) Identify the staff and other resources needed and reconcile these with available resources.
- (c) Agree the time period of audit plans.
- (d) Record all plans in writing.
- (e) Monitor works against the plans and revise them accordingly.

The emphasis of audit plans will change from time to time. This may result from, for example, changes in the services provided or in institutional priorities. Plans should be sufficiently flexible and have adequate provision for contingencies to allow prompt response to unscheduled work.

Audit plans should be based upon a comprehensive understanding of the institution and the way it operates.

Development of an Overall Plan

The auditor should consider the following matters in developing his overall plan for the expected scope and conduct of the audit :—

- (a) The terms of his engagement and any statutory responsibilities.
- (b) The nature and timing of reports or other communication.
- (c) The applicable legal or statutory requirements.

- (d) The accounting policies adopted by the client and changes in those policies.
- (e) The effect of new accounting or auditing pronouncements on the audit.
- (f) The identification of significant audit areas.
- (g) The setting of materiality levels for audit purposes.
- (h) Conditions requiring special attention, such as the possibility of material error or fraud.
- (i) The degree of reliance he expects to place on accounting system and internal control.
- (j) Possible rotation of emphasis on specific audit areas.
- (k) The nature and extent of audit evidence to be obtained.
- (l) The work of internal auditors and the extent of their involvement, if any in the audit.
- (m) The involvement of experts.
- (n) Establishing and coordinating staffing requirements.

2.9 REPORTING

The auditors shall report whether:—

- (a) The financial statements give a true and fair view of the state of the institution's affairs and of its income and expenditure, recognized gains and losses and statement of cash flow for the year.
- (b) Funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation.

The department should determine arrangements after consideration of significant audit recommendations, which the audit considers, has not received

adequate management attention. It is important that the reporting arrangements do not compromise the independence or objectivity of the internal audit service.

At the end of each audit assignment, the auditor should provide a written report, which sets out the findings, conclusions and recommendations arising. At least for all systems based audits, it should also give an opinion on the adequacy and effectiveness of the system.

CHAPTER - 3

BASIC REQUIREMENTS FOR CONDUCT OF AUDIT

3.1 GENERAL PRINCIPLES FOR THE AUDITORS

These general principles for auditors are intended to supplement, not to replace, those issued by the Department from time to time. This is necessary because the audit of Public Funds is different from those in the private commercial sector, since auditors are also concerned with the Department's requirements.

Auditors should avoid the following:

- a)** Official, professional and personal relationships which might cause the auditor to limit the extent or character of the audit.
- b)** Any responsibility for the executive management of the institution.
- c)** Any interest, financial or non-financial, direct or indirect, in the institution.

Note-1. — The Section Officer or other officer/official is the in charge of audit party and the Junior Auditor(s) works under him. In special cases the Director-cum-Examiner, HP State Audit Department may at his discretion require a Junior Auditor to work as an independent auditor.

Note- 2. — Section Officer/in charge should ensure that Junior Auditors carry out the processes of audit. If any process is omitted, the Section Officer/Incharge will be held responsible for the omission but for detail scrutiny the responsibility for the omission/irregularity would be that of Junior Auditor who conducted the audit. In case higher authorities subsequently detect any omission/irregularity,

which should have been detected in the audit, the Section Officers/Incharge would not be allowed to shift the responsibility to their assistants.

Note- 3. — The Section Officer/Incharge should review the work of Junior Auditor. The defects notified during review should be explained to the Junior Auditor to avoid its recurrence.

Note-4.— The Section Officer/Incharge while occupied with the audit of one concept should not depute their assistant Junior Auditors to take up simultaneously any other account without previous approval of the Director-cum-Examiner, H.P. State Audit Department/Additional Director/ Joint Director.

3.2 DUE PROFESSIONAL CARE

In exercising due professional care, auditors should :—

- (a) Take reasonable steps to obtain information relevant to the audit. Auditors should take into account information from the institution, any changes in legislation, and the results of previous audit work.
- (b) Keep up to date with developments in professional matters.
- (c) Look out for and take into account any unusual circumstances.
- (d) Consider audit objectives and plan work to adhere to them.
- (e) Document the conclusions arising from the planning process and detail a budget for staff and time.
- (f) Discuss the main features of the audit with the institution.
- (g) Ensure that as far as possible, audits are staffed with suitably qualified and experienced personnel and that work is properly controlled and reviewed.
- (h) Co-ordinate the work of specialist staff.
- (i) Ensure that conclusions are adequately supported by reliable evidence. This evidence should be sufficient for an experienced auditor with no

previous connection with the audit to ascertain what work was done and how the conclusions were reached.

- (j) Maintain objectivity at all times.
- (k) Preserve confidentiality where appropriate.

3.3 INTIMATION FOR TAKING AUDIT/INSPECTION

An intimation to commence the audit should be issued to the head of the institution concerned as far as possible a week or ten days before the audit is taken up so as to consider and permit the institution for postponement of the audit, if any representation is received before the audit party proceeds for taking up the audit.

3.4 CONTACTING THE ADMINISTRATIVE AUTHORITIES

The first duty of the Section Officer/Incharge on visiting the station should be to call upon the highest administrative authority of the fund/Institution, the account of which is to be audited. He should, if necessary, call upon the administrator of the funds/institutions as often as is necessary to ensure smooth conduct of audit and to apprise him of the matters of importance.

3.5 APPROACH TO AN AUDIT

The essential features of an audit are:—

- (a) To make a critical review of the system of bookkeeping, accounting and internal control.
- (b) To make such tests and enquiries as the auditors consider necessary to form an opinion as to the reliability of the records as a basis for preparation of the accounts.

- (c) To compare the financial statements, profit and loss account and balance sheet with the underlying records in order to verify whether they are in accordance with law, wherever applicable.
- (d) To make a critical review of the financial statements, in order to make a report thereupon, stating whether, in the opinion of the auditors, the accounts are presented and the items are described in such a way that they show true and fair view of the organization.

In recent years the size and complexity of organizations have increased enormously with a corresponding effect on accounting system wherein fairly simple books of accounts provide all the necessary and far more sophisticated methods of record keeping are now in use. Computers have become an integral part of accounting system of many organizations.

For an intelligent efficient audit or inspection of accounts, it is necessary that Auditor should concentrate on the followings aspects;

Auditor should have an intimate acquaintance with various Acts, Codes, Statutes and Manuals relating thereto, and he should also be conversant with the subsidiary rules and orders issued from time to time. It should be ensured that rules are strictly enforced.

Sometimes some informality, some irregular payment or some slight discrepancy is detected in the course of audit. The general tendency is to embody this in a formal objection statement, which in course of time is replied to, the requirements of audit department are complied within a particular case in question, and then the matter ends. But the case should not be winded up at this stage. Small circumstances like cited above may lead to the detection of large irregularities or a

defect in the system liable to lead to fraud and their value and importance must be borne in mind.

If the auditors avoid frivolous objections and convince the officers by the manner in which they go about, if they consider that they are working there not to complicate the procedure but to simplify it, not merely to criticize, but to assist, they will meet with little difficulty in this direction. They should assist the client organization with advice and show, by means of practical examples, how the account registers should be posted and thus endeavour to eliminate the possibility of mistake in procedure due to ignorance. It is better to prevent mistakes in procedure than to discover after they have been committed. Auditors should use courteous language in drafting objections.

Section Officer/Incharge should devote his time chiefly to the broader and more important aspects of client organization's finances. Checking of classification of various accounts, seeing whether the budget allotment has not been exceeded etc., have no doubt their importance but the real important work of Section Officer/Incharge personally should be in the direction of suggesting fresh sources of revenue to the client organization and even more important, perhaps, in suggesting suitable measures to stop leakages in operative system of revenue. Junior Auditor should be directed to apply the routine checks like checking totals, service postage stamps accounts, stock entries, checking of APRs, arithmetical checking of payments etc. and the Section Officer/Incharge should review their work. Section Officer/Incharge should not treat himself as auditor but as a financial advisor to the client organization. The tendency of finding few points for the Audit Report and as soon as that is achieved, to slack off thereafter is the most dangerous. The real aim should be proper appraisal of the results of audit by going at the root of things and suggesting effective measures to prevent the recurrence of

irregularities detected during the course of audit. It is of no use wasting time in pointing out numerous technical mistakes, but if that time is utilized in ensuring that only one really important or serious irregularity has been stopped for all the times to come by personal discussion with the Head of Department concerned and explaining him and to his staff, implications of the irregularity and by practically showing the way to stop it, he should have done some real work of abiding nature.

Auditors should not merely audit the payment vouchers as a mechanical check seeing that a proper acquaintance is attached with the voucher in support of payment and that the amount has been paid to the actual payee or that the rates etc., charged are arithmetically correct and in accordance with the standard schedule of rates. In order to apply the higher functions of audit, it is necessary to see that the charges in the bill are not extravagant. In such cases, however, no hard and fast rules can be laid down, as it demands exercise of great intelligence and due care of the Auditor.

Note-1. — No Auditor is competent to undertake any investigation, which is not strictly within the scope of audit. If anything important is noticed during the course of audit, it should specifically be brought to the notice of Director -cum- Examiner, H.P. State Audit Department. In no case can Auditors undertake any special investigation work of any kind at the instance of the Administrative Authorities without sanction of the Director-cum-Examiner, H.P. State Audit Department/Additional Director.

Note-2.— Auditors should confine themselves to the facts, which have a bearing on the accounts. They should not touch finances and matters not falling strictly within the scope of audit.

3.6 ASSISTANCE TO CLIENT ORGANISATIONS

There is an increasing demand from the client organizations, under auditorial purview, to provide something more than a critical review of the past and the modern approach to the audit is such that the auditor is better able to provide the client organization with advice for the future.

Audit staff is encouraged to make suggestions to the organization concerned for improvements in the accounting system where they think such changes are appropriate.

At present the main method of providing such advice is overview of the major irregularities and audit reports sent to the client organization, usually at the end of audit, informing them of weaknesses in the system which have been found in the course of audit. The essential point of such overview/report is to provide constructive advice for the future.

Another method of providing assistance to the client organization is by making constructive suggestions about administration of the accounting system. Such suggestions enhance the benefits of the examination to the client organization by new ideas, which improve the efficiency of the organization. The method of presentation of these suggestions calls for considerable care and tact; suggestions should be soundly based. Unless desired by the client organization, audit staff should not extend enquires beyond required for forming an opinion as to whether the accounts show a true and fair view.

3.7 TAKING OVER CHARGE

When an Auditor takes over charge of a circle during the course of audit, he should obtain from the outgoing auditor a statement of the accounts audited up to

date. If the charge takes place when an audit is in progress, the relieved auditor should supply full details of work done to his successor and these should accompany the Draft Audit Report for record in the Headquarter Office. He should hand over to his successor the notes and orders, etc., received by him in connection with his circle from the Headquarter Office as Circle Auditor.

3.8 PRODUCTION OF RECORD FOR AUDIT

Auditors must ensure that all the registers, accounts, files and other record required are produced in audit. Requisition for supply of information's/record should be issued in the beginning of audit of the institution, the accounts of which are to be audited. Omission on the part of client organization to put up necessary accounts, if not asked for, sufficiently in advance of the conclusion of audit is not an adequate ground for failure to conduct the audit. If an Auditor states that he asked for the particular record, but that was not produced, he must be able to prove it from the requisitions.

Note-1.— If in any case, complete accounts/records of an individual item or head of accounts are not made available and incompleteness of the records and information supplied are not sufficient to conduct the audit smoothly, the matter should be promptly brought to the notice of the head of the institution and in the event of failure on the part of head of institution for production of record, the matter should be brought to the notice of the Headquarter Office setting forth the full facts, for deciding if the audit should be suspended. Till orders are passed, the Auditor should continue to check the items for which papers are available.

Note-2.— The Auditors should not omit to exercise the prescribed checks if a part of the record is not available. He should exercise all the prescribed checks and specifically raise objections if any of the subsidiaries is not made available.

3.9 WEEKLY DIARY

Section Officers//Incharge working in the circles are supplied with copies of official diaries. The entries of work done should be made each day or on the morning of the next working day. On Saturday or the last working day of the week entries of the work done during the week should be copied into the Weekly Diary Report in stereo form L.A.D. No. 12 and submitted to the Director-cum-Examiner, HP State Audit Department the same day. The weekly diary should be the exact copy of the diary in which he and his assistant(s) note the amount of work done by them daily. In Resident Audit Schemes, the record of weekly diaries submitted by the staff is kept by the in charge of respective schemes. Circle Auditors should enter in the diary the following information:—

- (i) Programme for the next three weeks, the stations to which he proposes to proceed, the probable dates of departure from and arrival at each station, the estimated dates on which he expects to finish each audit and taking up fresh audit.
- (ii) The details of work done each day during the week.
- (iii) The time spent for the removal of old objections and the number of old objections removed or settled during the week.

Residential address at the place where auditor is working, the place at which the dak should be sent during the next three weeks any any subsequent change should be intimated to Head Office as and when occasion arises.

- (iv) Timings of transit taken from one station to another.
- (v) Address where the auditor can be contacted if he is on joining time on transfer or on leave.

Note.—Auditors should attach with their weekly diary a copy of the orders issued by the Local Authority concerned in respect of any local holiday, which is observed in the office in which they are conducting the audit, otherwise they would be treated as absent without leave.

Section Officer (Technical) should bring to the notice of the higher authorities every week cases of delay in the submission of auditor's diaries. He will make it a special point to see from the diaries that the auditors while in transit have taken no undue time from one place to another.

3.10 MONTHLY REPORT

To enable the Director-cum-Examiner, HP State Audit Department to watch the progress of work and to arrange for assistance if necessary, Resident Auditors should submit monthly reports to the Head Office containing outstanding advances, total amount of adjustments made and number of outstanding audit paras settled during the month in the Resident Audit Schemes. These reports should be submitted to the Head Office on the last working day of the month to which they pertain, consolidated by the programme assistant and submitted to the Director-cum-Examiner, HP State Audit Department by the Section Officer (T) on the 7th of ensuing month.

3.11 STAMP ACCOUNT

Auditor should keep a dispatch register in the following form :—

Sl.	Date	Name of	Particulars	Stamps	Balance	Remarks
No.		Addressee		affixed		
<hr/>						

Auditor should submit stamp account expenditure (extract from the dispatch register) on the last day of each month. The Inspecting Officer will verify the balance by actual counting while on inspection.

Note.— In order to exercise economy in the use of service postage stamps, auditors should dispatch day-to-day dak to the Head Office on Wednesday and Saturday, excepting audit reports, important papers or other returns to be submitted on some fixed dates. In the event of Wednesday and Saturday being holiday, the dak can be dispatched on the next working day.

3.12 AUDIT WORKING PAPERS/ROUGH SHEETS

The main objects of preparing audit working papers are—

- (a) To clarify the thinking of those by whom they are compiled; exposition in writing often reveals points, which have been overlooked or not fully understood.
- (b) To enable the accounts and audit to be independently reviewed and evaluated.
- (c) To provide for future reference a record of all material features of the accounts, of the audit tests applied to them, and of the information and explanation received.

To fulfil the objectives, the working papers/Rough Sheets should provide in a clear and convenient form all the information needed for the decisions to be taken in regard to audit, these decisions add to the adequacy of the audit, the scope of improvement whether in effectiveness or economy, the validity of the accounts, any recommendation which should be made to the client organization or any point which should be further taken up with them and the opinion which auditor's report on the accounts should express. In providing this information the working

papers/Rough Sheets not only enable these decisions to be taken properly but also provide, the means of justifying them in the event of any subsequent challenge or enquiry and for guidance and saving of time for those coming new to the job on subsequent occasions. Working papers/Rough Sheets should be prepared in such a manner that on conclusion of audit they could if necessary are reviewed without the presence of audit staff that prepared them. They should therefore give full details of the source of the information shown, the work done should be in conformity with them and notes of the conclusions reached as a result of the examination.

Section Officer/Incharge should maintain a note-book in which they should keep notes of all important points relating to the accounts in their circle and any other instructions which may from time to time be issued by the Headquarter Office in connection with audit of accounts etc. If any of the accounts are at a later stage allotted to some other auditor, it will be the duty of the Circle Section Officer/Incharge to refer to his note-book and intimate the connected points to the auditor concerned.

3.13 DISPOSAL OF PREVIOUS AUDIT REPORTS

The first duty of an Auditor should be to see that deficiencies pointed out in the previous audit report and objection statement have been remedied as promised in the annotated replies, either by the production of the required documents, by recovery of overpayments or by adoption of the procedure suggested. The further correspondence, if any, on the replies should also be pursued with a view to ensuring how the several matters referred to were eventually settled. In all cases where the promised action has not been taken, attention should at once be drawn to the matter and in cases of recoveries or missing documents, the client office should

be given every opportunity of repairing its previous omissions before completion of the audit. If, however, the promised recoveries have not been affected or the required documents etc. are not produced till conclusion of the audit, the fact should be clearly mentioned in the audit report with additional remarks as are called for. Auditors should particularly see that in case of serious irregularities as pointed in the previous audit, the actions should have been taken by the client organization. If no action or partial action has been taken and the results are unsatisfactory, he should report the matter separately to the Headquarter Office for taking up the matter with the Administrative Department.

Note-1:— Section Officer/Incharge should at the commencement of the audit, inform to the highest administrative authority of the client organization concerned that he is going to devote so many hours each day or full days, as the case may be, solely for the disposal of old objections and suggest that suitable arrangements should be made for collection and production of record along with annotated replies to the old objections during the course of audit.

Note-2:— The job of disposal of old outstanding audit objections should not be left till the current audit is over.

Note-3:— Auditors should appreciate the true significance of various objections. It is duty of every Section Officer/Incharge to review the old objections statements thoroughly and if necessary to recast frequent nature of audit objections in the current report with up to date position. In such a case the Section Officer/Incharge in his own handwriting should give a cross-reference across the old objection. The Section Officer/Independent Auditor should record his reasons in clear terms, in the margin of the Draft Audit Note in the case of such transfer of objections.

Note-4:— It is not sufficient to see that an annotated copy has been prepared and submitted. It has also to be verified that it was submitted within the prescribed period failing which the auditors should clearly state in Part I of their Draft Audit Report, the date on which the audit report was received in the office of client organization and the date on which the copy of annotated replies was forwarded to the Director-cum-Examiner, H.P. State Audit Department. The delay should be objected to and references to the Government orders prescribing the period for this purpose should invariably be mentioned. Where the annotated copy is not submitted even till commencement or conclusion of the next audit, it is not sufficient merely to point out this omission in part I of the audit report. The lapse on the part of client organization should specifically be brought to the notice of the Directorate/Administrative Department of client organization as well as Director-cum-Examiner, HP State Audit Department in such cases.

Note-5:— Section Officer/Incharge should issue requisition calling from the head of the institution of the client organization concerned and study the observations of Government, if any, in respect of the last audit report and see whether any action as desired by the Government has been taken. If no action has been taken on the observations of the Government, they should in their audit report incorporate suitable comments containing these observations.

Note-6:—Auditors should see that if an objection in its original form has been met, fresh observation on the system relating thereto, record or document, if any, should appear in Part –II of the current audit report. An old objection should under no circumstances be kept alive if it has met its original form.

Note-7:—At commencement of the audit, Section Officer/Incharge should issue a requisition to the head of the institution of the client organization concerned

whose accounts are to be audited requesting him to arrange for production of the record which was not produced in the last audit and the details of which are noted in the last audit report. The record should be checked with respect to the requirements of audit and defects, if any, should be incorporated in the current audit report.

Note-8:— All objections which remain outstanding for over five years should be examined with particular care and if the Section Officer/Incharge feels that he is not competent to withdraw them after verifying the connected record, they should refer all such objections along with replies of the institution to the Head Office for consideration.

Note-9:— Removal of objections is an important job and should not ordinarily be entrusted to the Junior Auditors.

Note-10:— Section Officer/Incharge should ascertain whether the Director-cum Examiner, H.P. State Audit Department or any other Officer of HP State Audit Department has issued any Inspection Note on the inspection of any accounts carried out by him and sees that the defects have been remedied. The unsettled points should be taken in Part-I of the audit report.

3.14 DRAFTING OF AUDIT REPORT

Arrangements

The Section Officer/Incharge himself leaving one third of the page for corrections should draft audit report. The audit reports should be drafted on one side of the paper. If the draft audit report is typed it should be on double space and rice paper should not be used. The audit report should ordinarily be divided into three parts, namely:

Part-I—should deal with all the previous outstanding objections. Each year's outstanding audit objections should be numbered (I), (2), (3) and so on. Various paragraphs of each audit report should be then serially numbered (i), (ii), (iii) and so on. In each sub-para the objection should be briefly repeated and action required to remove it should be specified. Part-I should be so drafted that the action taken could be verified without referring to the original audit report.

Part-II— should start with the second para, which show the names of the persons conducting the audit, the period of audit, the date of commencement and conclusion of audit. Para 3 should specify the audit fee, if any, recoverable in respect of the audit. The fourth para should depict the financial position of the organization whose accounts are audited. Investments/grants-in-aid, if any, should also be detailed. Paragraph five should contain a brief review of outstanding temporary advances. The draft audit report should then incorporate the important objections detected as a result of current test audit, which should be arranged in accordance with the importance of objections. All objections, which are based on specific rules and orders, should appear in Part-II and reference to such rules and orders should be quoted in the paragraph concerned.

Part-III—of the draft audit report should contain objections which are raised as High Audit Functions and the last but one paragraph should specify whether any minor objections statement containing audit objections with recoveries of less than Rs. 1000/- has been issued in connection with the audit or not. The last paragraph should represent the conclusion, which should be a summary of important irregularities. It should not contain praise or personal remarks on any person. If any Section Officer/Incharge feels that such remarks are necessary he should recommend the needful either in the Forwarding Memo or in the margin of the last paragraph and the Headquarter Office will weigh the recommendations on the

basis of the material in the audit report and, if necessary, may add the remarks at its own level.

Note-1— In Resident Audit Schemes of Universities and H.P. Board of School Education; the Annual Audit Report should be drafted containing the information's as depicted in Annexure 'C.

Note-2— Section Officer/Incharge must prepare the overview containing synopsis of important findings noticed during the course of audit along with a financial analysis report of the institution indicating therein the serious irregularities occurring and reoccurring in the last three reports commenting therein on the following points: —

- (i) Substantial increase in expenses on establishment i.e. salary & wages paid to various categories of employees as compared to income of the institution.
- (ii) Substantial increase in office expenses as compared to income of the institution.
- (iii) Substantial increase in the expenses incurred on purchase of stores and stock articles as compared to income of the institution.
- (iv) Substantial increase in the expenses incurred on repair and maintenance of vehicles as compared to income of the institution.
- (v) Substantial increase in the expenses incurred on purchase of fixed assets in a particular year in relation to total expenditure of the institution in a particular year.
- (vi) Substantial decrease of income including income from rent of shops, market fees, interest income and other receipts etc. in a particular year as compared to previous or succeeding years.

- (vii) Substantial increase in the total amount of accumulated/unadjusted advances. Reasons for accumulation of unadjusted advances and suggestions for speedy adjustment thereof may be incorporated in the report.
- (viii) Amount deposited with the executing agencies for carrying out deposit works needs to be commented upon with respect to steps taken by institution to monitor the periodical progress for timely completion of work and verification of utilization/completion certificates.
- (ix) Amount detected as misappropriation and embezzlement needs to be commented upon with reference to reasons for occurrence and suggestion to the institution for taking up precautionary/corrective measures to plug the loopholes and to avoid reoccurrence of such lapses, in future.
- (x) Comments on improper maintenance of cash book viz. un-authentication of entries including closing balances, non- accountal of interest received on FDRs/saving accounts, reconciliation with banks, details of un-encashed cheques at the close of each month etc.
- (xi) Comments on non-production of record.
- (xii) Non-adherence to rules & regulations contained in the Act, Statute/Ordinance, Account Manual of the respective institution and Govt. instructions wherever applicable/adopted by the institution.
- (xiii) In the event of non-existence of rules & regulations contained in the Act, Statute/Ordinance and Account Manual in any particular institution, the Govt. instructions will be applicable mutatis-mutandis. Deviation, if any in such cases may be commented upon.

Financial Analysis Data

Financial analysis report of the institutions (other than funds audit of educational institutions) must be submitted in the form of comparative chart containing the following data:

- (i) Head wise and sub-head wise expenditure of the institution for the past three years.
- (ii) Head wise and sub-head wise income of the institution for the past three years.
- (iii) Detail of Fixed Assets of the institution for the past three years with break-up of individual item of Fixed Asset.
- (iv) Detail of Current Assets of the institution for the past three years with break-up of individual item of Current Asset.
- (v) Detail of Long-Term Liabilities of the institution for the past three years with breakup of individual item of Long-Term Liability.
- (vi) Detail of Short-Term Liabilities of the institution for the past three years with breakup of individual item of Short-Term Liability.
- (vii) Detail and amount of Corpus/General Fund of the institution for the past three years.

In case of major variation in any of the items or sub-items mentioned in the foregoing paragraphs (i) to (vii) above, in a particular year as compared to previous or other years, reasons for the same may be clearly be depicted in respect of each para pertaining to expenditure on establishment and other matters in the financial analysis report of the institution.

Note-2— Total expenditure of the institutions (other than funds audit of educational institutions) incurred on the establishment of the staff may be

compared with the total income and if the increase in the expenditure is substantial as compared to total income due to recruitment of new staff or otherwise then observations may be raised in the audit report apart from incorporating the same in the financial analysis report of the institution.

Note- 3— Financial position of the funds in case of educational institutions as per cash book and pass book/bank statement along with interest allowed/credited may be indicated separately in respect of all funds collected in these institutions.

Note- 4— Embezzlement and Misappropriation cases may be sent separately in advance to the Headquarter Office.

The instructions contained in the following paragraphs should be kept in view while drafting the audit report:

- (i) Audit report should be written in a clear and concise manner. Its length does not judge the value of audit report. Every point must be clearly expressed so that there can be no doubt as to the meaning of the point at 'issue'. It should be clearly and neatly written. Abbreviations should on no account be used and dates should be given in full. Auditors should take particular care to use courteous language and charge of explicit or implicit dishonesty or misrepresentation, which is usually so hard to substantiate, and which the officers of Funds audited resent, should be avoided. A tactful drafting and use of the phrases as 'it appears', 'it seems', 'possibly' or 'it may be likely that' often dilutes the unpleasantness in such cases and at any rate leaves the way open for a reasonable answer.
- (ii) Serious notice will be taken if any important defects or irregularities omitted are subsequently discovered, and unless the general remarks

show an intelligent appreciation of the correct state of accounts, no consideration will be given to mere mention in the audit report, fairness in the objection statement of the irregularity that turn out to be embezzlement.

- (iii) Only matters, which are beyond the scope of the Head of Office and serious cases of dereliction of duty and embezzlement, should be included in the audit report and minor objections relegated to the objection statement.
- (iv) Audit is concerned with facts only. Irregularities should be commented upon without specifying the names of the individuals responsible for the same. Only in cases of very serious dereliction of duty or embezzlement, should the designation of the officers be mentioned. Such cases should, however, not be very frequent. The Auditors should state facts with utmost accuracy. There is room for difference of opinion but the fact must be unassailable.
- (v) Care should be taken to see that every paragraph comprises of three distinct parts; first, a statement of facts, next the rules or orders infringed and the nature of irregularity and then the action required for removing it.
- (vi) Auditors should be prepared to defend fully against a potential challenge of any and all audit findings, conclusions and observations they record in the audit reports. Auditors should ensure that the evidence supporting an audit report is appropriate in quality and quantity and is supported with document, rules and regulations, which are infringed by the institution to make a convincing case for the conclusions reached.

- (vii) When higher sanction is called for, the rule under which the authority sanctioning in the first instance is not competent must be distinctly stated and the authority whose sanction is necessary be specifically named. Terms like “This appears to require higher sanction or the sanction of the competent authority is needed” should not be used.
- (viii) The Auditors should discuss the objections with the Head of Office concerned. Minor points, which can be settled by personal discussions, should be settled without bringing them in the draft audit report, the reasons for doing so being recorded on the requisition concerned. In case, however, an auditor is of the opinion that explanation rendered is not satisfactory, the administrative viewpoint with its rejoinder should be incorporated in the audit report in a faithful manner.
- (ix) Auditors should draw attention in audit reports to cases where the balance of any Local Fund is too low or is without any reason being allowed to accumulate unduly. Auditors should also review any substantial variations in the receipts and expenditure of the year as compared with the figures for the previous year and as far as possible give the main causes which have contributed to such variation.
- (x) Auditors should comment in the audit report on the excesses over budget allotments and should call for the sanction of the competent authority to any excess instead of merely bringing excesses to the notice without asking for any sanction.
- (xi) Section Officers/In charge should attach a copy of the audit fee requisition issued by them to the Administrative Head of the Fund concerned.
- (xii) The paragraph relating to the arrears of taxes, fees, rents, etc., should be drafted as under:

Arrears:— The position of the demand and collection of various taxes, fees, rents etc., as on 31st March, was as under:

Nature of Tax, fee etc.	Arrears Outstanding as on 1st April	Demand for the year	Total	Collections During the Year	Balance	Percentage of collection
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- (xiv) Section Officers/In charge should not merely attach the various appendices, e.g. appendices relating to grants, taxes, arrears, etc. as handed over to them by the officers of client organization, but should also verify the accuracy of the statements before incorporating them in the audit report.
- (xiv) Auditors while raising objections or commenting upon the action taken by the client organization, should not trench upon administrative matters not falling within the scope of audit. Their business is to deal with facts as disclosed in audit and to suggest remedies connected with the audit and accounts matters according to Code and orders and not to meddle with administrative affairs.
- (xv) The Audit should present only those findings that are soundly based on facts and that can stand up to rigorous scrutiny. All audit reports must meet the highest attainable standards for content and presentation. They should be written in accordance with audit policies, in clear, precise and plain language and have gone through an editing/vetting process.
- (xvi) The Auditor must keep in mind that the objection raised in the audit report should be fully based/supported with relevant rules, orders and

instructions, unless an objection is raised from an angle where accepted Cannons of Financial Propriety have been infringed.

3.15 MINOR OBJECTIONS STATEMENT

The assistant, who is actually assisting the Section Officer/Incharge when the audit report is dispatched, will make the fair copy of minor objections, which have not been deleted from the first category of the preliminary memos. The objections statement should not contain the original objections and the reply recorded at the preliminary stage but each objection should be drafted afresh after taking into consideration the reply of the client organization. In fact each item of the objections statement should be self-contained paragraph drafted after due consideration of the reply and not merely a verbatim copy of the memos issued at the preliminary stage.

The Auditors while making out a fair copy of the objections statement should invariably quote the serial number of the objection in the office copy of the Memos for information.

The Junior Auditor should prepare the fair copy of the objections statement; the Section Officer/Incharge should vet and issue the fair copy after the receipt of fair copy of the objections statement from the Junior Auditor. The preliminary memos and fair copy of the objections statement should simultaneously be issued along with submission of audit report.

3.16 SUBMISSION OF AUDIT REPORT

Audit reports of major institutions like Urban Local Bodies, Temple Trusts, HIMUDA, Market committees, Govt. Colleges etc. should be drafted and submitted within 30 days of the conclusion of audit and the audit reports of other

miscellaneous institutions should be drafted and submitted within 20 days of the conclusion of audit. In case of belated submission of audit reports the Director cum-Examiner, HP State Audit Department can convey the displeasure whenever the explanation to late submission is found to be unsatisfactory or where approval for doing so has not been obtained and further action for issue of warning or other suitable action may be taken against the defaulting officer/official according to the circumstances of the case.

Note:— The time allowed for submission of the audit report counts from the last day of audit. Ex-post facto sanction for belated submission of the draft audit report would not ordinarily be accorded unless the Director-cum-Examiner, HP State Audit Department is satisfied that previous permission could not be obtained due to unavoidable circumstances.

3.17 CONFIDENTIALITY OF AUDIT INFORMATION

Auditors are required by this Code to respect confidentiality of the information acquired from the client organization. Auditors shall not disclose any official information or use it for personal reasons without authorization. Information collected in the course of an audit may only be used for the purpose for which it was collected and may not be disclosed other than for audit purposes.

The Audit has certain practices and procedures for reporting audit findings. Disclosure of such official information by auditors shall be only with the authorization of authorities. In addition, auditors must ensure the security and confidentiality of all files, whether in the offices of Audit Department or on the premises of the client organization. Auditee has an interest and a right to know audit findings and conclusions. Out of fairness to those entities and to ensure proper verification of conclusions, it is necessary that all audit findings and

conclusions be kept confidential until they have been completely substantiated, processed through an authorized clearance procedure with the audit entity and approved for release by the authorities. Improper or premature external disclosure of audit findings can harm the audited entity and cause embarrassment to the Department. The principle of confidentiality also dictates that all those working in the Audit Department must be cautious in discussing with friends, relatives and colleagues outside the Audit Department.

CHAPTER – 4

JOB REQUIREMENTS OF HEADQUARTER’S OFFICE FOR CONDUCT OF AUDIT

4.1 INSPECTIONS

Director-cum-Examiner, HP State Audit Department should make necessary arrangements to inspect the work particularly in Resident Audit Schemes, other major accounts and issue guidelines for bringing out improvement in the system.

The Additional Director/Joint/Deputy Directors inspecting the accounts should make a brief examination of various account books, registers and brief note of scattered items and should examine the pending audit paras, last audit notes and generally review the work done by Circle/Resident Auditors. If he/she finds cause to suspect that the accounts are not properly kept, he/she should issue detailed instructions to the client organization for guidance on the subject.

In cases when audit deducts errors beyond ordinary, the Director-cum-Examiner, HP State Audit Department will bring the matter to the notice of the client organization. The Director-cum-Examiner, HP State Audit Department will direct the senior officers in the Headquarter’s Office of the department to deal with all cases of defalcation and embezzlement, if necessary, visit the station in which it is detected or suspected and to enquire into the matter. Besides incorporating and highlighting the points at issue in the audit reports, he shall direct the senior

officers to point out the faults in the system of accounts in the client organization which led to the defalcation and suggesting remedies to prevent its recurrence.

4.2 TIME ALLOTMENT

The time allotment for each account is fixed by the Director-cum-Examiner, HP State Audit Department and is ordinarily calculated in terms of a pair, viz., one Assistant Controller/Section Officer/Incharge and one Junior Auditor working together.

Time allotment for conduct of Temple Trust audit and other like audits is normally calculated in terms of pairs on the basis of revenue income generated in the particular temple trust. If an auditor works single-handed in such institutions, he is allowed 60% increase in the time allowed to a pair of auditors.

Time allotment for conduct of educational institutions is calculated on the basis of strength of students in the particular educational institution in the respective year, the accounts of which are audited.

Time allotment for miscellaneous institutions is normally calculated in terms of pairs on the basis of expenditure incurred in the particular year or on the basis of annual audit.

Number of working days allotted for each account should not exceed except for very special reasons and that too only with the previous sanction of the Director-cum-Examiner, H.P. State Audit Department. Unauthorized stay unless condoned by the Director-cum-Examiner, HP State Audit Department for special reasons would be treated as leave of the kind due. In submitting a request for extension in the time allotment, auditors should draw a comparison between the number of vouchers and number of receipts books etc., subjected to audit

previously and the present audit, as well as the reasons should be explained fully for the necessity of extension.

Note: 1— The time allotted in programme includes the writing of audit reports. Extension of time for drafting the audit reports on the flimsy grounds of the objections statement being either very voluminous or not will not be granted.

Note: 2— Transit from one station to another should be taken only if no bus leaves the station of duty after the office hours. Sundays or local holidays immediately occurring after the close of audit should be utilized for transit and transit should not be taken after holiday in such cases.

Note: 3— The time allotted also includes disposal of old objections.

Note: 4— Disposal of dak should be done after office hours.

Note: 5— Work put in by new recruits would not count towards the time allotment for such period as may be specified by the Director-cum-Examiner, HP State Audit Department as training period subject to maximum of three months from the day of entering in the service. Audit fees should also not be charged for the period of training.

Note: 6— The Assistant Controller/Section Officer/In charge audit party should indicate in the “Forwarding Memo of Audit Report” the details of time taken for the audit.

Note: 7— The time allotment for various audits includes that required for removal of old objections, seeing papers and files left over from previous audit etc. The tendency to cut short work by not seeing papers and files even when available and to issue instructions in the Audit Report for these being put up at subsequent audit should be scrupulously avoided. If certain files or cases are not available for examination at the time of audit, there should be corresponding saving in the time allotment. It is therefore, necessary that Auditors should attach with draft audit

reports such statement showing in terms of work, the documents, which were not put up to them for audit. The dates on which requisitions for the same issued should also be specified in the statement against each item. The programme assistant, on receipt of these statements in the Head Office, shall take note of the savings thus affected and will bring these to the notice the Director-cum-Examiner, H.P. State Audit Department.

4.3 AUDIT FEE

The audit fee is charged by the department in the following manner :—

Resident Audit Schemes: - Audit fee is charged in case of Resident Audit Schemes, except four universities i.e. Himchal Pradesh University Shimla, Chaudhary Sharwan Kumar Krishi Vishvavidalya Palampur, District Kangra, Dr. Yashwant Singh Parmar Horticulture & Forestry University Nauni, Solan and Atal Medical and Research University at Nerchowk, Distt. Mandi, as per the provisions contained in the F.R 127.

Other institutions

For other institutions the audit fee is charged in the following manner :—

(a) Educational Institutions

(i) Sr. Secondary schools and High schools:

Audit Fees is charged @ ₹ 5000/- per institution for one year of audit. In case the funds of the school are less than ₹1.00 lac P.A., the audit fee will be charged @ ₹ 3000/- per year audit.

(ii) Colleges

Audit fee @ ₹ 8000/- is charged for one year audit. In case the funds of the college, including sanchayika collection is less than ₹ 2 lacs P.A., the audit fee will be charged @ ₹ 5000/- for one year audit.

(b) Temple Trusts

Actual cost on account of establishment charges subject to a maximum of 0.5% of the total expenditure of the temple concerned will be charged and establishment charges shall be calculated @ ₹ 1000/- per Section Officer and @ ₹ 800/- per Junior Auditor/Article Assistant per day and it shall not include the period of leave, gazetted holidays and Sundays.

(c) HIMUDA

Actual cost of establishment charges shall be charged which shall be calculated @ ₹ 1000/- per Assistant Controller/Section Officer and ₹ 800/- per Junior Auditor/Article Assistant per day and it shall not include the period of leave, gazetted holidays and Sundays.

(d) Marketing Board/Market Committees

- (i) Audit fee is charged as per the provisions contained in the F.R 127 where the accounts are audited under pre-audit system.
- (ii) Audit fee is charged in Market Committees @0.50% of expenditure, the accounts of which are audited under post audit system.

(e) Urban Local Bodies / Panchayati Raj Institutions

Actual cost of establishment charges shall be charged which shall be calculated @ ₹ 1000/- per Assistant Controller/Section Officer and ₹ 800/- per Junior Auditor/Article Assistant per day and it shall not include the period of leave, gazetted holidays and Sundays.

(f) Miscellaneous Institutions

To charge the actual cost of audit in terms of establishment charges shall be calculated @ ₹ 1000/- per Assistant Controller / Section Officer and ₹ 800/- per Junior Auditor / Article Assistant per day and it shall not include the period of leave, gazetted holidays and Sundays. In case of the C.M. Relief Fund, audit fee shall be charged @ 0.25% of the actual cost which shall be calculated in the manner explained above.

Note.—The newly recruited Junior Auditors are given three month's training. No audit fee is charged during the period for the work undertaken by Junior Auditors during the training period.

4.4 CIRCULARS TO AUDITORS

Copies of all the Government orders, circulars, important rulings etc. should be supplied to all the Resident Audit Schemes, all the Section Officers/Incharge, Junior Auditors without delay. The endorsement on circulars etc. should bear separate serial number for each year.

4.5 AUDIT PROGRAMME

Audit Programme is a detailed plan of the auditing work to be performed. It provides guidance in arranging and distributing the work and in checking against

the possibility of omissions. It is an outline of the work to be done prepared by the higher authorities for guidance and control of audit staff during the year.

The main object of keeping the audit programme is to offer definite guidance to audit staff as to the work to be done and to prevent them from overlooking any of the accounts to be undertaken for audit.

Towards the end of March every year, quarter-wise annual audit programme for the work to be done by the field staff in the ensuing year should be drawn up in the Headquarter Office. The audit programme, after being approved by the Director-cum-Examiner, HP State Audit Department, should be typed and one copy circulated to the field officer/official concerned.

Note.—Auditor should audit all the accounts allotted to an Auditor at a station before he leaves that station. If for any reason accounts of any institution cannot be audited before leaving the station, prior approval of Headquarter Office should be obtained.

4.6 ACTION BY THE HEADQUARTER'S OFFICE ON THE DRAFT AUDIT REPORT

On receipt of draft audit report, it should be entered in the register of audit report. The audit report of Resident Audit Schemes of all the (six) universities and H.P Board of School Education, Municipal Corporations, Marketing Board/Major Market Committees & Municipal Councils and reports of special audit will be submitted to the Director-cum-Examiner, H.P. State Audit Department. All other draft audit reports will be submitted to the Additional Director/Joint Director/Deputy Directors in accordance with distribution approved by the Director-cum-Examiner, HP State Audit Department from time to time. After

approval of the audit reports by the authorities in the Headquarter Office, the same will be issued to the quarter concerned. It is one of the most important duties of the Section Officer (Technical) to watch the disposal of the audit reports, from the day draft reports are received from the auditors until these are finally distributed, to see that no delay occurs at any of the stages.

Advance Audit Comments:

It will be open to the Director-cum-Examiner, HP State Audit Department to bring to the notice of the Administrative Department about audit comments in respect of serious irregularities in advance pending issue of audit report, which he may consider to be so serious.

Register of Serious Irregularities

A register showing serious irregularities pointed out in the audit reports should be kept in the following form.

Sr. No. and date of letter	Name of Accounts	Reported By whom	Account in which irregularity appeared and nature of irregularity	Detail of Correspondence with client organization	Final Orders of the Authority
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The Section Officer (Technical) will ensure that all cases of serious financial irregularities reported in case of various Administrative Authorities are noted in the Register, which should be put up for the perusal of the Director-cum-Examiner, H.P. State Audit Department from time to time.

4.7 ACTION BY THE ADMINISTRATIVE AUTHORITIES ON THE AUDIT REPORT

Head of the offices in which an auditor is engaged to conduct the audit should assist the auditor, in every way in advance and during the course of audit, by keeping ready and producing promptly all the relevant papers and documents and by supplying such further information as may be required. Objections raised during the course of audit, through objections statement or requisitions should receive immediate attention and should invariably be replied to the auditor before conclusion of the audit so that audit report is issued in time. Unless this is done, the value of the audit is impaired and the auditor is not in a position to estimate the underlying gravity or otherwise of the points which come to his notice.

When the fair copies of the audit report and objections statement are received in the institutions, these should be examined promptly and thoroughly and the annotated replies should be submitted to the audit office within the prescribed period. Comments made by the audit office on the replies to the audit reports should also be promptly examined and suitable action taken.

The administrator of the fund should look into every objection raised in audit with a view to finding out if any fraud or embezzlement has occurred in the fund and proceed further as explained in the Chapter -9.

The Head of the Office and other officers who are responsible for supervision should realize that it is their financial responsibility to ensure that the funds have been properly used with as much care as a man of ordinary prudence would take in respect of his own money and must take pride in maintaining such a standard in their transactions and in recording them in their accounts, as to defy criticism in audit.

4.8 REMINDERS

Reminders will be issued with in the period as explained in the Chapter-9.

CHAPTER - 5

COMPENDIUM OF AUDITING STANDARDS

5.1 INITIAL ENGAGEMENTS – OPENING BALANCES

‘Opening balances’ means those account balances, which exists at the beginning of the period. Opening balances are the closing balances of the preceding period brought forwarded to the current period and reflect the effect of:

- (a) Transactions and other events of the preceding period; and
- (b) Accounting policies applied in the preceding period.

For initial audit engagements, the auditor should obtain sufficient appropriate audit evidence that:

- (a) The closing balances of the preceding period have been correctly brought forward to the current period.
- (b) The opening balances do not contain mis-statements that materially affect the financial statements of the current period; and
- (c) Appropriate accounting policies are consistently applied.

Audit Procedures

For the purpose of appropriateness, the auditor needs to obtain certain audit evidence, which would depend on the following matters:

- (a) The accounting policies followed by the organization.
- (b) Whether the auditor’s report contained an unqualified opinion, a qualified opinion, adverse opinion or disclaimer of opinion where the financial statements for the preceding period were audited.

- (c) The nature of opening balances, including the risk of their misstatement in the financial statement for the current period.
- (d) The materiality of the opening balances relative to the financial statements for the current period.

The auditor will need to consider whether the accounting policies followed in the preceding period, as per which opening balances have been arrived at, were appropriate and that those policies are consistently applied for the current period and where such accounting policies are inappropriate, the same have been changed in the current period and adequately disclosed.

For current assets and liabilities, some audit evidence can ordinarily be obtained as part of audit procedures performed during the current period. For example, the collection/payment of opening accounts receivable/accounts payable during the current period will provide some audit evidence as to their existence, rights and obligations, completeness and valuation at the beginning of the period.

For other assets and liabilities, such as fixed assets, investments, long-term debt, the auditor will ordinarily examine the records underlying the opening balances.

5.2 BASIC PRINCIPLES GOVERNING AN AUDIT

Introduction

Compliance with the basic principles requires application of the auditing procedures and reporting practices appropriate to particular circumstances. An audit is the independent examination of financial information of an organization, whether profit oriented or not, and irrespective of its size or legal form, when such an examination is conducted with a view to expressing an opinion thereon. It

describes the basic principles which govern the auditor's professional responsibilities and which should be complied with whenever an audit is carried out.

Integrity, objectivity and Independence

The auditor should be straightforward, honest and sincere in his approach to his professional work. He must be fair and must not allow prejudice or bias to override his objectivity. He should maintain an impartial attitude and both be and appear to be free of any interest which might be regarded, whatever its actual effect, as being incompatible with integrity and objectivity.

Confidentiality

The auditor should respect the confidentiality of the information acquired in the course of his work and should not disclose any such information to a third party without specific authority or unless there is a legal or professional duty to disclose.

Skills and Competence

The audit should be performed and the report prepared with due professional care by persons who have adequate training, experience and competence in auditing.

The auditor requires specialized skills and competence which are acquired through a combination of general education, technical knowledge obtained through study and formal courses concluded by a qualifying examination recognized for this purpose and practical experience under proper supervision. In addition, the auditor requires a continuing awareness of developments including

pronouncements on accounting and auditing matters and relevant regulations and statutory requirements.

Work performed by others

When the auditor delegates work to assistants or uses work performed by other auditors, he will continue to be responsible for forming and expressing his opinion on the financial information. However, he will be entitled to rely on work performed by others provided he exercises adequate skill and care and is not aware of any reason to believe that he should not have so relied.

The auditor should carefully direct, supervise and review work delegated to assistants. The auditor should obtain reasonable assurance that work performed by other auditor is adequate for his purpose.

Documentation

The auditor should document matters, which are important in providing evidence that the audit was carried out in accordance with the basic principles.

Planning

The auditor should plan his work to enable him to conduct an effective audit in an efficient and timely manner. Plans should be based on knowledge of the client's business.

Plans should be made to cover, among other things:

- (i) Acquiring knowledge of the client's accounting system, policies and internal control procedures;
- (ii) Establishing the expected degree of reliance to be placed on internal control;

- (iii) Determining and programming the nature, timing and extent of the audit procedure to be performed; and
- (iv) Coordinating the work to be performed.

Plans should be further developed and revised as necessary during the course of the audit.

Audit Evidence

The auditor should obtain sufficient appropriate audit evidence through the performance of compliance and substantive procedures to enable him to draw reasonable conclusion there from on which to base his opinion on the financial information, accounting system and internal control.

Management is responsible for maintaining an adequate accounting system incorporating various internal controls to the extent appropriate to the size and nature of the business. The auditor should reasonably assure himself that the accounting system is adequate and that all the accounting information, which should be recorded, has in fact been recorded. Internal controls normally contribute to such assurance.

Audit Conclusions and Reporting

The auditor should review and assess the conclusions drawn from the audit evidence obtained and from his knowledge of business of the entity as the basis for the expression of his opinion on the financial information. This review and assessment involves forming an overall conclusion as to whether:

- (i) The financial information has been prepared using acceptable accounting policies, which have been consistently applied;

- (ii) The financial information complies with relevant regulations and statutory requirements;

There is adequate disclosure of all matters relevant to the proper presentation of the financial information, subject to statutory requirements, wherever applicable.

The audit report should contain a clear written expression of opinion on the financial information. When a qualified opinion, adverse opinion or a disclaimer of opinion is to be given or reservation of opinion on any matter is to be made, the audit report should state the reasons therefore.

5.3 OBJECTIVE AND SCOPE OF AUDIT OF FINANCIAL STATEMENTS

Objective of an Audit

The objective of an audit of financial statements, prepared within a framework of recognized accounting policies and practices and relevant statutory requirements, if any, is to enable an auditor to express an opinion on such financial statements. The auditor's opinion helps to determine of the true and fair view of the financial position and operating results of an enterprise. The user, however, should not assume that the auditor's opinion is an assurance as to the future viability of the enterprise or the efficiency or effectiveness with which management has conducted the affairs of the enterprise.

Responsibility for the Financial Statements

While the auditor is responsible for forming and expressing his opinion on the financial statements, the responsibility for their preparation is that of the management of the enterprise. Management's responsibilities include the

maintenance of adequate accounting records and internal controls, the selection and application of accounting policies and the safeguarding of the assets of the enterprise. The audit of the financial statements does not relieve management of its responsibilities.

Scope of an Audit

The auditor having regard to the terms of the engagement, the requirements of relevant legislation and the pronouncements of the institute will determine the scope of an audit of financial statements.

The audit should be organized to cover adequately all aspects of the enterprise as far as they are relevant to the financial statements being audited. To form an opinion on the financial statements, the auditor should be reasonably satisfied as to whether the information contained in the underlying accounting records and other source data is reliable and sufficient as the basis for preparation of the financial statements. In forming his opinion, the auditor should also decide whether the relevant information is properly disclosed in the financial statements subject to statutory requirements, wherever applicable.

The auditor assesses the reliability of the information contained in the underlying accounting records by carrying out such other tests, enquiries and other verification procedures of accounting transaction and account balances as he considers appropriate in the particular circumstances.

The auditor's work involves exercise of judgments, for example, in deciding the extent of audit procedures and in assessing the reasonableness of the judgments and estimates made by the management in preparing the financial statements.

In forming his opinion on the financial statements, the auditor follows procedures designed to satisfy him that the financial statements reflect a true and

fair view of the financial position and operating results of the enterprise. The auditor recognizes that because of the test nature and other inherent limitations of an audit, together with the inherent limitations of any system of internal control, there is an unavoidable risk that some material mis-statement may remain undiscovered. While in many situations the discovery of a material misstatement by management may often arise during the conduct of the audit, such discovery is not the main objective of audit nor is the auditor's program of work specifically designed for such discovery. The audit cannot, therefore, be relied upon to ensure the discovery of all frauds or errors but where the auditor has any indication that some fraud or error may have occurred which could result in material misstatement, the auditor should extend his procedures to confirm or dispel his suspicions.

The auditor is not expected to perform duties, which fall outside the scope of his competence. For example, the professional skill required of an auditor does not include that of a technical expert for determining physical condition of certain assets.

5.4 DOCUMENTATION

Documentation for purposes of this standard refers to the working papers prepared or obtained by the auditor and retained by him for further submission to the Headquarters' Office in connection with the performance of his audit.

Working papers

- (a) Aid in the planning and performance of the audit;
- (b) Aid in the supervision and review of the audit work; and

- (c) Provide evidence of the audit work performed to support the auditor's opinion.

Form and Content

Working papers should record the audit plan, the nature, timing and extent of auditing procedures performed, and conclusions drawn from the evidence obtained.

Working papers should be designed and properly organized to meet the circumstances of each audit and the auditor's needs in respect thereof. The standardization of working papers (for example, checklists, specimen letters, standard organization of working papers) improve the efficiency with which they are prepared and reviewed. It also facilitates the delegation of work while providing a means to control its quality.

Working papers should be sufficiently complete and detailed for an auditor to obtain an overall understanding of the audit. The extent of documentation is a matter of professional judgment since it is neither necessary nor practical that the auditor in the working paper documents every observation, consideration or conclusion.

All significant matters, which require the exercise of judgment, together with the auditor's conclusion thereon, should be included in the working papers.

To improve audit efficiency, the auditor normally obtains and utilizes, schedules, analysis and other working papers prepared by the client. In such circumstances, the auditor should satisfy himself that these working papers have

been properly prepared. Examples of such working papers are detailed analysis of important revenue accounts, receivables etc.

File containing working papers normally includes

- (a) Copies of audited financial statements for previous/current year.
- (b) Copies of letters or notes concerning audit matters communicated to or discussed with the client,
- (c) Copies of management letters issued by the auditor, if any.
- (d) Notes regarding significant accounting policies.
- (e) Significant audit observations of earlier year.
- (f) Copies of the financial information being reported on and the related audit reports.

5.5 AUDIT OF ACCOUNTING ESTIMATES AND SUBSEQUENT EVENTS

The purpose of this Auditing Standard is to establish standards on the audit of accounting estimates contained in financial statements. The auditor should obtain sufficient appropriate audit evidence regarding accounting estimates.

Accounting estimate means an approximation of the amount of an item in the absence of a precise means of measurement.

- (a) Allowances to reduce inventory and accounts receivable to their estimated realizable value.
- (b) Provisions to allocate the cost of fixed assets over their estimated useful lives.
- (c) Accrued revenue.
- (d) Provision for taxation.
- (e) Provision for a loss from a lawsuit.

- (f) Provision for retirement benefits in the financial statements of employers.

Nature of Accounting Estimates

The determination of an accounting estimate may be simple or complex, depending upon the nature of the item. For example, accruing a charge for rent may be a simple calculation, whereas estimating a provision for slow-moving or surplus inventory may involve considerable analysis of current data and a forecast of future sales. In complex estimates, a high degree of special knowledge and judgment may be required.

Testing of calculations

The auditor would test the calculation procedures used by management. The nature, timing and extent of the auditor's testing will depend on such factors as the complexity involved in calculating the accounting estimate.

Comparison of previous estimates with actual results

When possible, the auditor would compare accounting estimates made for prior periods with actual results of those period to assist in evaluating whether differences between actual results and previous estimates have been quantified and that, where necessary, appropriate adjustments or disclosures have been made.

The terms "subsequent events" is used to refer to significant events occurring between the balance sheet date and the date of the auditor's report. The auditor should consider the effect of subsequent events on the financial statements and on the auditor's report.

5.6 QUALITY CONTROL FOR AUDIT WORK

The audit department should implement quality control policies and procedures designed to ensure that all audits are conducted in accordance with auditing standards. Compliance with auditing standard is essential whenever an audit is carried out and requires application of the auditing procedures and reporting practices appropriate to the particular circumstances. Audit department needs to implement appropriate quality control carried out in accordance with auditing standards.

The objectives of the quality control policies to be adopted by audit department will ordinarily incorporate the following:

Professional requirement

Personnel in the audit department have to adhere to the principles of independence, integrity, objectivity, confidentiality and professional behavior.

Skill and competence

Personnel in the audit department should have attained and maintain the technical standards and professional competence required to enable them to fulfill their responsibilities with due care.

Assignment

Audit work to be assigned preferably to personnel who have the degree of technical knowledge and proficiency required in the circumstances of each and individual audit.

Consultation

Whenever necessary, consultation within or outside the audit department is to occur with those who have appropriate expertise on the subject.

Monitoring

The continued adequacy and operational effectiveness of quality control policies and procedures is to be monitored.

Communication

The audit department's general quality control policies and procedures should be communicated to its personnel in a manner that provides reasonable assurance that the policies and procedures are understood and implemented.

Implementation

The auditor should implement those quality control procedures, which are, in the context of the policies and procedure of the audit department, appropriate to the individual audit.

Assessment of professional competence of Assistants

The auditor with supervisory responsibilities will consider the professional competence of assistants performing work delegated to them when deciding the extent of direction, supervision and review appropriate for each assistant.

Delegation

Any delegation of work to assistant would be in a manner that provides reasonable assurance that such work will be performed with due care by persons having degree of professional competence required in particular circumstance.

Direction

Assistants, to whom work is delegated, need appropriate direction. Direction involves informing assistants of their responsibilities and the objectives of the procedures they are to perform. It also involves informing them of matters, such as the nature of client's organization's business and possible accounting or auditing problems, that may affect the nature, timing and extent of audit procedures with which they are involved.

Supervision

Supervision is closely related to both direction and review and may involve elements of both personnel carrying supervisory responsibilities to perform the following functions during the audit.

Monitor the progress of the audit to consider whether:

- (i) Assistants have the necessary skills and competence to carry out their assigned tasks.
- (ii) Assistants understand the audit directions ; and
- (iii) The work is being carried out in accordance with the overall audit plan and audit program.

Review

The work performed by each assistant needs to be reviewed by personnel of atleast one step higher to consider whether:—

- (a) The work has been performed in accordance with audit program.

- (b) The work performed and result obtained has been adequately documented.
- (c) All significant audit matters have been resolved or are reflected in audit conclusions.
- (d) The objectives of the audit procedures have been achieved.
- (e) The conclusions expressed are consistent with the results of the work performed and audit opinion.

5.7 KNOWLEDGE OF THE CLIENT ORGANIZATION'S OPERATIONAL ACTIVITIES

In performing the audit of an organization, the auditor should have or obtain knowledge of the organization's operational activities sufficient to enable the auditor to identify and understand events, transactions and practices that, in the auditor's judgment, may have significant effect on the examination of documents.

Obtaining the knowledge

Prior to conduct to audit, the auditor would obtain a preliminary knowledge of the client organization's activities, specific accounting practices and problems, legislation and regulatory framework, capital structure, sources and methods of financing, financial performance, management and operations of the organizations to be audited

To the extent practicable, the auditor would obtain the required knowledge at the start of the audit. As the audit progresses, that information would be assessed and updated and more information would be obtained.

Obtaining the required knowledge of the activities of the organization is a continuous and cumulative process of gathering, for example, although information

is gathered at the planning stage, it is ordinarily refined and added to in a later stage of the audit as the auditor and other members of the audit staff learn more about the business. For continuing audit, the auditor would update and re-evaluate information gathered previously, including in the prior year's working paper. The auditor would also perform procedures designed to identify significant changes that have taken place since the last audit.

The auditor can obtain knowledge of operations of the client organization from a number of sources. For example:—

- (a) Previous experience of the organization.
- (b) Discussion with the people of the organization.
- (c) Publication related to client organization.
- (d) Legislation and regulations that significantly affect the organization.
- (e) Visits to the organization's premises.
- (f) Documents produced by the organization for example, minutes of meetings, prior year's annual and financial reports, management policy manual, manuals of accounting and internal control system, charts of accounts, job descriptions etc.

5.8 CONSIDERATION OF RULES AND REGULATIONS IN AN AUDIT

When planning and performing audit procedures and in evaluating and reporting the results thereof, the auditor should recognize that non-compliance by the client organization with rules and regulations may materially affect the operation of organization.

The term non-compliance refers to acts of omission and commission by the organization being audited, either intentional or unintentional, which are contrary to prevailing laws and regulations. Such acts include transactions entered into by, or in the name of, the organization or on its behalf by its management or employees.

The auditor's training; experience and understanding of the organization may provide a basis for recognition that some acts coming to the auditor's attention may constitute non-compliance with rules and regulations. In order to plan the audit, the auditor should obtain a general understanding of the legal and regulatory framework applicable to the client organization and how the organization is complying with that framework.

The auditor should plan and perform the audit recognizing that the audit may reveal conditions or events that would lead to questioning whether an entity is complying with rules and regulations ?

Further, the auditor should obtain sufficient appropriate audit evidence about compliance with those rules and regulations generally recognized by the auditor to have an effect on the determination of material amounts and disclosures in the financial statements. The auditor should have a sufficient understanding of these rules and regulations in order to consider them when auditing the assertions related to determination of amounts to be recorded and the disclosures to be made.

The auditor may be specifically required to report, as part of the audit of financial statements, whether the organization complies with certain provisions of rules and regulations ? In such circumstances, the auditor would plan to test for compliance with these provisions of the laws and regulations.

CHAPTER - 6

COMPENDIUM OF GUIDANCE NOTES ON AUDIT

‘Guidance Notes’ on Audit are primarily designed to provide guidance to the auditors on matters, which may arise in the course of their professional work and on which, they may desire assistance in resolving issues, which may pose difficulty. Guidance Notes are recommendatory in nature. An auditor should ordinarily follow recommendations in a guidance note relating to an auditing matter except where he is satisfied that in the circumstances of the case, it may not be necessary to do so. Similarly, while discharging his reporting function, an auditor should see whether the recommendations in a guidance note relating to an accounting matter have been followed or not ? If the same have not been followed, the auditor should consider whether keeping in view the circumstances of the case, a disclosure in his report is necessary ?

6.1 GUIDANCE NOTE ON AUDIT OF REVENUE

Revenue is the gross inflow of cash, receivables or other consideration arising in the course of ordinary activities of an organization like market fee, fee and funds in educational institutions, rent receipts, yielding interest, royalties and other miscellaneous income etc. The revenue is measured by the charges made to the customers for services rendered to them and by the charges and rewards arising from use of the resources by them. The term ‘revenue’ covers only the gross inflow of cash, receivables or other consideration, as aforesaid, received or receivable by the organization on its own account. Amounts collected on behalf of third parties are excluded from revenues.

This Guidance Note deals with the audit of the following types of revenue arising in the course of ordinary activities of an organization:

- (i) Collection of various fees/funds under the authority of Govt.
- (ii) Rendering of services.
- (iii) Use by others organization's resources like rent receipts, yielding interest, royalties and other misc. income etc.

In carrying out an audit of revenue, the auditor is particularly concerned with obtaining sufficient appropriate audit evidence to corroborate the management's assertions regarding the following:

- Occurrence** - that recorded revenue arose from transactions, which took place during the relevant period and pertain to the organization
- Completeness** - that there is no unrecorded revenue.
- Measurement** - that revenue is recorded in the proper amounts and is allocated to the proper period.
- Presentation and Disclosure** - that revenue is disclosed, classified, and described in proper head of accounts in accordance with recognized policies and practices and relevant statutory requirements, if any.

The auditor should study and evaluate the system of internal control relating to revenue, to determine the nature, timing and extent of his other audit procedures. He should particularly review the following aspects of internal control relating to the revenue:

- (a) The systems and procedures relating to generation of revenue including authority to fix process.
- (b) Accounting procedures relating to recognition of revenue.

- (c) Existence of periodic reports on actual performance vis-à-vis budgets.

Verification:

Verification of revenue may be carried out by applying the following procedures:

- (a) Examination of records.
- (b) Analytical review procedures.

The nature, timing and extent of substantive procedures to be performed is, however, a matter of professional judgment of the auditor which is based, inter alia, on the auditor's evaluation of effectiveness of the related internal controls.

Examination of records

The auditor should examine whether the basis of recognition of revenue by the organization is in accordance with the recognized accounting principles ?

Where the consideration is receivable in installments and includes an element of interest, the auditor should examine that the revenue attributable to the consideration excludes the interest element.

In respect of revenue arising from services rendered, the auditor should examine the related agreements and other documents. Similarly revenue in the form of interest, royalties, rent receipts etc., the auditor should examine the related documents such as loan agreements, lease agreements, rent agreements etc. They may seek confirmation certificates from the parties concerned.

The auditor should also verify realizations subsequent to the date of the audit period to identify items of unrecorded revenue.

Analytical procedures

In addition to the audit procedures discussed above, the following analytical procedures may often be helpful as a means of obtaining audit evidence regarding the various assertions relating to revenue:

- (i) Comparison of revenue for the current year with the corresponding period of the previous year.
- (ii) Comparison of interest, royalties, rent receipts etc. for the current year with the corresponding period of the previous year.
- (iii) Comparison of different ratios relating to revenue for the current year with the corresponding period of the previous year.

It may be clarified that foregoing is only an illustrative list of analytical procedures, which an auditor may apply in carrying out an audit of revenue. The exact nature of analytical procedures to be applied in a specific situation is a matter of professional judgment of the auditor.

6.2 GUIDANCE NOTE ON AUDIT OF EXPENDITURE

Expenditure is a cost relating to the operations of an accounting period and is incurred in the relevant period. e.g. purchases, salaries & wages, telephone, travelling, rent of office building, normal interest, bonus, retirement benefits, establishment and general administrative expenses, depreciation, research & development expenses, repairs and maintenance, contingencies, taxes on income etc. In carrying out an audit of expenditure, the auditor is particularly concerned with obtaining sufficient appropriate audit evidence to corroborate the management's assertions regarding the following:

Occurrence - that recorded expenditure arose from transactions, which took

place during the relevant period and pertain to the organization.

Completeness - that there is no unrecorded revenue.

Measurement - that expenditure is recorded in the proper amounts and is, allocated to the proper period.

Presentation and Disclosure - that expenditure are disclosed, classified, and described under proper head of accounts in accordance with recognized policies and practices and relevant statutory requirements, if any.

In view of the divergence in nature of expenditure incurred by different organizations, guidance is provided on procedures to be employed in carrying out an audit of expenditure, which would be applicable in case of most of the organizations. It is recognized, however, that audit procedures different from or additional to may be necessary in a particular case, depending upon its facts and circumstances.

The auditor should study and evaluate the system of internal control relating to expenditure, to determine the nature, timing and extent of his other audit procedures. He should particularly review the following aspects of internal control relating to the expenditure:

- (a) The systems and procedures relating to incurring of expenditure including authorization procedures.
- (b) Accounting procedures relating to recognition of expenditure.
- (c) Existence of periodic reports on actual performance vis-à-vis budgets and internal management reports.

Verification:

Verification of expenditure may be carried out by applying the following procedures:

- (a) Examination of records.
- (b) Analytical review procedures.

The nature, timing and extent of substantive procedures to be performed is, however, a matter of professional judgment of the auditor which is based, inter alia, on the auditor's evaluation of effectiveness of the related internal controls.

Examination of records

Examination of records and documents is one of the most important techniques of auditing. An auditor has to examine a large number of documents in the course of an audit since most transactions are supported only by documentary evidence. The auditor should carry out examination of the relevant records to satisfy himself about their validity, accuracy and other assertions with regard to various expenditures, incurred by the organization. The extent of such examination would depend on the auditor's evaluation of efficacy of internal control.

The auditor should examine whether the basis of recognition of expenditure by the organization is in accordance with the recognized accounting principles.

Analytical procedures

The auditor should conduct analytical procedures, which involves analysis of significant investigation of fluctuations and relationships that are inconsistent with other relevant information or which deviate from predicted/ budgeted amount.

Salaries and Wages

The auditor should examine the entries in the pay roll/wages sheets with reference to relevant records, e.g. employee's record maintained by the organization viz. salary register, establishment check register showing therein details of pay such as basic pay, allowances, annual increment, etc. Special attention may also be paid by the auditor in respect of new employees joining the institution during the period covered under the audit. Similarly, the payroll may also be examined with reference to the time records/ attendance records and leave records maintained by the organization. The deductions made in respect of income-tax, provident fund, welfare schemes, etc. may be examined with reference to the returns submitted to the authorities concerned and the receipts/acknowledgements issued by the authorities.

The auditor should examine whether any legal, regulatory or contractual requirements having a bearing on the rate or amount of wages and salaries have been complied with.

In case of casual labourers, besides carrying out the other audit procedures, the auditor should specifically examine the sanction of the competent authority for employment of such labourers and ascertain whether such employees are retained for the period mentioned in the sanction orders only.

The auditor should obtain a list of employees who have retired or otherwise left the services of the organization during the period under audit and examine that they have not been included in the payroll.

Establishment and General Administrative Expenditure

The auditor should verify establishment expenditure and general administrative expenditure such as insurance, rent, rates, conveyance, travelling, telephone, entertainment, printing and stationery, general expenses, etc. with reference to the sanction of the competent authority, the supporting documents, related agreements and the rules and regulations applicable and followed by the organization. Apart from verifying stock entries, where applicable, the auditor may also compare the amounts of these expenses with the corresponding figures for the previous year.

Repair and Maintenance

The auditor should scrutinize the repairs and maintenance account to ascertain that new fixed assets and substantial improvements to existing assets have not been included in repairs and maintenance. The auditor should exercise special care particularly in case large amounts are involved in the repair and maintenance of vehicles, premises or other fixed assets.

Contingencies

The auditor should verify various items of expenditure incurred on contingencies with reference to supporting documents and related agreement. For example, the cost of material consumed for contingent expenditure may be verified with reference to such documents as purchase invoice/cash memo, goods received notes, records relating to issue of material etc.

Retirement Benefits

The auditor should examine whether the organization is liable to pay retirement benefits to its employees such as provident fund, superannuation pension and gratuity etc., whether in pursuance of requirements of any law and/or in terms of agreement with the employees? If so, the auditor should examine whether the amount payable has been computed in accordance with relevant rules and regulations, legal and/or contractual requirements? In respect of gratuity/pension, the auditor should specifically examine whether the provision for accruing gratuity/pension liability has been made by the organization?

Interest and financial charges

The auditor should verify the amount of interest expenditure for the year with reference to the terms and conditions of relevant agreements. The auditor may also work out the ratio of interest expenditure for the year to average interest bearing loans and advances outstanding during the year and compare it with the corresponding figures for the previous years and reconcile the same. If the organization has paid any penal interest, it should be examined.

Depreciation

The auditor should check the rates and calculation of depreciation. The total depreciation arrived at should be compared with that of previous years to identify the reasons for variations. The auditor should particularly examine whether the depreciation charge having regard to rate of depreciation and method of depreciation followed consistently is adequate keeping in view the generally accepted bases of accounting for depreciation.

6.3 GUIDANCE NOTE ON AUDIT OF MISCELLANEOUS/ PRE-LIMINARY EXPENDITURE

Miscellaneous/Preliminary Expenditure embrace within its fold a variety of items of expenditure which are not charged to income in the year in which they are incurred, but are carried forward to be written-off in subsequent periods. The amount of expenditure to be carried forward should not exceed the expected future revenue/other benefits related to the expenditure. It should however be ascertained that unless some benefit from the expenditure can reasonably be expected to be received in future and unless the amount of such benefit is reasonably determinable, there is no justification for carrying forward the expenditure for being written-off in subsequent period.

The auditor should study and evaluate the system of internal control relating to the various items of miscellaneous/preliminary expenditure to determine the nature, timing and extent of his other audit procedures. He should particularly review the following aspects:

(a) There should be a system of internal control over expenditure incurred on these items. An effective method of exercising such control is budgeting which, apart from ensuring proper authorization of expenditure incurred, also shows in general how effectively such expenditure is being controlled? This is accomplished through periodical comparisons of actual with budgeted figures.

(b) Accountability should be established over each item of such expenditure. This can be achieved, inter alia, by up-to-date maintenance of proper records.

Verification

While verifying an item of miscellaneous/preliminary expenditure in the year in which the relevant expenditure is incurred, the auditor should satisfy himself regarding the amount of such expenditure and its deferral as also regarding the reasonableness of the period of amortization of the expenditure. Till the amount is fully amortized, the auditor should examine every year that a proper amount is amortized during the year by way of charge to income for the year. The auditor also examines every year that the criteria, which previously justified the deferral of the expenditure, continue to be met. If those criteria no longer apply, the auditor should examine whether the unamortized balance has been charged as expense immediately.

6.4 GUIDANCE NOTE ON AUDIT OF FIXED ASSESTS

Fixed assets are assets held for the purpose of providing or producing goods or services and are not meant for sale in the normal course of operation. Therefore, an asset can be classified as a fixed asset or otherwise, depending upon the use to which it is put or intended to be put. For example, assets, which are classified as fixed in one type of operation, may be considered as current assets in another.

Fixed assets normally constitute a significant portion of the total asset of an enterprise. Audit of fixed assets, therefore, assumes considerable importance.

The following features of fixed assets have an impact on the related audit procedures :

- (i) By their very nature, fixed assets are turned over much slower than current assets. Normally, fixed assets are carried over from year to year.
- (ii) The average unit of fixed assets is normally of a relatively larger rupee value.
- (iii) Since fixed assets are high value items, their acquisition is more effectively controlled.

An auditor should review the system of internal controls relating to fixed assets, particularly the following :

- (i) Control over expenditure incurred on fixed assets – an effective method of exercising this control is capital budgeting, which, apart from ensuring proper authorization of the expenditure incurred, also shows, how effectively such expenditure is being controlled through periodical comparisons of actual with budgeted figures.
- (ii) Accountability and utilization controls – accountability over each fixed asset or each class of fixed assets is established, among other things, by maintaining appropriate records. This facilitates control aspects of custodianship of such assets.
- (iii) Information control – these controls ensure that reliable information is available for calculating and allocating depreciation, establishing the amount of insurance coverage, filing insurance claims controlling repairs and maintenance charges etc.

Verification of records

Verification of fixed assets consists of examination of related records. The auditor should normally verify the records with reference to the documentary evidence and by evaluation of internal controls. Physical verification of fixed assets is primarily the responsibility of the management.

- (i) The opening balances of the existing fixed assets should be verified from records such as schedule of fixed assets, ledger or register balances.

- (ii) Acquisition of new fixed assets and improvements in the existing ones should be verified with reference to supporting documents such as orders, invoices, receiving reports, and title deeds.
- (iii) The auditor should scrutinize expense accounts e.g. repairs and renewals to ascertain that new capital assets and improvements have not been included therein.
- (iv) Where fixed assets have been written-off or fully depreciated in the year of acquisition/construction, the auditor should examine whether these were recorded in the fixed assets register before being written-off or depreciated?

In respect of fixed assets destroyed, scrapped or sold, the auditor should examine (a) whether the assets and depreciated accounts have been properly adjusted (b) whether the sale proceeds, if any, have been fully accounted for, and (c) whether the resulting gains or losses, if material, have been properly adjusted and disclosed.

6.5 GUIDANCE NOTE ON AUDIT OF INVESTMENTS

Investments are assets held by an entity for earning income by way of interest, rentals, for capital appreciation or for other benefits. Investments are classified as ‘current investments’ and ‘long term investments’. A current investment is an investment that is by its nature readily realizable and is intended to be held for not more than one year from the date on which such investment is made. A long-term investment is an investment other than current investment. The auditor should study and evaluate the system of internal control relating to investments, to determine the nature, timing and extent of his other audit procedures. He should particularly review the following aspects of internal control relating to investments:

(a) Control over acquisition, accretion and disposal of investment

There should be proper authority for sanction, acquisition and disposal of investments. It should also be ensured that investments are made in accordance with the legal requirements governing the entity as also with its internal regulations, trust deed, etc.

(b) Safeguard of investments

The investments should be in the name of the entity. The legal requirements in this behalf, if any, should be complied with. There should exist a proper system for the safe custody of all scripts or other documents of title to the investments belonging to the entity.

(c) Controls relating to the title to investments

It should be ensured that in cases where the title does not pass on to the entity immediately on acquisition, the same is transferred to the entity in due course of time, along with the benefits that might have accrued since the acquisition of the investments. It should be ensured that there is no undue time lag in the execution of various stages of the transactions.

Verification

The auditor's primary objective in audit of investments is to satisfy himself as to their existence and valuation. Verification of investments may be carried out by applying the following procedure:

(a) Verification of transactions

The auditor should ascertain whether the investments made by the entity are within its authority? In this regard, the auditor should examine whether the legal requirements governing the entity, insofar as they relate to investments made by the entity are not ultra vires the entity? Apart from above, the auditor should also ensure that any other covenants or conditions, which restrict, qualify or abridge the right of ownership and/or disposal of investments, have been complied with by the entity.

The auditor should satisfy himself that the transactions for the purchase/sale of investments are supported by due authority and documentation.

Examination of Valuation and discloser: - The auditor's objective concerning valuation is to obtain evidence that the amount at which investments have been valued is computed on an appropriate basis.

6.6 GUIDANCE NOTE ON AUDIT OF LOANS AND ADVANCES

Loans and Advances may constitute a significant proportion of the total assets of an organization. The auditor should take these factors into account in designing his audit procedures.

In respect of loans and advances, as far as possible, the system should specify the following:

- (i) Total amount up to which loans may be made
- (ii) The purposes for which loans may be made
- (iii) Maximum amount of loan, which may be made for each such purpose in individual case
- (iv) The terms on which such loans may be made

- (v) The persons who are authorized to make loans
- (vi) Procedure for ensuring compliance with relevant legal requirements

All variations in the terms of loans and advances should be duly approved in writing by the competent authority. The system should provide for identification of cases where principal and/or interest have become overdue or where any other terms are not being complied.

Confirmation of balances of loans and advances should be obtained at periodic intervals.

In carrying out an audit of loans and advances, the auditor is particularly concerned with obtaining sufficient appropriate audit evidence to corroborate the management's assertions regarding the following:

- | | | |
|------------------------------------|---|---|
| Existence | - | that all the amount recorded in respect of loans and advances are outstanding in the Financial Statement. |
| Completeness | - | that there is no unrecorded loans and advances. |
| Presentation and Disclosure | - | under proper head of accounts in accordance with recognized policies and practices and relevant statutory requirements, if any. |

Verification of loans and advances may be carried out by employing the following procedures:

- (a) Examination of records
- (b) Analytical review procedures

Examination of records

The auditor should carry out an examination of the relevant records to satisfy himself about the validity, accuracy and recoverability of loans and advances. The extent of such examination would depend on the auditor's evaluation of the efficacy on internal control.

The auditor should check the agreement of loans and advances with those in the ledger accounts. He should check the agreement of total loans and advances with the related control accounts. Any difference in this regard should be examined.

The following are some of the indications of doubtful and uncollectible loans and advances:

- (i) The terms of credit have been repeatedly ignored.
- (ii) There is stagnation or lack of healthy turnover, in the account.
- (iii) Payments are being received but the balance is continuously increasing.
- (iv) Payments, though received regularly, are quite small in relation to the total outstanding balance.
- (v) The cheques received from the loanees have been repeatedly dishonored.
- (vi) The loan and advances are under litigation, arbitration, or dispute.
- (vii) The auditor becomes aware of unwillingness or inability of the loanee to pay the dues e.g. when the loanee has either become insolvent, or closed down his account.
- (viii) Amounts of advances due from the employees, which have not been repaid on retirement of employee.
- (ix) Collection is barred by statute of limitation.

The auditor should also examine any other aspects required to be examined or reported upon by the relevant statute.

Analytical review procedure

In addition to the audit procedures discussed above, the following analytical review procedures may often be helpful as a means of obtaining audit evidence regarding the various assertions relating to loans to advances :

- (a) Comparison of closing balances of loans and advances with the corresponding figures for the previous year.
- (b) Comparison of actual closing balances of loans and advances with the corresponding budgeted figures, if available.
- (c) Comparison of current year's aging schedule of loans and advances with the corresponding figures for the previous year.

It may be clarified that the foregoing is only an illustrative list of analytical review procedures, which an auditor may apply in carrying out an audit of loans and advances. The exact nature of analytical review procedures to be applied in a specific situation is a matter of professional judgment of the auditor.

6.7 GUIDANCE NOTE ON AUDIT OF CASH AND BANK BALANCES

Cash and Bank Balances may constitute a significant proportion of the total assets of an organization. An important feature of cash and bank balances, which has a significant impact on the related audit procedures, is that these assets are highly prone to misappropriation, misapplication and other forms of fraud.

In carrying out an audit of cash and bank balances, the auditor is particularly concerned with obtaining sufficient appropriate audit evidence to corroborate the management's assertions regarding the following:

Existence - that recorded cash and bank balances exist as at the

year-end.

Rights and Obligations - that recorded cash and bank balances represent the assets of the organization.

Completeness - that there is no unrecorded cash and bank balances.

The auditor should particularly review the following aspects of internal control relating to cash and bank balances:

- I. Segregation of duties relating to authorization of transactions, handling of cash/issuance of cheques and writing of books of account and rotation of duties periodically.
- II. Proper authorization of cash and banking transactions.
- III. Daily recording of cash transactions.
- IV. Safeguards such as restrictive crossing of cheques use of pre-printed, pre-numbered forms.
- V. Periodic reconciliation of bank balances.
- VI. Reconciliation of cash-in-hand with book balance on a daily basis or at other appropriate intervals.
- VII. Safe custody of cash, cheques books, receipt books etc.
- VIII. Cash/fidelity insurance.

The auditor should advise the organization to send a letter to all its bankers to confirm the balances to the client organization. The auditor should examine the bank reconciliation statement prepared as on the last day of the year. It should be examined whether (i) cheques issued by the organization but not presented for payment, and (ii) cheques deposited for collection by the organization but not credited in the bank account, have been duly credited in the subsequent period. For this purpose bank statement of the relevant period should be examined. If the cheques issued before the end of the year have not been presented within

reasonable time i.e. six months in normal course of business, the auditor should examine that the organization has reversed the relevant entries.

The auditor should pay special attention to those items in the reconciliation statements, which are outstanding for an unduly long period. The auditor should ascertain the reasons for such outstanding items from the management. He should also examine whether any such items require an adjustment/write-off. Where a large number of cheques have been issued/deposited in the last few days of the year, and a sizeable proportion of such cheques have subsequently remained unpaid/uncleared, this may indicate an intention of understating/overstating dues payable/recoverable or understating/overstating bank balances. In such a case, it may be appropriate for the auditor to impress upon the authorities to obtain confirmations from the parties concerned, especially in respect of cheques involving large amounts. The auditor should also examine whether a reversal of the relevant entries would be appropriate under the circumstances.

The auditor, in cases where a large number of cheques are in hand at the date of the balance sheet and a sizeable proportion of such cheques have subsequently remained undeposited/uncleared, should also consider the procedures discussed in the foregoing paragraph. In relation to balances/deposits with specific charge on them, or those held under the requirements of any law, the auditor should examine that suitable disclosures are made in the financial statements.

In respect of fixed deposits or any other type of deposits with banks, the relevant receipts/certificates, duly supported by bank advices, should be examined.

The remittances shown as being in transit should be examined with reference to their credit in the bank in the subsequent period. Where the auditor finds that such remittances have not been credited in the subsequent period, he

should ascertain the reasons for the same. He should also examine whether the organization has reversed the relevant entries in appropriate cases.

Where the auditor finds that the number of bank accounts maintained by the organization is disproportionately large in relation to its size, the auditor should exercise greater care in satisfying himself about the genuineness of banking transactions and balances.

6.8 GUIDANCE NOTE ON AUDIT OF LIABILITIES

Liabilities are financial obligations of an organization other than corpus funds. Liabilities include loans and borrowings, other current liabilities, installment payable under hire purchase agreements and deferred payment credits.

The audit of liabilities is primarily directed at ensuring that all known liabilities have been properly accounted for, since material omission or misstatement of liabilities vitiates the true and fair view of financial statements.

An important feature of liabilities, which has a significant effect on the related audit procedure, is that these are represented only by documentary evidence, which originates mostly from third parties in their dealing with the organization.

In carrying out an audit of liabilities, the auditor is particularly concerned with obtaining sufficient appropriate audit evidence to satisfy himself that all the known liabilities are recorded and stated at fair and reasonable amounts.

The auditor should particularly review the following aspects of internal control relating to liabilities.

- (a) In respect of loans and borrowings including advances and deposits, as far as possible, the following should be clearly specified:

- (i) The borrowing and powers limits.
 - (ii) Persons competent and authorized to borrow.
 - (iii) Terms of borrowings.
 - (iv) Procedure for ensuring compliance with relevant legal requirements/
internal regulations.
- (b) In respect of other current liabilities;
- The internal control procedures as spelt out above for loans and borrowings broadly apply in relation to these items.

Verification of liabilities may be carried out by examination of records by applying the following procedures:

Loans and Borrowings

The auditor should satisfy himself that the loans obtained are within the borrowing powers of the organization. The auditor should carry out an examination of the relevant records to judge the validity and accuracy of the loans. In respect of loans and advances from banks, financial institutions and others, the auditor should examine that the book balances agree with the statements of the lenders. He should also examine the reconciliation statements, if any, prepared by the organization in this regard.

Other current liabilities

The auditor should verify that in cases where income is collected in advance for services to be rendered in future, the unearned portion, not applicable to the period under audit, is not recognized as income of the period under audit but is shown in the Financial Statements as part of current liabilities.

The auditor should examine the hire purchase agreements for the purchase of assets by the organization and ensure the correctness of the amounts shown as outstanding in the accounts and also examine the security aspect. Future installments under hire purchase agreements for the purchase of assets may be shown as secured loans. The deferred payment credits should be verified with reference to the important terms in the agreement, including due dates of payments and guarantees furnished by banks.

6.9 GUIDANCE NOTE ON COMPUTER ASSISTED AUDIT TECHNIQUES

Computer Assisted Audit Techniques (CAATs) are important tools for the auditor in performing audits. CAATs may be used in performing various auditing procedures, including the following:

- (i) Tests of details of transactions and balances, for example, the use of audit software for recalculating interest or the extraction of invoices over a certain value from the computer record.
- (ii) Analytical procedures, for example, testing inconsistencies or significant fluctuations.
- (iii) Re-performing calculations performed by the organization's accounting system.

CAATs allow the auditor to give access data without dependence on the client, test the reliability of client software, and perform audit tests more efficiently. CAATs are computer programs data that the auditor uses as part of the audit procedures to process data of audit significance contained in the organization's information system. CAATs may consist of package program,

purpose written programs, utility programs or system management program; the auditor substantiates their appropriateness and validity for audit purposes before using them.

Considerations in the use of CAATs

When planning an audit, the auditor may consider an appropriate combination of manual and computer assisted audit techniques. In determining whether to use CAATs, the factors to consider include :

- (i) The IT knowledge, expertise and experience of the audit team.
- (ii) The availability of CAATs and suitable computer facilities and data.
- (iii) The impracticability of manual tests.
- (iv) Effectiveness and efficiency
- (iv) Time constraints.

IT Knowledge and experience of the audit team

Specifically, the audit team should have sufficient knowledge to plan, execute and use the results of the particular CAATs adopted. The level of knowledge depends on availability of CAATs and suitable computer facilities.

The cooperation of the organization's personnel may be required to provide processing facilities at convenient time, to assist with activities such as loading and running the CAATs on the organization's system and to provide copies of data files in the format required by the auditor.

Impracticability of manual tests

Some audit procedures may not be possible to perform manually because they rely on complex processing or involve amounts of data that would overwhelm any manual procedure.

Effectiveness and efficiency

The effectiveness and efficiency of auditing procedures may be improved by using CAATs to obtain and evaluate audit evidence. CAATs are often an efficient means of testing a large number of transactions or controls over large data.

In evaluating the effectiveness and efficiency of CAATs, the auditor considers the continuing use of CAATs application. The initial planning, design and development of CAATs will usually benefit audits in subsequent periods. Where the time available to perform an audit is limited, the auditor may plan to use CAATs because its use will meet the auditor's time requirement better than other possible procedures.

Using CAATs

The major steps to be undertaken by the auditor in the application of CAATs are to:

- (a) Set the objective of CAATs application.
- (b) Determine the content and accessibility of the organization's files.
- (c) Identify the specific files or databases to be examined.
- (d) Understand the relationship between the data tables where a database is to be examined.

- (e) Define the specific tests or procedures and related transactions and balance affected.
- (f) Define the output requirements.
- (g) Arrange with the user, if appropriate, for copies of relevant files or database tables to be made at the appropriate cutoff date and time.
- (h) Identify the personnel who may participate in the design and application of CAATs.
- (i) Refine the estimates of costs and benefits.
- (j) Ensure that the use CAATs is properly controlled.
- (k) Reconcile data to be used for CAATs with accounting and other records.
- (l) Execute CAATs application.
- (m) Evaluate results.
- (n) Document CAATs to be used including objectives, flowcharts and run instructions.
- (o) Assess the effect of changes to the programs/system on the use of CAATs.

CHAPTER – 7

GUIDING PRINCIPLES FOR CONDUCTING THE AUDIT AND DRAFTING OF AUDIT REPORTS OF VARIOUS INSTITUTIONS UNDER THE AUDITORIAL JURISDICTION OF THE HP STATE AUDIT DEPARTMENT.

7.1 Panchayati Raj Institutions

Authority for audit

The audit of accounts of Panchayati Raj Institutions has been entrusted to the Himachal Pradesh State Audit Department as per the provisions of the section 118(4) of the H.P. Panchayati Raj Act 1994.

About Panchayati Raj Institutions (PRIs)

At present there is a three tier system of Panchayat Raj Institutions viz. 12 Zila Parishads, 78 Panchayat Samitis and 3615 Gram Panchayats in the State. The following table shows the present setup of PRIs:-

Sr. No	Name of the PRI	Total Number	Headed By
1	Zila Parishads	12	Secretary (District Panchayat Officer)
2	Panchayat Samitis	78	Secretary (Block Development Officer)
3	Gram Panchayats	3615	Panchayat Secretary

Time Allotment

The time allotment for each account is fixed by the Director-cum-Examiner, HP State Audit Department and is ordinarily calculated in terms of a pair of auditors which is generally based on the expenditure (excluding investment/deposit works) incurred during the year to be audited. The Auditor should make efforts to save as much time as possible. Due note of saving affected will be taken and their efforts in this regard will be appreciated. Permission of the authorities shall be a pre-requisite in case extension of time allotment is required by the audit parties; otherwise the extra time availed will be treated as unauthorized stay and will be dealt with accordingly. Auditor should not avail the time allotment fixed above as a matter of routine or right.

The time allotment for conducting the audit of accounts of Panchayati Raj Institutions of Himachal Pradesh is as under:-

Particular	Revised time allotment (In terms of pair)	
	Period of Audit	Days of Allotment
Gram Panchayats	1 year	Expenditure up to ₹30,00,000 = 2 days
		Expenditure from ₹30,00,001 to ₹80,00,000 = 3 days
		Expenditure above ₹80,00,000 = 4 days
	More than 1 year	Days allotted for one year audit as above + one day for every additional year of audit.
Panchayat Samiti/ Zila Parishad		2 days per year

Audit fee to be charged

Actual cost of establishment charges shall be charged which shall be calculated @ ₹1000/- per Assistant Controller/Section Officer and ₹800/- per Junior Auditor/Article Assistant per day and it shall not include the period of leave, gazzetted holidays and Sunday.

Audit Checks to be exercised

While conducting the audit of various funds of Panchayati Raj Intitutions, the following aspects need special attention of the auditors:

1 . Checks to be applied :-

- (i) Cash book-100% .
- (ii) Grants-in-aid:- Credit of Grants- in- aid 100%.
- (iii) Income from own resources :- Only for the selected month(s).
- (iv) Expenditure:- Only for selected month(s).
- (v) Other general audit checks may also be applied in respect of the following and position thereof may be incorporated in the audit report :-
 - a) Adjustment of temporary advances.
 - b) Retention of cash in hand in contravention of rule 10(3) of HP Panchayati Raj Rules, 2002.
 - c) Preparation of Budget Estimates in accordance with rule 37 & 38.
 - d) Reconciliation of Bank Accounts.
 - e) Utilization of grant in aids.
 - f) Recovery of Fees/Taxes/Rents.
 - g) Purchase of store/materials.
 - h) Expenditure on works for various grants/schemes.

- i) Maintenance of record etc.
- j) 100% cash book of MGNREGA.
- k) All the receipts & expenditure of selected months.
- l) Measurement Book (MB), Muster-rolls, consumption of materials & stock register of selected months.
- m) FTOs (Fund Transfer Orders) are required to be checked by the audit party as per the instructions.

2. General instructions:-

- (i) The directives of Headquarter Office shall be adhered to by the circle audit parties from time to time for conducting the audit of PRIs.
- (ii) 10% reduction in the time allotment will be made in case the last audit note(s) are not attended to on one ground or the other.

3. Before conducting the audit of Panchayati Raj Institutions, it is highly recommended that the different provisions as explained in Panchayati Raj Act 1994 and The Himachal Pradesh Panchayati Raj (Finance, Budget, Accounts, Audit, Works, Taxation and Allowances) Rules, 2002 must be consulted in addition to the general rules/provisions/above audit checks & instructions.

Audit Requisition

Requisitions for supply of information should be issued in beginning of the audit on the accounts of Panchayati Raj Institutions (PRIs) as per the proforma given below:-

Proforma

Audit Requisition No..... Dated.....

Subject :— Information relating to various accounts of Panchayati Raj Institutions(PRIs).

Please provide the information and status relating to the following:-

- I. Number of Cashbook.
- II. Reconciliation of Bank Accounts.
- III. Preparation of Budget Estimates in accordance with rule 37 & 38
- IV. Adjustment of temporary advances.
- V. Utilization of grants-in-aid.
- VI. Purchase of store/materials.
- VII. Recovery of Fees/Taxes/Rents.
- VIII. Expenditure on Works for various grants/schemes.
- IX. Measurement book (MB), Muster rolls, consumption of materials & stock register.
- X. FTOs (Fund Transfer Orders).
- XI. Grants-in-aid:- Credit of Grants-in-aid.
- XII. Income from own resources.
- XIII. Expenditure.
- XIV. Physical verification of stock articles and certificate of the last physical verification.
- XV. Job cards issued and limit of issuing job cards.

Format of financial position of Panchayati Raj Institutions:–

Requisitions for supply of financial position should be issued at the time of audit intimation to the concerned institutions as per the prescribed Proforma given below:-

Proforma-A

Financial position of for the year

A. Own resources

Year	Opening Balance	Receipt during the year	Total	Expenditure	Closing Balance

Grant-in-aid

<u>Year</u>	<u>Opening Balance</u>	<u>Receipt during the year</u>	<u>Total</u>	<u>Expenditure</u>	<u>Closing Balance</u>

Proforma-B

B. Financial position of Grants-in-Aid offor the year.

Sr. No.	Particular	Opening Balance	Receipt during the year	Total	Expenditure	Closing Balance
1	MGNREGA					

2	Indira Awas Yojna					
3	Integrated Water Shed Project					
4	SJSRY					
5	Swachh Bharat Abhiyan					
6	Any other grant (Please Specify)					

Proforma-C

Position of Head/Month wise Income & Expenditure

Head/month														
Sr.No	Head	Apr.	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
	I													

Note. — These are broad guidelines/information any other information/record in addition to above which are required by the field audit parties on the spot may be obtained from the institutions.

Note:- This is an illustrated format of audit and inspection note on the accounts of Gram Panchayat.

ग्राम पंचायत, विकास खण्ड, जिला, हि0 प्र0 के अवधि से के
लेखाओं का अंकेक्षण एवं निरीक्षण प्रतिवेदन

भाग-एक

1. प्रस्तावना

(क) ग्याहरवें वित्त आयोग की सिफारिशों के फलस्वरूप हिमाचल प्रदेश पंचायती राज अधिनियम 1994 की धारा 118 में संशोधन होने व संयुक्त निदेशक एवं उप सचिव पंचायती राज विभाग के पत्र संख्या PCH-HC-(5)C(15)LAD/2006-12669 दिनांक 07.04.2016 द्वारा पंचायती राज संस्थाओं के अंकेक्षण का दायित्व निदेशक, हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग को सौंपे जाने के दृष्टिगत , ग्राम पंचायत, विकास खण्ड जिला हि0 प्र0 के अवधि से के लेखाओं का अंकेक्षण कार्य हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग द्वारा किया गया।

(ख) अंकेक्षण अवधि के दौरान ग्राम पंचायत में निम्नलिखित प्रधान , सचिव, तकनीकी सहायक व ग्राम रोजगार सेवक कार्यरत रहे :-

प्रधान :-

क्रम संख्या	नाम	अवधि
1		

सचिव :-

क्रम संख्या	नाम	अवधि
1		

तकनीकी सहायक :-

क्रम संख्या	नाम	अवधि
1		

ग्राम रोजगार सहायक :-

क्रम संख्या	नाम	अवधि
1		

(ग) गम्भीर अनियमितताओं का सार

ग्राम पंचायत के अवधिसेके लेखाओं के अंकेक्षण एवं निरीक्षण के दौरान पाई गई गम्भीर अनियमितताओं का सार निम्न प्रकार से है:-

पैरा संख्या	अनियमितता का संक्षिप्त सार	राशि(लाखों में)
1		
2		
3		

(घ) गत अंकेक्षण प्रतिवेदन: -

हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग द्वारा ग्राम पंचायतका अंकेक्षण अवधिसेके लिये किया गया था जिसके अंकेक्षण प्रतिवेदन के शेष पैरों पर की गई कार्रवाई का अवलोकन करने के उपरान्त पैरों की नवीनतम स्थिति इस अंकेक्षण प्रतिवेदन के परिशिष्ट “----” पर दर्शाई गई है।

नोट :- यदि प्रथम अंकेक्षण किया जा रहा है तो गत अंकेक्षण प्रतिवेदन पर टिप्पणी नहीं की जायेगी।

भाग-दो

2. वर्तमान अंकेक्षण

ग्राम पंचायत, विकास खण्ड, जिला के अवधि सेके लेखाओं का वर्तमान अंकेक्षण श्रीसहायक नियन्त्रक / अनुभाग अधिकारी/ लेखा परीक्षक द्वारा दिनांक सेतक ग्राम पंचायत के कार्यालय में किया गया। आय व्यय की विस्तृत जाँच हेतु मास चयन निम्न तालिका के अनुसार स्व स्रोतों की आय तथा पंचायत के कुल व्यय के आधार पर किया गया: -

वर्ष	आय (माह)	व्यय (माह)

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Disclaimer:- इस अंकेक्षण एवं निरीक्षण प्रतिवेदन का प्रारूपण पंचायत के नियन्त्रक अधिकारी द्वारा उपलब्ध करवाई गई सूचनाओं एवं अभिलेख के आधार पर किया गया है। उक्त पंचायत द्वारा अंकेक्षण को उपलब्ध करवाई गई किसी भी सूचना/अभिलेख के अपूर्ण/गलत व उपलब्ध न होने की स्थिति में अंकेक्षण प्रतिवेदन पर होने वाले किसी भी प्रभाव हेतु हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग उत्तरदायी नहीं होगा।

3. अंकेक्षण शुल्क

ग्राम पंचायत के अवधि से के लेखाओं का अंकेक्षण शुल्क ₹...../- आंका गया है। उक्त अंकेक्षण शुल्क की राशि को रेखांकित बैंक ड्राफ्ट/मल्टीसिटी चैक के माध्यम से निदेशक, हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग, शिमला-171009 को शीघ्रातिशीघ्र प्रेषित करने हेतु अंकेक्षण अध्याचना संख्या दिनांक..... द्वारा पंचायत सचिव से अनुरोध किया गया।

4. (क) वित्तीय स्थिति: -

पंचायत सचिव द्वारा अंकेक्षण अध्याचना क्रमांक.....दिनांक..... के प्रत्युत्तर में प्रस्तुत अभिलेख के अनुसार ग्राम पंचायत के अवधि..... से के लेखाओं की वित्तीय स्थिति का संक्षिप्त विवरण निम्न प्रकार से है, जिसका विस्तृत विवरण संलग्न परिशिष्ट..... में भी दिया गया है।

शीर्ष	अथशेष	प्राप्ति	योग कालम (3+2)	व्यय	अन्तशेष कालम (5-4)
1	2	3	4	5	6
स्व-स्त्रोत					
अनुदान					
कुल योग					

(ख) बैंक समाधान विवरणी

ग्राम पंचायत की दिनांक को रोकड़ बही/वित्तीय स्थिति के तथा बैंक खातों/हस्तगत राशि के अन्तशेष ₹...../- से सम्बन्धित बैंक समाधान विवरणी)परिशिष्ट “.....”) निम्नानुसार है:-

	बैंक खातों की विवरणी:-			
क्र	विवरण	बैंक	खाता	अन्त शेष (₹)
1				
2				
3				
4				
5				
6	हस्तगत शेष			
बैंक खातों व हस्तगत शेष का दिनांक ----का कुल योग:				
दिनांक ----को बैंक समाधान विवरणी:-				
रोकड़ बही के आधार पर तैयार वित्तीय स्थिति के अनुसार (पैरा-4) अन्तशेष:-				
पंचायत के बैंक खातों का दिनांक ---- का अन्तशेष:-				
अन्तर:-				
यदि अन्तर है तो उसके कारण/बैंक समाधान विवरणी				

(ग) रोकड़ बही तथा बैंक खातों के अनुरक्षण व संचालन पर अँकेक्षण आपत्तियाँ व टिप्पणियाँ

(इस शीर्षक के अंतर्गत रोकड़ बही से सम्बंधित विभिन्न अनियमिताएं लेखांकित की जाए)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

5 निवेश

(इस शीर्षक के अंतर्गत निवेश से सम्बंधित विभिन्न अनियमिताएं लेखांकित की जाए)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	

Action/Suggestions	
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6 अनुदान की ₹ -----लाख का अवरोधन

पंचायत सचिव द्वारा अंकेक्षण अधियाचना क्रमांक -----दिनांक ----के प्रत्युत्तर में प्रस्तुत सूचना जोकि परिशिष्ट -... पर संलग्न है के अनुसार दिनांक -----तक अनुदान में प्राप्त राशियों में से -/-----की राशि उपयोग हेतु शेष थी। विभिन्न विकासात्मक कार्यों हेतु प्राप्त अनुदानों के अविकृति पत्र की शर्त अनुसार अनुदान राशि को विहित अवधि के दौरान व्यय किया जाना था परन्तु ऐसा न होने के कारण धन का अवरोधन होने के साथ –साथ सरकारी योजनाओं से ग्रामीणों को होने वाले लाभ से भी वंचित होना पड़ा है। अतः अनुदान राशि को विहित अवधि के दौरान व्यय न करने के कारणों को स्पष्ट करते हुए इसके व्यय हेतु सक्षम अधिकारी से अवधि बढौतरी की स्वीकृति प्राप्त करके उक्त राशि को व्यय करना सुनिश्चित किया जाए अन्यथा राशि का प्रत्यार्पण सम्बंधित संस्था को किया जाना सुनिश्चित किया जाए तथा तदनुसार अनुपालना से इस विभाग को भी अवगत करवाना सुनिश्चित किया जाये।

7 पंचायत राजस्व

(क) गृहकर कीलाख की राशि वसूली हेतु शेष

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

वसूली हेतु शेष गृहकर की राशि का विवरण

वर्ष	अथशेष	मांग	योग	प्राप्ति	वसूली हेतु शेष राशि	टिप्पणी

(ख) मोबाईल टावरों से आय कीलाख की राशि वसूली हेतु शेष

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

वसूली हेतु शेष मोबाईल टावरों से आय की राशि का विवरण

क्र०	मोबाईल टावर कम्पनी तथा शुल्कों की दरों का विवरण	स्थापना वर्ष	स्थापना शुल्क	अंकेक्षण अवधि के अंत तक कुल देय नवीनीकरण शुल्क	अंकेक्षण अवधि के अंत तक कुल वसूल की गई राशि	बकाया वसूली हेतु शेष	टिप्पणी

(ग) दुकानों/भवनो/मछली पालन तालाब आदि के किराए की बकाया -----लाख की वसूली शेष होना

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

वसूली हेतु शेष आय की राशि का विवरण

दुकान/भवन/तालाब/सम्पत्ति पहचान संख्या अथवा पता	किरायेदार	मासिक किराया	दिनांक --- को बकाया किराया	बकाया किराया की अवधि/महीने	टिप्पणी

(घ) अन्य आय

(उपरोक्त के अतिरिक्त से सम्बंधित विविध अनियमितताएं)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

8 व्यय

(व्यय से सम्बंधित विभिन्न अंकेक्षण आपत्तियां उचित उप-शीर्षक के अंतर्गत लेखांकित की जाए)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

9 मस्ट्रोल को जारी करने तथा उसके अभिलेखन व अनुरक्षण करने में प्रतिपादित नियमों की अवहेलना बारे

हि०प्र० पंचायती राज (वित्त बजट लेखे, संकर्म, कराधान व भत्ते) नियमावली 2002के नियम 102(1) से (7के प्रावधानों के अनुसार जिला पंचायत अधिकारी द्वारा मुद्रित तथा प्रमाणित मस्टर-रोल ही पंचायत सचिव द्वारा सम्बन्धित तकनीकी अधिकारी को किसी विकास/निर्माण कार्य में मजदूरों की हाज़िरी लगाने के लिए ” मस्टर-रोल जारी करने के रजिस्टर” (Muster Roll Issue Register) में प्रविष्टि के उपरान्त जारी किए जाएंगे। इन्ही नियमों में प्रावधित है कि इन मस्टर-रोल का अभिलेखन व अनुरक्षण हि०प्र० लोक निर्माण विभाग की कार्यप्रणाली के आधार पर किया जाएगा। परन्तु ग्राम पंचायत द्वारा प्रयोग तथा भुगतान किए गए मस्टर-रोलों की नमूना अंकेक्षण में पाया गया कि उपरोक्त नियमों की अनुपालना आंशिक रूप में ही की गई थी तथा मुख्य रूप से इनमें निम्नलिखित विसंगतियां पाई गई है :-

1.

2.

10 मनरेगा से सम्बंधित अनियमितताएं

(मनरेगा भुगतान से सम्बंधित अंकेक्षण आपत्तियां इस पैरे के अंतर्गत लेखांकित की जाए)

11 निर्माण कार्यों से सम्बंधित अन्य विविध विसंगतियां

(निर्माण कार्यों से सम्बंधित अंकेक्षण आपत्तियां इस पैरे के अंतर्गत लेखांकित की जाए)

Rule/ Govt. Order/Instructions	
Audit Observation) Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

12 नियमों की अवहेलना करते हुए महत्वपूर्ण अभिलेखों का अनुरक्षण न करना

क्र०	रजिस्टर/अभिलेख	फार्म संख्या	संदर्भित नियम

13 प्रत्यक्ष सत्यापन

हि०प्र० पंचायती राज (वित्त बजट लिखें संकर्म कराधान व भत्ते) नियम 2002 के नियम 73के अंतर्गत पंचायत के भण्डार का प्रत्येक 6माह बाद प्रत्यक्ष सत्यापन किया जाना अपेक्षित है ,परन्तु अंकेक्षण के दौरान पाया गया कि पंचायत

द्वारा भण्डार का नियमानुसार प्रत्यक्ष सत्यापन वर्षके दौरान किया गया था। परन्तु अंकेक्षण अवधि के दौरान किसी भी प्रकार का प्रत्यक्ष सत्यापन नहीं किया गया था। अतः अंकेक्षण की ओर से सुझाव दिया जाता है कि वर्तमान में भण्डार का नियमानुसार प्रत्यक्ष सत्यापन करवाना सुनिश्चित किया जाए।

14 अन्य विविध अंकेक्षण आपत्तियां

15 लघु आपत्ति विवरणिका

16 निष्कर्ष

परिशिष्ट “.....”

अंकेक्षण पैरा संख्याके संदर्भ में।

(1) अंकेक्षण एवं निरीक्षण प्रतिवेदन अवधि से

क्र० सं०	पैरा सं०	निर्णीत/अनिर्णीत	अनुपालना का संक्षिप्त विवरण
1			

Note:- This is an illustrated format of audit and inspection note on the accounts of Panchayat itimS.

पंचायत समिति, विकास खण्ड जिला, हि0 प्र0 के अवधि
..... से के लेखाओं का अंकेक्षण एवं निरीक्षण प्रतिवेदन

भाग-एक

1. प्रस्तावना

(क) ग्याहरवें वित्त आयोग की सिफारिशों के फलस्वरूप हिमाचल प्रदेश पंचायती राज अधिनियम 1994 की धारा 118 में संशोधन होने व संयुक्त निदेशक एवं उप सचिव पंचायती राज विभाग के पत्र संख्या PCH-HC-(5)C(15)LAD/2006-12669 दिनांक 07.04.2016 द्वारा पंचायती राज संस्थाओं के अंकेक्षण का दायित्व निदेशक, हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग को सौंपे जाने के दृष्टिगत, पंचायत समिति, विकास खण्ड जिला हि0 प्र0 के अवधि से के लेखाओं का अंकेक्षण कार्य हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग द्वारा किया गया।

(ख) अंकेक्षण अवधि के दौरान ग्राम पंचायत में निम्नलिखित अध्यक्ष, खंड विकास अधिकारी एवं मुख्य कार्यकारी अधिकारी, पंचायत निरीक्षक एवं सचिव पंचायत समिति कार्यरत रहे :-

अध्यक्ष :-

क्रम संख्या	नाम	अवधि
1		

खंड विकास अधिकारी एवं मुख्य कार्यकारी अधिकारी :-

क्रम संख्या	नाम	अवधि
1		

पंचायत निरीक्षक एवं सचिव पंचायत समिति :-

क्रम संख्या	नाम	अवधि
1		

(ग) गम्भीर अनियमितताओं का सार

पंचायत समिति के अवधिसेके लेखाओं के अंकेक्षण एवं निरीक्षण के दौरान पाई गई गम्भीर अनियमितताओं का सार निम्न प्रकार से है:-

पैरा संख्या	अनियमितता का संक्षिप्त सार	राशि (लाखों में)
1		
2		
3		

(घ) गत अंकेक्षण प्रतिवेदन: -

हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग द्वारा ग्राम पंचायतका अंकेक्षण अवधिसे के लिये किया गया था जिसके अंकेक्षण प्रतिवेदन के शेष पैरों पर की गई कार्रवाई का अवलोकन करने के उपरान्त पैरों की नवीनतम स्थिति इस अंकेक्षण प्रतिवेदन के परिशिष्ट ”.....” पर दर्शाई गई है।

(नोट:- यदि प्रथम अंकेक्षण किया जा रहा है तो गत अंकेक्षण प्रतिवेदन पर टिप्पणी नहीं की जायेगी)

भाग-दो

2. वर्तमान अंकेक्षण

पंचायत समिति....., विकास खण्ड, जिला के अवधि सेके लेखाओं का वर्तमान अंकेक्षण श्रीसहायक नियन्त्रक / अनुभाग अधिकारी/ लेखा परीक्षक द्वारा दिनांक सेतक ग्राम पंचायत के कार्यालय में किया गया। आय व्यय की विस्तृत जाँच हेतु मास चयन निम्न तालिका के अनुसार स्व स्रोतों की आय तथा पंचायत के कुल व्यय के आधार पर किया गया: -

वर्ष	आय (माह)	व्यय (माह)

Disclaimer:- इस अंकेक्षण एवं निरीक्षण प्रतिवेदन का प्रारूपण पंचायत समिति के नियंत्रक अधिकारी द्वारा उपलब्ध करवाई गई सूचनाओं एवं अभिलेख के आधार पर किया गया है। उक्त पंचायत द्वारा अंकेक्षण को उपलब्ध करवाई गई किसी भी सूचना/अभिलेख के अपूर्ण/गलत व उपलब्ध न होने की स्थिति में अंकेक्षण प्रतिवेदन पर होने वाले किसी भी प्रभाव हेतु हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग उत्तरदायी नहीं होगा।

3. अंकेक्षण शुल्क

पंचायत समिति के अवधि से के लेखाओं का अंकेक्षण शुल्क ₹...../- आंका गया है। उक्त अंकेक्षण शुल्क की राशि को रेखांकित बैंक ड्राफ्ट/मल्टीसिटी चैक के माध्यम से निदेशक, हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग, शिमला-171009 को शीघ्रातिशीघ्र प्रेषित करने हेतु अंकेक्षण अध्याचना संख्या दिनांक..... द्वारा पंचायत सचिव से अनुरोध किया गया।

4. (क) वित्तीय स्थिति: -

पंचायत समिति सचिव द्वारा अंकेक्षण अध्याचना क्रमांक.....दिनांक..... के प्रत्युत्तर में प्रस्तुत अभिलेख के अनुसार ग्राम पंचायत के अवधि..... से के लेखाओं की वित्तीय स्थिति का संक्षिप्त विवरण निम्न प्रकार से है, जिसका विस्तृत विवरण संलग्न परिशिष्ट..... में भी दिया गया है।

शीर्ष	अथशेष	प्राप्ति	योग कालम (3+2)	व्यय	अन्तशेष कालम (5-4)
1	2	3	4	5	6
स्व-स्त्रोत					
अनुदान					
कुल योग					

(ख) बैंक समाधान विवरणी

पंचायत समिति की दिनांक को रोकड़ बही/वित्तीय स्थिति के तथा बैंक खातों/हस्तगत राशि के अन्तशेष ₹...../- से सम्बन्धित बैंक समाधान विवरणी)परिशिष्ट ”.....”) निम्नानुसार है:-

क्र	बैंक खातों की विवरणी:- विवरण	बैंक	खाता	अन्त शेष (₹)
-----	---------------------------------	------	------	-----------------

1				
2				
3				
4				
5				
22	हस्तगत शेष			
बैंक खातों व हस्तगत शेष का दिनांक ----का कुल योग:				
दिनांक ----को बैंक समाधान विवरणी:-				
रोकड़ बही के आधार पर तैयार वित्तीय स्थिति के अनुसार (पैरा-4) अन्तशेष:-				
पंचायत के बैंक खातों का दिनांक ---- का अन्तशेष:-				
अन्तर:-				
यदि अन्तर है तो उसके कारण/बैंक समाधान विवरणी				

(ग) रोकड़ बही तथा बैंक खातों के अनुरक्षण व संचालन पर अंकेक्षण आपत्तियाँ व टिप्पणियाँ

(इस शीर्षक के अंतर्गत रोकड़ बही से सम्बंधित विभिन्न अनियमिताएं लेखांकित की जाए)

Rule/ Govt. Order/Instructions	
Audit Observation) Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

5 निवेश

(इस शीर्षक के अंतर्गत निवेश से सम्बंधित विभिन्न अनियमिताएं लेखांकित की जाए)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

6 अनुदान की ₹ -----लाख का अवरोधन

पंचायत समिति सचिव द्वारा अंकेक्षण अध्याचना क्रमांक दिनांक सूचना प्रस्तुत में प्रत्युत्तर के.....
 - परिशिष्ट जोकि..... पर संलग्न है के अनुसार दिनांक/- तक अनुदान में प्राप्त राशियों में से -/.....
 की राशि उपयोग हेतु शेष थी I विभिन्न विकासात्मक कार्यों हेतु प्राप्त अनुदानों के अविकृति पत्र की शर्त अनुसार अनुदान राशि को विहित अवधि के दौरान व्यय किया जाना था परन्तु ऐसा न होने के कारण धन का अवरोधन होने के साथ –साथ सरकारी योजनाओं से ग्रामीणों को होने वाले लाभ से भी वंचित होना पड़ा है I अतः अनुदान राशि को विहित अवधि के दौरान व्यय न करने के कारणों को स्पष्ट करते हुए इसके व्यय हेतु सक्षम अधिकारी से अवधि बढ़ौतरी की स्वीकृति प्राप्त करके उक्त राशि को व्यय करना सुनिश्चित किया जाए अन्यथा राशि का प्रत्यार्पण सम्बंधित संस्था को किया जाना सुनिश्चित किया जाए तथा तदनुसार अनुपालना से इस विभाग को भी अवगत करवाना सुनिश्चित किया जाये I

7 पंचायत समिति राजस्व

(क) दुकानों/भवनों आदि के किराए की बकाया होना शेष वसूली की लाख.....

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

वसूली हेतु शेष आय की राशि का विवरण

दुकान/भवन	किरायेदार	मासिक किराया	दिनांक --- को बकाया किराया	बकाया किराया की अवधि/महीने	टिप्पणी

(ख) (अन्य आय)उपरोक्त के अतिरिक्त से सम्बंधित विविध अनियमितताएं)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

8 व्यय

(व्यय से सम्बन्धित अंकेक्षण आपत्तियां इस पैरे के अंतर्गत लेखांकित की जाए)

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

9 पंचायत समिति निधि से वेतन पाने वाले कर्मचारियों की सेवा पँजिकाओं तथा उन्हें भुगतान किये गये वेतन व भत्तों में पाई गई अंकेक्षण आपत्तियां

10 अंकेक्षण में पाई गई व्यय से सम्बन्धित अंकेक्षण आपत्तियों का प्रारूपण

11 पंचायतों को निर्माण कार्यों हेतु जारी/अन्तरित अनुदान राशियों के विरुद्ध उपयोगिता प्रमाणपत्र प्राप्त करना

क्या निर्माण कार्यों हेतु जारी अनुदान राशियों से सम्बन्धित कार्यों की पूर्णता तथा इसमें आए व्यय के सत्यापन हेतु पंचायतों द्वारा जारी "उपयोगिता प्रमाण पत्र" प्राप्त किये गये हैं, जिनके "उपयोगिता प्रमाणपत्र" का प्राप्त नहीं हुये हैं उनका विवरण निम्न तालिका अनुसार प्रारूपित किया जाये।

क्र०	दिनांक	लाभार्थी पंचायत का नाम	कार्य का विवरण	राशि
			कुल योग	

12 अन्य विविध अंकेक्षण आपत्तियां

13 लघु आपत्ति विवरणिका

14 निष्कर्ष

परिशिष्ट “.....”

अंकेक्षण पैरा संख्याके संदर्भ में।

(1) अंकेक्षण एवं निरीक्षण प्रतिवेदन अवधि से

क्र० सं०	पैरा सं०	निर्णीत/अनिर्णीत	अनुपालना का संक्षिप्त विवरण
1			
2			

Note:- This is an illustrated format of audit and inspection note on the accounts of Zila Parishad.

जिला परिषद्, विकास खण्ड जिला, हि0 प्र0 के अवधि
..... से के लेखाओं का अंकेक्षण एवं निरीक्षण प्रतिवेदन

भाग-एक

1. प्रस्तावना

(क) ग्याहरवें वित्त आयोग की सिफारिशों के फलस्वरूप हिमाचल प्रदेश पंचायती राज अधिनियम 1994 की धारा 118 में संशोधन होने व संयुक्त निदेशक एवं उप सचिव पंचायती राज विभाग के पत्र संख्या PCH-HC-(5)C(15)LAD/2006-12669 दिनांक 07.04.2016 द्वारा पंचायती राज संस्थाओं के अंकेक्षण का दायित्व निदेशक, हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग को सौंपे जाने के दृष्टिगत, जिला परिषद्, विकास खण्ड जिला हि0 प्र0 के अवधि से के लेखाओं का अंकेक्षण कार्य हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग द्वारा किया गया।

(ख) अंकेक्षण अवधि के दौरान ग्राम पंचायत में निम्नलिखित अध्यक्ष :- अध्यक्ष व जिला पंचायत अधिकारी एवं सचिव जिला परिषद् कार्यरत रहे :-

अध्यक्ष :-

क्रम संख्या	नाम	अवधि
1		

जिला पंचायत अधिकारी एवं सचिव :-

क्रम संख्या	नाम	अवधि
1		

(ग) गम्भीर अनियमितताओं का सार:-

जिला परिषद् के अवधि से के लेखाओं के अंकेक्षण एवं निरीक्षण के दौरान पाई गई गम्भीर अनियमितताओं का सार निम्न प्रकार से है:-

पैरा संख्या	अनियमितता का संक्षिप्त सार	राशि (लाखों में)
1		
2		
3		

(घ) गत अंकेक्षण प्रतिवेदन: -

हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग द्वारा ग्राम पंचायत का अंकेक्षण अवधिसे के लिये किया गया था जिसके अंकेक्षण प्रतिवेदन के शेष पैरों पर की गई कार्रवाई का अवलोकन करने के उपरान्त पैरों की नवीनतम स्थिति इस अंकेक्षण प्रतिवेदन के परिशिष्ट ”.....” पर दर्शाई गई है।

(नोट :-यदि प्रथम अंकेक्षण किया जा रहा है तो गत अंकेक्षण प्रतिवेदन पर टिप्पणी नहीं की जायेगी)

भाग-दो

2. वर्तमान अंकेक्षण

जिला परिषद्....., विकास खण्ड, जिला के अवधि सेके लेखाओं का वर्तमान अंकेक्षण श्रीसहायक नियंत्रक /अनुभाग अधिकारी/ लेखा परीक्षक द्वारा दिनांक सेतक ग्राम पंचायत के कार्यालय में किया गया। आय व्यय की विस्तृत जाँच हेतु मास चयन निम्न तालिका के अनुसार स्व स्रोतों की आय तथा पंचायत के कुल व्यय के आधार पर किया गया: -

वर्ष	आय (माह)	व्यय (माह)

Disclaimer:- इस अंकेक्षण एवं निरीक्षण प्रतिवेदन का प्रारूपण जिला परिषद् के नियंत्रक अधिकारी द्वारा उपलब्ध करवाई गई सूचनाओं एवं अभिलेख के आधार पर किया गया है। उक्त पंचायत द्वारा अंकेक्षण को उपलब्ध करवाई गई किसी भी सूचना/अभिलेख के अपूर्ण/गलत व उपलब्ध न होने की स्थिति में अंकेक्षण प्रतिवेदन पर होने वाले किसी भी प्रभाव हेतु हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग उत्तरदायी नहीं होगा।

3. अंकेक्षण शुल्क

जिला परिषद् के अवधि से के लेखाओं का अंकेक्षण शुल्क ₹...../- आंका गया है। उक्त अंकेक्षण शुल्क की राशि को रेखांकित बैंक ड्राफ्ट/मल्टीसिटी चेक के माध्यम से निदेशक, हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग, शिमला-171009 को शीघ्रातिशीघ्र प्रेषित करने हेतु अंकेक्षण अधियाचना संख्या दिनांक..... द्वारा पंचायत सचिव से अनुरोध किया गया।

4. (क) वित्तीय स्थिति: -

जिला परिषद् सचिव द्वारा अंकेक्षण अधियाचना क्रमांक.....दिनांक..... के प्रत्युत्तर में प्रस्तुत अभिलेख के अनुसार ग्राम पंचायत के अवधि..... से के लेखाओं की वित्तीय स्थिति का संक्षिप्त विवरण निम्न प्रकार से है, जिसका विस्तृत विवरण संलग्न परिशिष्ट..... में भी दिया गया है।

शीर्ष	अथशेष	प्राप्ति	योग कालम (3+2)	व्यय	अन्तशेष कालम (5-4)
1	2	3	4	5	6
स्व-स्त्रोत					
अनुदान					
कुल योग					

(ख) बैंक समाधान विवरणी

जिला परिषद् की दिनांक को रोकड़ बही/वित्तीय स्थिति के तथा बैंक खातों/हस्तगत राशि के अन्तशेष ₹...../- से सम्बन्धित बैंक समाधान विवरणी (परिशिष्ट ”.....”) निम्नानुसार है:-

क्र	बैंक खातों की विवरणी:- विवरण	बैंक	खाता	अन्त शेष (₹)
1				
2				
3				

	हस्तगत शेष			
	बैंक खातों व हस्तगत शेष का दिनांक ----का कुल योग:			
	दिनांक ----को बैंक समाधान विवरणी:-			
	रोकड़ बही के आधार पर तैयार वित्तीय स्थिति के अनुसार (पैरा-4) अन्तशेष:-			
	पंचायत के बैंक खातों का दिनांक ---- का अन्तशेष:-			
	अन्तर:-			
	यदि अन्तर है तो उसके कारण/बैंक समाधान विवरणी			

(ग) रोकड़ बही तथा बैंक खातों के अनुरक्षण व संचालन पर अंकेक्षण आपत्तियाँ व टिप्पणियाँ

(इस शीर्षक के अंतर्गत रोकड़ बही से सम्बंधित विभिन्न अनियमिताएं लेखांकित की जाए)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

5 निवेश

(इस शीर्षक के अंतर्गत निवेश से सम्बंधित विभिन्न अनियमिताएं लेखांकित की जाए)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

6 अनुदान की ₹ -----लाख का अवरोधन

जिला परिषद् सचिव द्वारा अंकेक्षण अध्याचना क्रमांक दिनांक सूचना प्रस्तुत में प्रत्युत्तर के..... परिशिष्टजोकि पर संलग्न है के अनुसार दिनांक/- तक अनुदान में प्राप्त राशियों में से/-की राशि उपयोग हेतु शेष थी। विभिन्न विकासात्मक कार्यों हेतु प्राप्त अनुदानों के अविकृति पत्र की शर्त अनुसार अनुदान राशि को विहित अवधि के दौरान व्यय किया जाना था परन्तु ऐसा न होने के कारण धन का अवरोधन होने के साथ-साथ सरकारी योजनाओं से ग्रामीणों को होने वाले लाभ से भी वंचित होना पड़ा है। अतः अनुदान राशि को विहित अवधि के दौरान व्यय न करने के कारणों को स्पष्ट करते हुए इसके व्यय हेतु सक्षम अधिकारी से अवधि बढ़ौतरी की

स्वीकृति प्राप्त करके उक्त राशि को व्यय करना सुनिश्चित किया जाए अन्यथा राशि का प्रत्यार्पण सम्बंधित संस्था को किया जाना सुनिश्चित किया जाए तथा तदनुसार अनुपालना से इस विभाग को भी अवगत करवाना सुनिश्चित किया जाये ।

7 जिला परिषद् राजस्व

(क) दुकानों/भवनों आदि के किराए की बकाया होना शेष वसूली की लाख.....

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

वसूली हेतु शेष आय की राशि का विवरण

दुकान/भवन	किरायेदार	मासिक किराया	दिनांक --- को बकाया किराया	बकाया किराया की अवधि/महीने	टिप्पणी

(ख) (अन्य आय) (उपरोक्त के अतिरिक्त से सम्बंधित विविध अनियमितताएं)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

8 व्यय

(व्यय से सम्बंधित अंकेक्षण आपत्तियां इस पैरे के अंतर्गत लेखांकित की जाए)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

9 जिला परिषद् निधि से वेतन पाने वाले कर्मचारियों की सेवा पेंजिकाओं तथा उन्हें भुगतान किये गये वेतन व भत्तों में पाई गई अंकेक्षण आपत्तियां ।

10 अंकेक्षण में पाई गई व्यय से सम्बन्धित अंकेक्षण आपत्तियों का प्रारूपण ।

11 समितियों व पंचायतों को निर्माण कार्यों हेतु जारी/अन्तरित अनुदान राशियों के विरुद्ध उपयोगिता प्रमाण पत्र प्राप्त करना ।

क्या निर्माण कार्यों हेतु जारी अनुदान राशियों से सम्बन्धित कार्यों की पूर्णता तथा इसमें आए व्यय के सत्यापन हेतु समितियों व पंचायतों द्वारा जारी "उपयोगिता प्रमाण पत्र" प्राप्त किये गये हैं , जिनके "उपयोगिता प्रमाण पत्र" का प्राप्त नहीं हुये हैं उनका विवरण निम्न तालिका अनुसार प्रारूपित किया जाये।

क्र० सं०	दिनांक	लाभार्थी पंचायत का नाम	कार्य का विवरण	राशि
			कुल योग	

12 अन्य विविध अंकेक्षण आपत्तियां ।

13 लघु आपत्ति विवरणिका ।

14 निष्कर्ष ।

परिशिष्ट “.....”

अंकेक्षण पैरा संख्याके संदर्भ में।

(1) अंकेक्षण एवं निरीक्षण प्रतिवेदन अवधि से

क्र० सं०	पैरा सं०	निर्णीत/अनिर्णीत	अनुपालना का संक्षिप्त विवरण
1			

7.2 URBAN LOCAL BODIES

Authority for audit

The audit of accounts of Urban Local Bodies i.e Municipal Council, Nagar Panchayat has been entrusted to the Himachal Pradesh State Audit Department as per the provisions of the section 255(1) of the Himachal Pradesh Municipalities Act, 1994 and vide notification No. 1-376/81-Fin(LA) Vol. (IV) dated 16.10.2008 of Principal Secretary (Finance) to the Govt. of Himachal Pradesh .

Organisational structure

At present there is a three tier system of Urban Local Bodies viz. 5 Municipal Corporations, 29 Municipal Councils and 27 Nagar Panchayats in the State. The following table shows the present setup of ULB's:-

Sr. No	Name of the ULB	Total Number	Headed By
1	Municipal Corporations	5	Commissioner
2	Municipal Councils	29	Executive Officer
3	Nagar Panchayats	27	Secretary

Time allotment

The time allotment for each account is done by the Director-cum-Examiner, HP State Audit Department and is ordinarily calculated in terms of a pair of auditors which is generally based on the expenditure (excluding investment/deposit works) incurred during the year to be audited. The Auditor should make efforts to save as much time as possible. Due note of saving affected will be taken and their efforts in this regard will be appreciated.

Permission of the authorities shall be a pre-requisite in case of extension of time allotment is required by the audit parties, otherwise the extra time availed will be treated as unauthorized stay and will be dealt with accordingly. Auditor should not avail the time allotment fixed above as a matter of routine or right.

Audit of ULBs i.e Municipal Corporations, Municipal Councils and Nagar Panchayats should be conducted for one month of income and one month of expenditure to be selected by audit parties at their own level in each year in the following manner :-

- a) **For conducting the audit of Income:-** the month in which maximum income has been generated during the year may be selected.
- b) **For conducting the audit of expenditure:-** the month in which maximum expenditure excluding Investments and Expenditure related to Deposit Works has been incurred during the year should be selected.

However, audit parties, with prior intimation to the Headquarter Office, specifying the reasons therein or on the directions of the latter, may select another month for conducting the audit of each Municipal Corporation, Municipal Council and Nagar Panchayat.

- (a). The allotment in r/o Municipal Councils / Nagar Panchyats has been fixed in terms of pair of auditors consisting of one Assistant Controller/ Section officer and one Junior Auditor. There will be an increase of 60% over the fixed time allotment in case audit is conducted single handed by either of three.

- (b). The allotment in r/o Municipal Corporations has been fixed in terms of single man and in case audit is conducted by audit party consisting of more than one person, the time allotment will be calculated accordingly.
- (c). The Audit party should make efforts to save as much time as possible. Due note of saving affected will be taken and their efforts in this regard will be appreciated. All other guidelines instructions issued vide above referred memo and issued from time to time in this regard will remain in force.

The time allotment for conducting the audit of accounts of Nagar Panchayat/Nagar Parishad/Nagar Nigam of Himachal Pradesh is as under:-

Time allotment in respect of Nagar Panchayat/Municipal Council

Expenditure per annum (excluding expenditure in connection with deposit works and investment in fixed deposit accounts) (₹)	Revised time allotment (in terms of pair) per annual audit
Up to 50 lacs.	6 days
50,00,001 to 75,00,000	8 days
75,00,001 to 1,00,00,000	10 days
1,00,00,001 to 5,00,00,000	10+1 day for every additional 50 Lacs.
5,00,00,001 to 8,00,00,000	18+1 day for every additional 75 Lacs.
8,00,00,001 to 16,00,00,000	22+1 day for every additional 1 crore.
16,00,00,000 & above.	30+1 day for every additional 2 crore.

Time allotment in respect of Municipal Corporations

Expenditure per annum (excluding expenditure in connection with deposit works and investment in fixed deposit accounts) (₹)	Revised time allotment (in terms of Single man days) per annual audit
Up to 50 Crore	100 Mandays
50 Crore to 100 Crore	100 Mandays + 1 day for every additional 1 crore.
100 Crore & above	150 Mandays + 1 day for every additional 2 crore.

Audit Checks to be exercised.

While conducting the audit of ULBs, the following aspects need special attention of the auditors. Main focus should be on Efficiency, Economy and Effectiveness. The audit must be conducted in the office of the institution where record(s) etc. are easily accessible and discussion is also done on doubtful points. Audit is to be conducted in accordance with the provisions of the Act and rules framed and notified by the Government.

1 . Checks to be applied:-

- 1) **Cash Book:** - The General Cash Book, Pension Cash Book, Provident Fund Cash Book should be checked 100% along with reconciliation of all bank accounts.
- 2) **Fixed Deposit Receipt:** - Fixed deposit receipts in respect of General fund, Provident fund, Pension fund etc shall be checked 100%. The position of all FDR's as on 31st March may be appended with audit report.

- 3) **Grants-in-aid:** - The credit of Grants-in-aid in Cash Book may be checked 100% along with entries in the Grants-in-aid Register. The Expenditure out of Grants-in-aid shall be checked during the selected month. The statement showing the position of Grants-in-aid received and utilized during the audit period shall be checked and appended with the draft audit note alongwith position of the unspent Grants-in-aid pertaining to prior period.
- 4) **Tax Revenue :-**
- i. House tax assessment, opening balances of house tax, Demand in the D&C Register, interest on delayed payment, remission and refund etc shall be checked 10%.
 - ii. Collection of house tax and other taxes shall be checked for selected month.
- 5) **Water Revenue (if Applicable):-**
- (i) Receipt of water charges shall be checked for the selected month.
 - (ii) Demand of water charges may be checked for 10% in the Demand and Collection register.
- 6) **Rent Revenue:-**
- (i) Rent/Lease agreements, opening balance of lease rent, Demand in D&C Register shall be checked for 10 %.
 - (ii) Collection of rent shall be checked for the selected month.

7) **Building Application fee :-**

- (i) Receipt from building application fee shall be checked for the selected month.
- (ii) Compounded cases of house maps may be checked 10%.

8) **Other Receipts:** - The other receipts i.e. License fee, Copying fee, Tehbazari fee and other miscellaneous receipt shall be checked for the selected month.

9) **Expenditure:-**

(a) **Establishment:-**

- (i) Pay fixation due to revision of pay scales, promotion, step-ups, Grant of ACPS etc. may be checked 100%.
- (ii) Annual Increments 10%.
- (iii) Salary Bills, TA. Bills, Medical Bills etc shall be checked for the selected month.
- (iv) L.T.C. Bills may be checked 100%.
- (v) Service Books of employees who are to retire with in the next two years shall be checked 100%.

(b) **Works:-**

One construction work (Road and Building/Water Supply Department) on the basis of maximum expenditure during the year shall be

checked in detail. Other works shall be checked for the selected month only.

(c) Temporary Advances:-

Grant and adjustment of Temporary Advances shall be checked for the selected month. However, the position of outstanding temporary advances as on 31th March should be appended with the audit report.

(d) Store:-

- (i) Store and stock account of cement and steel shall be checked 100%, other stock should be checked for the selected month.
- (ii) Reports of physical verification of Stock and Store accounts may also be perused and short comings, if any may be pointed out.

(e) Purchases:-

Purchases exceeding three lacs shall be checked 100% and other purchases for the selected month only.

(f) Contingency:-

All type of contingent bills shall be checked for the selected month.

(g) Vehicles:-

The log books of the vehicles shall be checked for the selected month with reference to mileage/average fixed by the authority.

(h) Provident Fund:-

- i. P.F. contribution/withdrawals advances shall be checked for the selected month.
- ii. Final Withdrawals shall be checked 100% subject to a maximum of 5 cases.
- iii. Interest accrued/allowed in the provident fund account shall be checked for 10%.

(i) Pension & Gratuity:-

- (i) Contribution to the fund shall be checked for the selected month.
- (ii) Payment of pension for the selected month.
- (iii) Pension cases sanctioned during the audit period shall be checked 100% subject to a maximum of 5 cases.

(j) Leave encashment: -

Leave encashment during audit period shall be checked 100% along with the leave account of the retiree.

10) General Audit Checks :-

Other General Audit Checks may also be applied.

2. General instructions:-

- (i) The directives of Headquarter Office shall be adhered to by the circle audit parties from time to time for conducting the audit of ULBs.
- (ii) 10% reduction in the time allotment will be made in case the last audit note(s) are not attended to on one ground or the other.

3. *Before conducting the audit of Urban Local Bodies, it is highly recommended that the different provisions as explained in HP Municipal Corporation Act, 1994, HP Municipalities Act, 1994, The Municipal Accounts Code, 1975, other applicable Acts, Rules etc. must be consulted in addition to general rules/provisions/above audit checks & instructions.*

Note.— Requisition for supply of information should be issued in the beginning of post audit of the accounts of ULBs as per proforma given below:-

Audit Requisition No..... Dated.....

Subject — Supply of information for conducting the audit of Urban Local Bodies for the period from..... to

Please keep/provide the following information relating to accounts of your office ready in the prescribed Performa:

1. Complete list of auditable documents, i.e. Balance Sheet, trial balance, accounts statements, schedules and other concerned record.
2. Detail of budget allocation and expenditure incurred against budget allocation for the period covered under audit.
3. Name of the officer(s) in charge as drawing and disbursing officer during the period under audit.
4. Cadre wise sanctioned strength of the staff in various wings and position of actual deployment against cadre strength.
5. Total number of service books maintained in the office.
6. List of employees whose spouses are employed in Govt./Semi-Govt. organizations a/w detail of their offices.
7. List of employees who have been allotted govt. accommodation.
8. Name of employees who retired during the period under audit.
9. Number of vehicles maintained in office a/w their logbooks.
10. Detail of pending Arb/court cases in various courts a/w brief detail of present position of such court cases.
11. Detail of contracts and agreements entered into with various contractors during the period under audit a/w percentage above/below from the Schedule as applicable.

12. Detail of estimates submitted and approved during the period under audit to be checked.
13. Income generated from other sources during the period under audit (specifying the nature of income)
14. Name of schedule banks during the period under audit a/w pass books/ bank statement of each bank.
15. List of advances paid and adjusted during the year.
16. Detail of inventory as on closing date of year under audit.
17. Bank Reconciliation Statement at the end year under audit.
18. Financial position of the Municipal Corp./Council relating to period of audit.
19. Investment made during the year with complete information of investment made up on the following format with Bank certificate: —

Sl. No.	Name of bank	Date of Investment	Amount kept in Fixed Deposit	Period
1	2	3	4	5

Rate of Interest.	Date of Maturity	Maturity of FD	Remarks
6	7	8	9

20. Budget (Receipt & Expenditure):- Estimated and actual receipt and expenditure for the year-----

Receipt				Expenditure			
Head	Estimated	Actual	Remarks	Head	Estimated	Actual	Remarks

21. Loan taken from other institutions:

Sl.No	Date	Loan taken from	Amount of loan	Rate of interest
1	2	3	4	5

Interest payable	Refund of loan	Balance	Remarks
6	7	8	9

22. Grants-in-aid: Grants-in-aid received from the Govt.

Own Resources :-

Year	Opening Balance	Receipt during the Year.	Interest during the Year.	Total (2+3+4)	Expenditure during the year.	Closing Balance
1	2	3	4	5	6	7

Grants :-

Year	Opening Balance	Receipt during the Year.	Interest during the Year.	Total (2+3+4)	Expenditure during the year.	Closing Balance
1	2	3	4	5	6	7

23. Position of Head/Month wise Income & Expenditure

	Head/month												
Sr.No	Head I	Apr.	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec.	Jan	Feb	Mar

24. (i) Advance: Advance given to the staff:

Sl.No	Name of the employee	Purpose for which advance given	Amount of advance	Adjusted (Account rendered for adjustment)
1	2	3	4	5

Balance	Remarks
6	7

24. (ii) Advance: Advance given to PWD etc. as deposit work:

Sl.No	Advance given to (Name of Institution)	Purpose	Amount of advance	Particulars of remittance made
1	2	3	4	5

Adjusted Amount	Balance	Remarks
6	7	8

25. (i) Fee/House Tax/ Shop rent: Detail of Fee/Tax etc. outstanding as on;

Sl.No.	Opening Balance	Demand for the year	Total	Amount realized	Outstanding amount	%	Remarks
1	2	3	4	5	6	7	8

25. (ii) Vacancy of shops : Vacancy of shops as on:

Sl.No	Shop No	Constructed in	Rent of Shops	Given on rent w.e.f.	Vacant w.e.f.	Reasons for vacancy with action taken
1	2	3	4	5	6	7

25. (iii) Lease premium and penal interest :

Sl. No	Property given on lease	Lease premium due	Lease premium received	Balance	Penal interest chargeable	Remarks
1	2	3	4	5	6	7

26. Assets acquired during the year:

Permanent assets acquired during the year including vehicle.

Sl. No.	Asset acquired	Volume of Asset	Date when acquired	Remarks
1	2	3	4	5

27. Physical verification :

Results of physical verification:

Sl.No	Articles	Stock Register with Page	Quantity as per stock Register	Volume of article
1	2	3	4	5

Physically article in stock	Article short in stock	Volume of article	Date of the last physical verification:	Remarks
6	7	8	9	10

28. Write-off of losses;

Detail of write off during the period

Sl.No	Particular of item	Sr.No. & Page	Book Value	Reasons for writing off	Mode of disposal	Amount Received	Remarks
1	2	3	4	5	6	7	8

Note.— These are broad guidelines/information; any other information/record in addition to above which are required by the field audit parties on the spot may be obtained from the institutions.

Other Important Proforma's & Helpful Audit Requisition's.

Proforma for Month Wise Income and Expenditure Statement

Municipal Council /Nagar Panchayat				
Year				
Income				
Months	Income From Own Sources	GIA Received During the year	Interest Income Saving	Total
	1	2	3	(1+2+3=4)
Apr-...				
May-...				
Jun-...				
Jul-...				
Aug-...				
Sep-...				
Oct-...				
Nov-...				
Dec-...				
Jan-...				
Feb-...				
Mar-...				
Total				

Expenditure					
Months	Other Expenditure		Total Expenditure	Expenditure of Deposit Works /Advance More than 3 Lakh	Net Expenditure After Deposit works/Advance
	Expenditure out of Own Sources	Expenditure out of GIA			
	1	2	(1+2=3)	4	(3-4=5)
Apr-...					
May-...					
Jun-...					
Jul-...					
Aug-...					
Sep-...					
Oct-...					
Nov-...					
Dec-...					
Jan-...					
Feb-...					
Mar-...					
Total					

Proforma for Financial Position

Financial Position of Municipal Council/ Nagar Panchyat							
YEAR	Name of Head	OPENING BALANCE	RECEIPT DURING THE YEAR	Interest Received (Saving +FDR interest)	TOTAL	Expenditure	CLOSING BALANCE
	Own Sources						
	Grants-in-aid						
	Total						
	Own Sources						
	Grants-in-aid						
	Total						
	Own Sources						
	Grants-in-aid						
	Total						
Total as per General Cash Book as on 31.03.							
Total as per Bank Accounts as on 31.03. . (Detail Given Below)							
Difference between Cash Book and Bank Accounts as on 31.03.							
Detail of Bank Accounts as on 31.03.							
Bank Reconciliation Statement							
Total							

Proforma for Grants-in-aid

Year wise Statement of Grants-in-aid as on									
Sr. No.	Sanctioning Authority	Letter No. & Date	Purpose	Opening Balance	Receipt during the year	Total	Expenditure during the year	Closing Balance as on 31.03.	UC Letter No. & Date (If Sent)
1									
2									
3									
4									
5									
6									
7									
8									
9									
10									
	Total								

Proforma for Financial Position of Pension & Gratuity

FINANCIAL POSITION (Pension & Gratuity Fund) Of Municipal Council/ Nagar Nigam					
YEAR	OPENING BALANCE	RECEIPT DURING THE YEAR	TOTAL	TOTAL PAYMENTS	CLOSING BALANCE
Total as per Cash Book as on 31.03.					
Total as per Bank Accounts as on 31.03. (Detail Given Below)					
Difference between Cash Book and Bank Accounts as on 31.03.					
Detail of Bank Accounts as on 31.03.					
Bank Reconciliation Statement					
Total					

Note:- The above mentioned Proforma is same for other head financial position if separate cash books are maintained.

Proforma for FDR Statements

Date of Investment	FDRs A/C No.	Amount Invested	Rate of interest	Period of investment	Date of Maturity	Date of actual encashment	Amount received on encashment	Remarks

Audit Requisitions

Audit Requisition No.

Dated:

Subject: Supply of information for conducting the audit of Municipal Council/ Nagar Panchayat for the period 01.04.20.. to 31.04.20..

Please provide the following information in the Proforma mentioned below.

- (1) List of employees whose spouses are employed in Govt./Semi-Govt. organizations along with detail of their offices.

Name & Designation of employee whose spouse/ husband is in govt. job	Name of Department where employee posted	Place of posting	Remarks.

- (2) List of employees who have been allotted govt. accommodation.

Name & Designation of employee	Type of accommodation allotted	Date of allotment.

- (3) List of employees who are retiring in next two years

Name & Designation of employee	Date of retirement	Remarks

- (4) Detail of Pending Court cases / Vigilance cases/ Departmental Enquiries along with brief detail of present position of such court cases.

Type of Cases Court cases / Vigilance cases/ Departmental Enquiry, if any	Date of start of case/enquiry	Status Of Case	Nature of case in brief	Suit Register number	Case page number

(5) List of Misc. Advances and Advances to staff paid and adjusted during the year.

Sr. No.	To whom advance given	Purpose of advance	Voucher No./ Date/ Cash Book P.No.	Amount	Detail of Adjustment			Remarks
					Date	Amount of adjustment	Balance of advance (if any)	

(6) Cases of embezzlement, theft or any other case in which FIR was filed with the Police Deptt.

Name of person who is responsible for embezzlement (If any)	Date of embezzlement	Amount embezzled	Remarks(If Any)

(7) List of Municipal vehicles maintained under office.

Name of Vehicle	No. of Vehicle	Date of purchase	Remarks

(8) Information Reg. Staff htgnertS of Municipality

Name of Category	No. of post sanctioned	No. of post filled	No. of post vacant	Remarks

Proforma

Audit Requisition No.

Dated:.....

Subject: Supply of information regarding income received through own sources and Budget provision for the period to

(1) Budget, Income & Expenditure during the year....

Year	Income received through own sources	Budget provision for own source Income	Expenditure during the year	Budget provision for expenditure

(2) House /property Tax Statement for the period to

Year	Opening Balance	Demand raised during the year	Total	Amount received during the year	Closing Balance

(3) Detail of Householders whose tax assessed during the Year to

Name and address of householder	Date of completion of house	Date of assessment of house tax	Amount of house tax assessed	Whether house is in domestic use or commercial use	Property Tax Register page no.	Remarks

(4) Sanitation Tax (If imposed) statement for the period to

Year	Opening balance	Demand raised during the year	Total	Amount received during the year	Closing balance

(5) Rent Statement for the period to

Year	Opening balance	Demand raised during the year	Total	Amount received during the year	Closing balance

(6) Detail of Rent Agreements not renewed

Name of allottee	Shop no.	Date of allotment	Due date of renewal of agreement	Remarks

(7) Tehbazari income statement for the period to

Year	Opening balance	Demand raised during the year	Total	Amount received during the year	Closing balance

(8) Trade Tax statement for the period to

Year	Opening balance	Demand raised during the year	Total	Amount received during the year	Closing balance

(9) Show Tax income statement for the period to

Year	Opening balance	Demand raised during the year	Total	Amount received during the year	Closing balance

(10) Dog Registration Fee

Year	Opening balance	Demand raised during the year	Total	Amount received during the year	Closing balance

(11) Mobile Tower income statement for the period to

Year	Opening balance	Demand raised during the year	Total	Amount received during the year	Closing balance

(12) Electricity Cess statement for the period to

Year	Date of receipt	Cash Book page no.	Period for which Electricity Cess received	Remarks

(13) Liquor Cess statement for the period to

Year	Opening balance	Demand raised during the year	Total	Amount received during the year	Closing balance

(14) NOC issued during the period to

Year	Date of issue of NOC for water or electric connection	Name in whose favour N.O.C issued	Amount of N.O.C. issued	G-8 No. & Date	Remarks

(15) Income tax, GST, Labour Cess & Royalty collected and deposited during the year

Name of Head	Year	Amount collected (₹)	Amount deposited (₹)	Less or excess amount deposited (₹)

(16) Receipt of RTI fees and further deposited to the Govt. Head during the year ...

Year	Total amount of RTI receipt (₹)	Total amount deposited to Govt. Head	Remarks

Proforma

Audit Requisition No.

Dated:

Subject: Supply of information regarding expenditure incurred during the period to

(1) Purchase of articles more than (above) Rs. 50,000 during the year

Voucher. No & date	Amount (₹)	Cash book page no	Detail of purchase item	Agency	Process of purchase (Quotation / e- tendering / GeM)

(2) Detail of advertisement expenditure incurred during the period to

Voucher no & date	Amount	Detail of advertisement	Bill no & date	Name & address to whom advertisement given	Cash book page no	Remarks

(3) Detail of unfit charges (Expenditure which is not to related to municipality) incurred during the period to

Voucher no. & date	Amount	Name & address to which unfit charges expenditure incurred	Cash book page no	Remarks

Proforma

Audit Requisition No.

Dated:

Subject: Please supply the following information regarding construction or development works to the audit at the earliest.

(1) Detail of Works Expenditure for the highest expenditure month of

Name of work	Date of allotment	Agreement no.	Voucher no. & date	Gross amount of bill	Time period	M.B. no. & page no.	Name of contractor	Tender register page no.	Remarks

(2) Detail of Security refunded during the period to

Voucher no. & date	Cash book page no	To whom security paid	Date of completion of work/ Date of final bill / assignment	Security Register page No.

Proforma

Audit Requisition No.

Dated:

Subject:- Please ensure to supply the point-wise information to the audit at the earliest.

- | | |
|---|------------|
| (1) Physical verification of stock done | (Yes/No) |
| (2) Mileage of vehicle fixed by Mechanical Engineer/Competent authority | (Yes/No) |
| (3) Accounts are maintained under double entry system | (Yes/No) |
| (4) Ledger account prepared | (Yes/No) |
| (5) Trial Balance prepared | (Yes/No) |
| (6) Balance sheet prepared | (Yes/No) |
| (7) ECR (Establishment Check Register) maintained | (Yes/No) |
| (8) Security Register maintained | (Yes/No) |
| (9) Vehicle Maintenance & Repair Expenditure Register | (Yes/No) |
| (10) GST receipt and deposit register | (Yes/No) |
| (11) Royalty receipt and deposit register | (Yes/No) |
| (12) Income tax receipt and deposit register | (Yes/No) |
| (13) Labour cess receipt and deposit register | (Yes/No) |

Note:- This is an illustrated format of audit and inspection note on the accounts of Municipal Council/Nagar Panchayat.

नगर परिषद /नगर पंचायत जिला ,हिमाचल प्रदेश के लेखों

का अंकेक्षण एवं निरीक्षण प्रतिवेदन

अवधि

भाग-एक

1 प्रारम्भिक

(क) ग्यारहवे वित्त आयोग की सिफारिशों के फलस्वरूप नगर पालिका अधिनियम, 1994 की धारा 255(1)में संशोधन होने व प्रधान सचिव (वित्त)हिमाचल प्रदेश सरकार की अधिसूचना संख्या : 1-376/81-फिन(एल०ए०)-खण्ड -IV दिनांक 16-10-2008 द्वारा शहरी स्थानीय निकाय के लेखों के अंकेक्षण का दायित्व निदेशक, हि.प्र राज्य लेखा परीक्षा विभाग को सौंपे जाने के दृष्टिगत नगर निगम के लेखों अवधि से का अंकेक्षण कार्य निष्पादित किया गया ।

(ख) अंकेक्षण अवधि के दौरान नगर परिषद/नगर पंचायतमें निम्नलिखित बतौर अध्यक्ष एवं कार्यकारी अधिकारी/सचिव के पद पर कार्यरत रहे :-

(i) अध्यक्ष

क्रम सं	नाम	अवधि
---------	-----	------

(ii) कार्यकारी अधिकारी/सचिव

क्रम सं	नाम	अवधि
---------	-----	------

(iii) आहरण एवं संवितरण अधिकारी

क्रम सं०	नाम	अवधि
----------	-----	------

(ग) गम्भीर अनियमितताओं का सार :-

नगर परिषद/नगर पंचायत ..., जिला ... के लेखों अवधि के दौरान पाई गई गम्भीर अनियमितताओं का सार निम्न प्रकार से है:-

क्रम सं	विवरण	पैरा सं०	राशि (₹)लाखों में
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(घ) गत अंकेक्षण प्रतिवेदन

संस्था द्वारा गत अंकेक्षण प्रतिवेदनों के शेष पैरों पर की गई कार्यवाही का अवलोकन करने के उपरान्त पैरों की नवीनतम स्थिति का विवरण इस अंकेक्षण प्रतिवेदन के परिशिष्ट “क” पर दिया गया है। प्रायः यह देखने में आया है कि गत अंकेक्षण प्रतिवेदनों के शेष पैरों पर नगर परिषद/नगर पंचायत द्वारा कोई ठोस कार्यवाही नहीं की जा रही है जो कि अत्यंत चिन्ताजनक है। अतः नगर परिषद/नगर पंचायत इन लम्बित पैरों के निपटारे हेतु विशेष अभियान/कार्यवाही सुनिश्चित करें तदनुसार अपेक्षित अनुपालना से यथासमय अंकेक्षण को अवगत करवाया जाए ताकि अधिक से अधिक पैरों का निस्तारण सम्भव हो सके।

भाग – दो

2 वर्तमान अंकेक्षण

नगर परिषद/नगर पंचायत ... के लेखों अवधि का वर्तमान अंकेक्षण ..., तक के दौरान नगर परिषद/नगर पंचायत कार्यालय ... में निष्पादित किया गया, जिसके परिणाम अनुवर्ती अनुच्छेदों में समाविष्ट है। विस्तृत अंकेक्षण हेतु आय के लिए माह ... तथा व्यय के लिए माह ... का चयन किया गया।

Disclaimer:- यहाँ यह भी प्रमाणित किया जाता है कि वर्तमान अंकेक्षण प्रतिवेदन का प्रारूपण कार्यकारी अधिकारी/सचिव, नगर परिषद/नगर पंचायत द्वारा उपलब्ध करवाई गई सूचनाओं एवं अभिलेख के आधार पर किया गया है। हि.प्र.राज्य लेखा परीक्षा विभाग उक्त संस्था द्वारा उपलब्ध करवाई गई किसी भी प्रकार की गलत/अधूरी सूचना अथवा सूचना जो उपलब्ध नहीं करवाई गई के

कारण अंकेक्षण प्रतिवेदन पर पड़ने वाले प्रभाव के लिए उत्तरदायी नहीं होगा तथा अंकेक्षण की जिम्मेवारी केवल चयनित माह तक ही सीमित है।

3 अंकेक्षण शुल्क

नगर परिषद/नगर पंचायत के लेखों अवधि तक के अंकेक्षण हेतु शुल्क ₹..../-आंका गया। अंकेक्षण शुल्क की राशि को निदेशक, हिमाचल प्रदेश लेखा परीक्षा विभाग-शिमला-9 को भेजने हेतु, सहायक नियन्त्रक/अनुभाग अधिकारी की अधियाचना संख्या: .. दिनांक... द्वारा वर्तमान कार्यकारी अधिकारी/सचिव, नगर परिषद/नगर पंचायत से अनुरोध किया गया व उनके द्वारा तुरन्त कार्यवाही करते हुए उक्त राशि चैक संख्या ... दिनांक ... द्वारा अंकेक्षण विभाग को प्रेषित कर दी गई है।

4 वित्तीय विवरणियां

नगर परिषद/नगर पंचायत अधिनियम, -1994 के अंतर्गत तथा नगर परिषद/नगर पंचायत के Accounts Manual के पैरा 27.4 के अनुसार नगर परिषद/नगर पंचायत द्वारा निम्नलिखित वित्तीय विवरणियां तैयार की जानी आवश्यक हैं। अंकेक्षण के दौरान निम्न वर्णित वित्तीय विवरणियाँ आवश्यक जाँच हेतु प्रस्तुत करने बारे अंकेक्षण अधियाचना संख्या दिनांक द्वारा अनुरोध किया गया था जिसे उनके द्वारा प्रस्तुत किया गया/ नहीं किया गया।

- (i) Balance sheet
- (ii) Income & expenditure statement
- (iii) Statement of cash flow
- (iv) Reciept & payment account
- (iv) Notes to accounts
- (v) Financial performance Indicator

5 वित्तीय स्थिति

नगर परिषद/नगर पंचायत द्वारा यथा परिशिष्ट .. पर प्रस्तुत सूचनानुसार नगर परिषद/नगर पंचायत की विभिन्न निधियों की लेखा अवधि तक की वित्तीय स्थिति निम्न प्रकार से है :-

(क) मुख्य रोकड़ बही {परिशिष्ट ---}

वित्तीय वर्ष		
आरम्भिक शेष		
स्वयं स्रोत से आय		
अन्य आय		
अनुदान		
ब्याज		
हस्तांतरित राशि		
कुल जोड़		
व्यय		
हस्तांतरित राशि		
अन्तिम शेष		

उपरोक्त से सम्बन्धित बैंक समाधान विवरणी के अवलोकन के दौरान निम्नलिखित अनियमितताएं पाई गई जिनका यथोचित समाधान करके अनुपालना से अंकेक्षण को अवगत करवाया जाए :-

(वित्तीय स्थिति, बैंक समाधान विवरणी से सम्बन्धित अंकेक्षण आपत्तियाँ इस पैरे के अन्तर्गत लेखांकित की जाए।)

5.1 पेंशन , ग्रेच्युटी , सामान्य भविष्य निधि/ अंशदायी भविष्य निधि व अन्य से सम्बन्धित वित्तीय स्थिति

वित्तीय वर्ष		
आरम्भिक शेष		
योगदान		
व्याज़		
हस्तांतरित राशि		
कुल जोड़		
भुगतान		
अन्तिम शेष		

(वित्तीय स्थिति, बैंक समाधान विवरणी से सम्बन्धित अंकेक्षण आपत्तियाँ इस पैरे के अन्तर्गत लेखांकित की जाए।)

5.2 रोकड़ बही से सम्बन्धित विभिन्न विविध अनियमितताएं।

(रोकड़ बही से सम्बन्धित विभिन्न विविध अनियमितताएं इस शीर्षक के नीचे उचित उप - शीर्षक के अन्तर्गत लेखांकित की जाएं।)

6 अनुदान

(क) वित्तीय स्थिति नगर परिषद/नगर पंचायत की अंकेक्षणाधीन अवधि तक की अनुदानों की वित्तीय स्थिति निम्न प्रकार से थी, जिसका विस्तारपूर्वक विवरण- परिशिष्ट -- में भी दिया गया है :-

वित्तीय वर्ष	प्रारम्भिक शेष (₹)	अनुदान प्राप्त (₹)	कुल योग (₹)	व्यय (₹)	अन्तिम शेष (₹)

(ख) अनुदानों की ₹.... लाख उपयोग हेतु शेष

नगर परिषद/नगर पंचायत द्वारा यथा परिशिष्ट – पर प्रस्तुत विभिन्न शीर्षकों के अन्तर्गत प्राप्त अनुदान की विवरणी के अवलोकन पर पाया गया कि विभिन्न स्रोतों से प्राप्त अनुदानों में से दिनांक :- 31-03- को ₹--- उपयोग हेतु शेष थे , जबकि अनुदानों से सम्बन्धित स्वीकृति पत्रों के अनुसार यह राशियाँ आमतौर पर एक या दो वर्ष के भीतर उपयोग की जानी अपेक्षित होती हैं। अतः अनुपयोग अनुदान राशियों को निश्चित अवधि में उपयोग न किए जाने बारे वस्तु स्थिति स्पष्ट करते हुए इन्हें सक्षम अधिकारी की स्वीकृति प्राप्त करने के पश्चात निर्धारित उद्देश्यों हेतु व्यय करना सुनिश्चित किया जाए अन्यथा राशि का प्रत्यापन सम्बन्धित विभाग को करके अनुपालना से अंकेक्षण को भी अवगत करवाया जाए।

(ग) अनुदान सम्बन्धित अन्य अनियमितताएं

(अनुदानों से सम्बन्धित अन्य अनियमितताएं इस पैरे के अंतर्गत लेखांकित की जाएंगी।)

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

7 निवेश

नगर परिषद/नगर पंचायत द्वारा विभिन्न निधियों से सावधि जमा योजना में निवेशित राशियों का दिनांक 31-03.... को विवरण निम्न प्रकार से है, जिसका विस्तारपूर्वक विवरण परिशिष्ट - में दिया गया है :-

क्रम संख्या	निधि का नाम	कुल निवेशित राशि (₹)

अतः उक्त सावधि जमा को परिपक्वता तिथि को भुनाना या पुनः निवेश करना सुनिश्चित किया जाए।

7.1 निवेश सम्बन्धित अन्य अनियमितताएं

(निवेश सम्बन्धित अन्य अनियमितताएं इस पैरे के अन्तर्गत लेखांकित की जाएं।)

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

8 बजट

(बजट सम्बन्धित विभिन्न अनियमितताएं इस शीर्षक के नीचे उचित उप-शीर्षक के अन्तर्गत लेखांकित की जाएं।)

9. नगर परिषद/नगर पंचायत की गत वर्षों की आय-व्यय का विवरण

नगर परिषद/नगर पंचायत..... के गत तीन वर्षों के कुल आय-व्यय का विवरण निम्न प्रकार से है :-

वित्तीय वर्ष	आय	व्यय

10. आय

नगर परिषद/नगर पंचायत की विभिन्न प्राप्त आय के सम्बन्ध में निम्न अनियमितताएं पाई गईं, जिन्हें निम्न विवरण अनुसार वर्णित किया गया है:

10.1 गृहकर का बकाया ₹.....लाख वसूली हेतु शेष

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

गृह कर की बकाया राशि का विवरण

Opening Balance	Due	Total	Received	Outstanding	Remarks

10.2 दुकानों के किराये की बकाया ₹..... लाख वसूली हेतु शेष

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

दुकानों के किराये की बकाया राशि का विवरण

Opening Balance	Due	Total	Received	Outstanding	Remarks

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10.3 विभिन्न मोबाईल टावरों की नवीनीकरण फीस ₹ लाख वसूली हेतु शेष

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

विभिन्न मोबाईल टावरों की नवीनीकरण फीस की बकाया राशि का विवरण

Name of Company	Year/date of installation	Demand due	Demand raised	Demand realized	Remarks

10.4 घर-घर से कूड़े के एकत्रीकरण (Door to Door garbage collection) से सम्बन्धित यूज़र चार्जेज की वसूली न करने के कारण नगर परिषद/नगर पंचायत को `.... लाख की आय हानि

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

विवरण:

विवरण	संख्या	अधिसूचना अनुसार निर्धारित दरें (मासिक)	वसूली योग्य राशि	टिप्पणी
घर				
दुकानें				
सरकारी कार्यालय				
प्राथमिक विद्यालय				
उच्च विद्यालय				
वरिष्ठ मा. पाठशाला				
औद्योगिक प्रशिक्षण संस्थान				
सरकारी अस्पताल				
प्राइवेट अस्पताल				
रेस्टोरेंट				
ढाबा				
होटल				
अन्य				
कुल योग				

10.5. विवाह पंजीकरण फीस ₹.....की कम वसूली करना

(यदि विवाह पंजीकरण फीस से सम्बन्धित अनियमितताएं पाई जाएं तो इस शीर्षक के अन्तर्गत लेखांकित की जाएं।)

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	

Reply from the auditee	
Action/Suggestions	

विवरण

क्रम स0	विवाह पंजीकरण रजिस्टर पेज संख्या	नाम	विवाह की तिथि	पंजीकरण की तिथि	वसूली योग्य देय राशि (₹)	वास्तविक वसूली राशि (₹)	कम वसूली राशि (₹)

10.6 अन्य आय से सम्बन्धित विविध अनियमितताएं ।

(आय से सम्बन्धित अन्य अनियमितताएं जो उपरोक्त शीर्षकों में लेखांकित न की गई हो तो उनको उचित उप-शीर्षक के अन्तर्गत यहाँ पर दर्शाया जाएं।)

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

11 स्थापना (Establishment)

(स्थापना से सम्बन्धित विभिन्न वित्तीय अनियमितताएं इस शीर्षक के नीचे उचित उप-शीर्षक के अन्तर्गत लेखांकित की जाएं ।)

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	

Audit Requisition	
Reply from the auditee	
Action/Suggestions	

12. अग्रिम

(विभिन्न व्यक्तियों/फर्मों/संविदाकारों/अधिकारियों/कर्मचारियों को प्रदान किए गए विभिन्न अग्रिमों से सम्बन्धित विभिन्न वित्तीय अनियमितताएं उचित उप-शीर्षक के अन्तर्गत लेखांकित की जाएं।)

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

13. पेंशन , ग्रेच्युटी , Leave Encashment और सामान्य भविष्य निधि/ अंशदायी भविष्य निधि

(पेंशन, ग्रेच्युटी , Leave Encashment और सामान्य भविष्य निधि/ अंशदायी भविष्य निधि से सम्बन्धित विभिन्न वित्तीय अनियमितताएं उचित उप-शीर्षक के अन्तर्गत लेखांकित की जाएं।)

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	

Action/Suggestions	
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14. व्यय (Expenditure)

(सामान्य व्यय से सम्बन्धित विभिन्न वित्तीय अनियमितताएं उचित उप-शीर्षक के अन्तर्गत लेखांकित की जाएं।)

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

15. निर्माण कार्यों पर व्यय (Works expenditure)

(निर्माण कार्य के भुगतानों में पाई गई विभिन्न वित्तीय अनियमितताएं उचित उप-शीर्षक के अन्तर्गत यहाँ लेखांकित की जाएं।)

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

16. वाहन- व्यय

(वाहन व्यय के भुगतानों में पाई गई विभिन्न वित्तीय अनियमितताएं उचित उप-शीर्षक के अन्तर्गत यहाँ लेखांकित की जाएं।)

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

17. जी-8 रसीदों के स्टॉक रजिस्टर

(जी-8 रसीदों के स्टॉक रजिस्टर में पाई गई विभिन्न वित्तीय अनियमितताएं उचित उप-शीर्षक के अन्तर्गत यहाँ लेखांकित की जाएं।)

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

18. स्टॉक रजिस्टर (अन्य)

(स्टॉक रजिस्ट्रों में पाई गई विभिन्न वित्तीय अनियमितताएं उचित उप-शीर्षक के अन्तर्गत यहाँ लेखांकित की जाएं।)

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

19. अन्य विविध वित्तीय अनियमितताएं

(अन्य विविध वित्तीय अनियमितताएं जो कि उपरोक्त शीर्षकों में नहीं दर्शाई गई हैं, को उचित उप-शीर्षकों के अन्तर्गत यहाँ लेखांकित की जाएं।)

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

20. अभिलेखों का अनुरक्षण न किया जाना

Rule/ Govt. Order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

21. लघु आपत्ति विवरणिका:-

22. निष्कर्ष :-

Note:- This is an illustrated format of audit and inspection note on the accounts of Municipal Corporation.....

**Audit & Inspection Report on the accounts of
Municipal Corporation for the period**

..... to

Part –I

1 Introduction

(a) Consequent upon the amendment carried out by the Government in sub section 3 of the section 161 of H.P. Municipal Act (Act No. 19 of 2007) in accordance with the provisions of Eleventh Finance Commission, the audit of accounts of Municipal Corporation has been conducted by the staff of Director-cum- Examiner, Local Audit Department (Now H.P. State Audit Department) as per the guidelines contained in Govt. of Himachal Pradesh Finance Department notification No. 1-376/81-Fin (LA) – Vol. IV dated 16.10.08. The accounts of Municipal Corporation have been converted into double entry system on accrual basis w.e.f. 01.04.2007 and thereafter the accounts are being maintained accordingly.

(b) During the audit period the charge of the office of the Hon'ble Mayor, Commissioner and Asstt. Commissioner-cum-DDO was held by the following Officers:-

Sr. No.	Name & designation	Period	
		From	To
(1)	Hon'ble Mayor		

(2)	Commissioner		
(3)	Asstt. Commissioner		

(c) An overview of the serious irregularities

Sr. No.	Brief description of irregularity	Para no.	Amount (₹ in lac)

(d) Outstanding old Audit Paras/Requisitions

There are no. audit paras/audit requisitions pending for settlement. The detail of pending audit paras /audit requisitions is shown in Annexure 'A' of this report:-

Sr. No.	Year	No. Audit requisitions pending for settlement	No. Audit paras i/c sub paras pending for settlement	Total
	Total			

The municipal authorities was requested vide audit requisition no. dated to submit the year-wise annotated reply of the pending audit paras/ audit requisitions but no serious efforts has been made by the authorities to submit the annotated replies and

to get these paras settled. Strenuous efforts are, therefore, required to be taken by the authorities for submission of reply and early settlement of so long outstanding paras.

Part –II

2. Present Audit

The present audit & inspection of the accounts of the Municipal Corporation for the year & was conducted by the audit party consisting of Sh., Sh., during the period to under the overall supervision of Sh.,

The following months of account were selected for detailed audit of income & expenditure and the results thereof have been incorporated in the succeeding paragraphs:-

Financial Year	Months selected for detailed Audit	
	Income	Expenditure

Disclaimer: The HP State Audit Department disclaims any responsibility for any incomplete/misinformation or non submission of information on the part of auditee.

3. Audit Fee

The audit fee for conducting the audit of accounts of the Municipal Corporation for the period to has been worked out to ₹..... The Commissioner, Municipal Corporation was requested vide letter No., dated to remit the said audit fees to the Director, HP State Audit Department, Block No. 38, SDA Complex, Kasumpti, Shimla- 09 by way of Demand Draft favouring Director, Local Audit Department (Now H.P. State Audit Department) at the earliest.

4. Financial Position

The financial position of Municipal Corporation, i.e., the Balance Sheet as on & and Income & Expenditure Account for the year & as prepared by the Chartered Accountant engaged by the Municipal Corporation, are appended as **Annexure-‘B’** of this report.

4.1 The detail of closing balance as per bank accounts along with the bank reconciliation statements as on is appended at **Annexure‘C’**.

(1) The following irregularities have been observed in the bank reconciliation statements. The Corporation was asked to justify the irregularities vide Audit Requisition No.dated but no reply/justification was submitted till conclusion of the audit. Hence these irregularities may be attended to under intimation to audit.

5 Balance Sheet

The Para 27.4 of **Accounts Manual of Municipal Corporation** provides that the annual report of Municipal Corporation includes financial statements consisting of:-

- I. Balance Sheet
- II. Income & Expenditure Statement
- III. Statement of Cash Flow.
- IV. Receipt & Payment Account
- V. Notes to Accounts.
- VI. Financial Performance indicators.

During the course of audit of the accounts of Municipal Corporationfor the year &, only the financial statements, i.e., Balance Sheets, Income & Expenditure Statements and Notes to Accounts were produced before the audit . Further, from the perusal of said Balance Sheets, it has been observed as under:-

(Comments related to Balance Sheet items may be depicted below under suitable heading)

6 Fixed Deposit Receipts

The Municipal Corporation, has a balance of ₹..... in FDRs as on (**Annexure'**'), the detail of which is as follows:-

Name of Fund	Amount invested as on(₹)	Amount invested as on (₹)	Remarks
MC Fund			Annexure -“....”
GP Fund			Annexure -“....”
CPS Fund			Annexure -“....”
Grant Funds (YC Amount)			Annexure -“....”
JNNURM Grant Funds (Now AMRUT Smart City etc.)			Annexure -“....”
Any other Grants			Annexure -“....”
Total			

6.1 (Comments related to FDRs may be depicted below under suitable heading)

7 Grants-in-aid:-

During the course of Audit of the statement showing the position of GIA received, expenditure incurred there against along with unspent balances during the period as supplied by the MC authorities to audit (**Annexure “.....”**) the following irregularities have been observed, which may be attended to under intimation to the Audit:-

7.1 (Comments related to Grants-in-aid may be depicted below under suitable heading)

8 Non adjustment of outstanding advances ₹..... lakh as on

(Comments related to non-adjustment of different outstanding advances may be depicted below under suitable heading)

9 Non recovery of outstanding amount of ₹..... lakh on account of various taxes/charges from various debtors

(Comments related to non recovery of various taxes/charges from various debtors may be depicted below under suitable heading)

10 Non-collection of tax revenue for the year

(Comments related to non-collection of tax revenue may be depicted below under suitable heading)

11 Comparative view of Financial Position (Income & Expenditure) for the year &:-

Income **(₹in Lac)**

Sr.No	Particulars (₹) (₹)	% Increase/ Decrease
1	Tax Revenue			
2	Assigned Revenue and compensation.			
3	Rental Income from Municipal Properties.			
4	Fee & User Charges.			
5	Sale & Hire Charges			
6	Revenue Grants, Contribution & Subsidies			
7	Misc. Income			
	Total			

Expenditure**(₹in Lac)**

Sr. No	Particulars (₹) (₹)	% Increase/ Decrease
1	Establishment Expenses			
2	Administrative Expenses			
3	Operation & Maintenance Expenses			
4	Interest & Finance Expenses			
5	Programme Expenses			
6	Revenue Grants, Contribution & Subsidies			
7	Depreciation			
8	Total			
9	Surplus/Deficit			
10	Prior period Items			
11	Net Surplus/Deficit			

(Comments related to Net Surplus/Deficit may be depicted below under suitable heading)

12 Income

The main components of the income of the Municipal Corporation were Grant in aid from Govt., Taxes, water charges, rent from property & other misc. income etc. During the test audit of income of the Corporation the following irregularities have been observed which may be attended to under intimation to audit:-

(Audit Objection related to various Income may be depicted below under suitable heading)

Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

13 Water supply charges

(Audit Objection related to various Water Charges may be depicted below under suitable heading)

Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

14 Establishment Expenditure

(Audit Objection related to various Establishment Expenditures may be depicted below under suitable heading)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

15 Expenditure (General)

(Audit Objection related to various Expenditures (General) may be depicted below under suitable heading)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

16. Expenditure (Works)

(Audit Objection related to various Expenditures (Works) may be depicted below under suitable heading)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

17. Other Expenditure

(Audit Objection related to various Other Expenditure, which may be not covered by above heads, will be depicted below under suitable heading)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	

Audit Requisition	
Reply from the auditee	
Action/Suggestions	

18. Irregularities pertaining to Pension Fund, Gratuity, GPF, CPS & Other Misc. Fund.

(Audit Objection related to Pension Fund, Gratuity, GPF,CPS & Other Misc. Fund related to Retirees may be depicted below under suitable heading)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

19 Store/Stock

(Audit Objection related to Store/Stock may be depicted below under suitable heading)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

20 Log Books

(Audit Objection related to Log Books may be depicted below under suitable heading)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

21 Physical Verification of Stores

(Audit Objection related to Physical Verification of Stores may be depicted below under suitable heading)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

22 Non Production of record

(Audit Objection related to Non Production of Record may be depicted below under suitable heading)

The following record has not been put up to audit in spite of several verbal & written requests through audit requisitions which is a serious matter of concern. The said record may now be ensured to be put up at the time of next audit:-

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

23. Other Misc. Irregularities

(Audit Objection related to other irregularities (Income/Expenditure) which may not be covered by the above mentioned headings will be depicted below under suitable heading)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

24 Minor Objection Statement

25 Conclusion

7.3 Himachal Pradesh Urban Development Authority (HIMUDA)

Authority for Audit

The Audit of HIMUDA has been entrusted to Himachal Pradesh State Audit Department as per HIMUDA Act, 2004 Para 28 sub Section 3 & Govt. of Himachal Pradesh Department of Housing Notification No HSG-4(D)1-1/92-II dated 13.09.2004.

Organization structure

Sr. No.	Name of Institution	Head
1	HIMUDA (HQ)	Headed by CEO-cum-Secretary
2	HIMUDA Construction Div Shimla	Headed by XEN
3	HIMUDA Electrical Div Shimla	-do-
4	HIMUDA Construction Div Dharamshala	-do-
5	HIMUDA Electrical Div Dharamshala	-do-
6	HIMUDA Div Parwanoo	-do-
7	HIMUDA Div Nahan	-do-
8	HIMUDA Div Mandi	-do-

Time Allotment

The time allotment for each account is fixed by the Director-cum-Examiner, HP State Audit Department and is ordinarily calculated in terms of a pair of auditors which is generally based on the expenditure (excluding investment/deposit works/transfer payments/other advances) incurred during the year to be audited. The Auditor should make efforts to save as much time as

possible. Due note of saving affected will be taken and their efforts in this regard will be appreciated. Permission of the authorities shall be a pre-requisite in case of extension of time allotment is required by the audit parties, otherwise the extra time availed will be treated as unauthorized stay will be dealt with accordingly. Auditor should not avail the time allotment fixed above as a matter of routine or right.

Audit fee to be charged

Actual cost of establishment charges shall be calculated @ ₹ 1000/- Assistant Controller/Section Officer and @ ₹ 800/- Junior Auditor/Article Assistants per day and it shall be claimed after the completion of audit of all HIMUDA Divisions and HIMUDA HQ. The fee is charged from HIMUDA HQ only as per establishment charges and days allotted/ taken for each division.

AUDIT OF HIMUDA

Of late, it is observed that overall annual expenditure of HIMUDA including those on salaries of regular and daily paid staff, contingent expenditure, office expenditure, expenditure on repair and maintenance of vehicles and other miscellaneous expenditure, is alarmingly high as compared to revenue generated by HIMUDA mainly through departmental charges of various works executed by them and other minor revenue generated from other sources. A comparative position showing the total annual expenditure incurred by HIMUDA and revenue generated by them during the period should be worked and highlighted in the audit report with the suggestions to the institution to increase its source of income.

In HIMUDA, salaries of certain daily paid employees are charged directly to works, whereas, these daily paid employees are working in the offices. As a result

of which the costs of work units are enhanced unnecessarily and the same is recovered from the allottees. Such daily paid employees, who are working in the offices, their salaries should be charged to office expenditure and efforts should be made by the HIMUDA to place extra daily paid employees at disposal of other departments on secondment basis as per policies of the government.

HIMUDA is also raising funds by way of loans & advances from the HUDCO for the purpose of constructing residential colonies under various schemes. From audit point of view it needs to be ensured that loans & advances received from the HUDCO are utilized for the same purpose for which these were received. Apart from executing its own works in various colonies under different schemes, HIMUDA is also executing deposits works of other departments and charging departmental charges from them as per mutual agreements enacted between them. It is pertinent to mention here that HIMUDA is executing these deposit works through contractors and as per the contract agreements, HIMUDA is bound to make payments to the contractors from time to time against various running bills as per work executed by them irrespective of the facts whether or not deposits are received by HIMUDA from the client departments. Factually, deposits are received by HIMUDA from client departments at belated stage. In certain cases some part of the deposits are lying un-received by HIMUDA from various client departments since years together. Resultantly, payments are made by HIMUDA to contractors from its own sources. From audit point of view, suggestions need to be given to HIMUDA that they should make such arrangements with client departments to receive deposits from them from time to time as per the actual execution of works so that unnecessary burden on HIMUDA exchequer could be avoided. In no case deposits should remain pending with client departments for years together. To evade such circumstances, provisions for recovery of interest

on belated deposits may also be got made in agreements enacted between HIMUDA and respective client departments.

General instructions:-

- (i) The directives of Headquarter Office shall be adhered to by the circle audit parties from time to time for conducting the audit of said institutions.
- (ii) 10% reduction in the time allotment will be made in case the last audit note(s) are not attended to on one ground or the other.

Note.— Requisition for supply of information should be issued in the beginning of audit on the accounts of HIMUDA (Head Office) as per Performa attached.

Audit Requisition No..... Dated.....

**Subject — Supply of information for conducting audit of the HIMUDA
(Head Office) for the period from to**

Please keep/provide the following information relating to accounts of your office ready in the prescribed Proforma:

1. Complete list of auditable documents, balance sheet, accounts statements, schedules and other concerned record.
2. Reconciliation of accounts with different divisions a/w trial balances of different divisions.
3. Detail of budget allocation and expenditure incurred against budget allocation for the period covered under audit.
4. Detail of loans and advances received from HUDCO or other agencies during the period under audit.
5. Name of the officer(s) in charge of various wings as well as drawing and disbursing officer during the period under audit.
6. Cadre wise sanctioned strength of the staff in various wings and position of actual deployment against cadre strength.
7. Total number of service books maintained in the Head Office.
8. List of employees whose spouses are employed in Govt./Semi-Govt. organizations a/w detail of their offices.
9. List of employees who have been allotted govt. accommodation.
10. Name of employees who retired from HIMUDA during the period under audit.
11. Number of vehicles maintained in Head Office a/w their logbooks.
12. Detail of pending court cases in various courts a/w brief detail of present position of such court cases.
13. Detail of contracts and agreements entered into with various agencies during the period under audit.
14. Income generated by way of departmental charges.
15. Income generated from allottees and other income during the period under audit (specifying the nature of income)
16. Name of schedule banks where accounts of Head Office are operated during the period under audit a/w pass books/ bank statement of each bank.
17. List of advances paid and adjusted during the year.

18. Detail of colonies constructed during the period under audit and their costing to be checked.
19. Cases of additional/adjoining land allotted during the period under audit a/w their costing/present market values.
20. Cases of plots, buildings/flats and commercial complexes allotted during the year under audit through auction a/w its reserve price and costing to be checked.

Note.— These are broad guidelines/information; any other information/record in addition to above which are required by the field audit parties on the spot may be obtained from the institutions.

(B) Audit of HIMUDA at Divisional Level

Selection of month	One month on the basis of maximum expenditure
Detail check of construction bill	One bill in which maximum expenditure has been made complete in all respects including all running bills paid during audit period (i.e. checking of item rates with schedule of rates, tender documents etc.)
Store/Stock Bin Cards (Stock received & issued w.r.t. GR & Indents respectively)	Cent percent in r/o selected month for audit
Other auditable items	Cent percent in r/o selected month for audit
Establishment	(i) Pay fixation due to revision of pay scales, Promotion, Step-up, Grant of ACPS etc. may be checked 100%. (ii) Annual increments 10%. (iii) Salary Bills, TA. Bills, Medical Bills etc shall be checked for the selected month. (iv) L.T.C. Bills may be checked 100%. (v) Service Books of employees who are to retire with in the next two years shall be checked 100%.
Expenditure	Cent percent in r/o selected month for audit
Receipts	Cent percent in r/o selected month for audit
Adjustment vouchers	Cent percent in r/o selected month for audit

General consideration

While conducting the audit of works, the auditors should study the relevant works rules carefully and should see that :—

All works should be commenced after the estimates are administratively approved as well as technically sanctioned and estimates should not split up to avoid sanction of higher authorities.

The tenders should be invited as per the provisions of work rules. Tenders must be accompanied with proper earnest money and works be awarded to the lowest tenderer after completing all the codal formalities.

The earnest money should be duly accounted for in the cashbook.

The agreement laying down the terms & conditions should be duly enacted, executed and signed by both the parties for each work.

No payment should be made without the measurement of the work done and entries in the Measurement Books must show description and detail of each item in such a way that these can be easily identified and checked. In running/final bills of contractors, arithmetical calculations, rates and abstract should be checked in detail. Special attention needs to be given to watch that recoveries of all the materials, issued to the contractor are affected as per the actual utilization of material along with other misc. recoveries.

It should be seen that Assistant Engineer and Executive Engineer apply proper test checks in the Measurement Books.

The stock material purchased should be accounted for in the stock registers/bin cards, duly authenticated and verified by the Assistant Engineer store.

The material should be issued to the contractors as per the actual and immediate requirement at site of work and issues must be supported by proper acknowledgements.

The dismantled material should be properly accounted for in the relevant stock registers.

Salient features

Prevailing market rates viz. the percentage at which above the estimated cost of project, the works are executed by the contractors needs to be assessed. Assessment of prevailing market rates is of paramount importance to establish proper checks on pooled tenders. While awarding works to the contractors, provisions exist to prepare item wise justification for which proper yardsticks are available in PWD scheduled of rates. Apart from the above, justified rates are also based on material to be used and on lead charts. Prevailing rates of required materials i.e. sand, grit, bricks, wood, G.I/C.I pipes, other related material of civil and sanitary/water supply items etc. needs to be scrutinized in detail. It is pointed out that orders exist in HIMUDA to call and collect quotations of these items once in every six months by a Committee consisting of Executive Engineer, Assistant Engineer and Divisional Accounts Officers; but as a matter of fact the above Committee exist only on papers. Factually the rates of material are certified by the concerned Assistant Engineer only. Lead charts are signed only by Junior Engineer and Assistant Engineer of the concerned job; whereas from the audit point of view, suggestions should be given to HIMUDA that all lead charts should be got signed by an officer not below the rank of Superintending Engineer after proper verification of site.

Proper scrutiny of extra/substitute items and deviation statements of various works executed in the works needs to be carried out. It is a general phenomenon that contractors are interested to execute only those extra items beyond stipulated quantity depicted in the schedule of quantity, for which they have quoted higher rates. As per the agreement, 20% deviation from the agreement amount is permissible. In the event, if deviation is found more than 20% in a particular work, it needs to be seen that such deviation has not resulted owing to execution of those items beyond the prescribed limit for which contractor has quoted extra ordinary higher rates. At the same time it should also be established that HIMUDA has not got executed another work in the same existing tender for which a separate estimate has been prepared and sanctioned. This aspect needs special attention of the audit party particularly in those tenders where overall percentage above the estimated cost is much higher than those prevailing in the same locality for similar class of works. On the contrary, in respect of those items for which contractors have quoted lesser rates, they are interested either not to execute these lesser rates items or substitute these items with other items. For instance, if extremely lesser rates are quoted by the contractor for brickwork, he would like to get this item substituted with cement blocks.

It should be seen that secured advances are allowed for only those items/quantity which exist in the schedule of quantity and rates allowed should not be more than 75% of analyzed rates from the agreement. Secured advances should be allowed only for those items which are immediately required for execution. No secured advance should be allowed for perishable items. Recovery of secured advances should also be watched from the running bills as per the actual execution of particular item. No recovery should be kept pending beyond six months from the date of payment of secured advances.

In case the work is done departmentally, it should be seen that the cost of labour is commensurate with the value of work done.

It is generally seen that officers/officials of HIMUDA draw staff advances more than the actual requirements. As a result of which heavy amount of staff advances remain pending with them, which amounts to temporary embezzlement of cash. From audit point of view it should be assessed as to what amount of staff advances are actually required by various officers/officials for the day to day expenditure viz. disbursement of salaries of daily paid employees by Assistant Engineer, loading/unloading charges of material at store of HIMUDA and purchase of POL, repair & maintenance of vehicles, other minor contingent charges etc. It should be ensured that no officer/official draws staff advance more than a month's requirement and each officer/official must render his account at the end of each month. No officer/official should be allowed to retain staff advance unadjusted for more than a month's period of time.

Note.— Requisition for supply of all the information should be issued in the beginning of audit on the accounts of HIMUDA (Divisions) as per the proforma given below:

Audit Requisition No..... Dated.....

**Subject — Supply of information for conducting the audit of HIMUDA
Division) for the period from..... to**

Please keep/provide the following information relating to accounts of your Division ready in the prescribed proforma :

1. Complete list of auditable documents, trial balance, accounts statements, schedules and other concerned record.

2. Detail of budget allocation and expenditure incurred against budget allocation for the period covered under audit.
3. Name of the officer(s) in charge as drawing and disbursing officer and name of various branches heads during the period under audit.
4. Cadre wise sanctioned strength of the staff in various wings and position of actual deployment against cadre strength.
5. Total number of service books maintained in the divisional office.
6. List of employees whose spouses are employed in Govt./Semi-Govt. organizations a/w detail of their offices.
7. List of employees who have been allotted govt. accommodation.
8. Name of employees who retired from the division during the period under audit.
9. Number of vehicles maintained in divisional office a/w their logbooks.
10. Detail of pending Arb./court cases in various courts a/w brief detail of present position of such court cases.
11. Detail of contracts and agreements entered into with various contractors during the period under audit a/w percentage above/below from the Schedule as applicable.
12. Detail of estimates submitted and approved during the period under audit to be checked.
13. Income generated by way of departmental charges.
14. Income generated from other sources like sale of tender and other misc. income during the period under audit (specifying the nature of income)
15. Name of schedule banks where accounts of divisional office are operated during the period under audit a/w pass books/ bank statement of each bank.
16. List of advances paid and adjusted during the year.
17. Detail of outstanding charges from various allottees.
18. Detail of inventory as on closing date of year under audit.
19. Detail of colonies constructed during the period under audit and their costing to be checked.
20. Cases of extra/substitute items and deviation statement to be checked in detail where deviation exceeds abnormally from the stipulated limit in the agreement.
21. Bank Reconciliation Statement at the end of the year under audit.
22. Detail of expenditure during the year in the following format:-

Detail of Expenditure	
Months	Amount of Expenditure

Note.— These are broad guidelines/information; any other information/record in addition to above which are required by the field audit parties on the spot may be obtained from the institutions.

Information with respect of work bill paid during the month selected for the audit may be obtained in the following format:-

<i>Sr No</i>	<i>Name of work, Agreement Number</i>	<i>Voucher Number/ Date</i>	<i>Amount of Voucher</i>	<i>Name of Contractor</i>	<i>MB Number/ Page Number</i>

Note:- This is an illustrated format of audit and inspection note on the accounts of Housing Board Construction Division/Electrical Division.

हिमाचल प्रदेश आवास एवं शहरी विकास प्राधिकरण निर्माण मण्डल/विद्युत मण्डल/विद्युत मण्डल -..... के लेखों का अंकेक्षण एवं निरीक्षण प्रतिवेदन

अवधि से

भाग-एक

1. प्रस्तावना

(क) निदेशक हिमाचल प्रदेश लेखा परीक्षा विभाग (हिमाचल प्रदेश) को आवास एवं शहरी विकास प्राधिकरण नियम, 2004 की धारा 28(3) के अंतर्गत विहित प्रावधानों व हिमाचल प्रदेश सरकार की अधिसूचना संख्या एच.एस.जी.-4(डी)1-1/92/2, दिनांक 13.09.2004 के अनुसार आवास एवं शहरी विकास प्राधिकरण के लेखों के अंकेक्षण एवं निरीक्षण हेतु अधिकृत किया गया है। तदनुसार आवास एवं शहरी विकास प्राधिकरण के निर्माण मण्डल/विद्युत मण्डल-, जिला के लेखों अवधिसेका अंकेक्षण एवं निरीक्षण का कार्य किया गया। अंकेक्षण अवधि के दौरान इस मण्डल के आहरण एवं संवितरण अधिकारी के पद का कार्य निम्न अधिकारियों द्वारा निष्पादित किया गया।

क्रम सं०	नाम व पद नाम	अवधि
1.	 से

(ख) हिमाचल प्रदेश आवास एवं शहरी विकास प्राधिकरण , निर्माण मण्डल/विद्युत मण्डल - के लेखों अवधिसेके अंकेक्षण प्रतिवेदन में उल्लेखित गम्भीर अनियमितताओं का संक्षिप्त विवरण निम्न दिया गया है।

क्रम सं.	गम्भीर अनियमितताओं का संक्षिप्त विवरण	पैरा सं.	राशि लाखों में (₹)

(ग) गत अंकेक्षण प्रतिवेदन

गत अंकेक्षण एवं निरीक्षण प्रतिवेदन के शेष पैरों पर की गई कार्यवाही का अवलोकन करने के उपरान्त नवीनतम स्थिति इस अंकेक्षण प्रतिवेदन में संलग्न **परिशिष्ट "क"** में दर्शाई गई है। वर्षसेतक मण्डल से संबन्धित **पैरे** शेष हैं, जिनका वर्षवार विवरण निम्न प्रकार से हैं:-

क्रम सं०	वर्ष	शेष पैरों की संख्या
पूर्व नगर विकास प्राधिकरण में मण्डल-1 को वांछित कार्यवाही हेतु स्थानान्तरित पैरों की संख्या:-		
	कुल योग	

अतः अधिशाषी अभियन्ता , आवास एवं शहरी विकास प्राधिकरण निर्माण मण्डल/विद्युत मण्डल-....., जिला, हि.प्र. के उपरोक्त शेष अंकेक्षण पैरो में अपेक्षित कार्यवाही करने के उपरान्त इन पैरो का निस्तारण करवाना सुनिश्चित करें।

भाग-2

2. वर्तमान अंकेक्षण

हि०प्र० आवास एवं शहरी विकास प्राधिकरण निर्माण मण्डल/विद्युत मण्डल के लेखों अवधिसेतक का वर्तमान अंकेक्षण श्रीएवं श्री श्री हि.प्र. राज्य लेखा परीक्षा विभाग , शिमला-09 के पर्यवेक्षण में दिनांकसेतक स्थित कार्यालय में किया गया। मासके लेखों का चयन विस्तृत जाँच के लिए किया गया , जिसके परिणामों को आगामी पैराग्राफों में

समाविष्ट किया गया है। आगामी पैराग्राफों में दर्शाए गए अभिलेखों के अतिरिक्त समस्त अभिलेख अंकेक्षण हेतु उपलब्ध करवाया गया।

Disclaimer:- इस अंकेक्षण एवं निरीक्षण प्रतिवेदन का प्रारूपण , अधिशाषी अभियन्ता, आवास एवं शहरी विकास प्राधिकरण निर्माण मण्डल/विद्युत मण्डल –....., जिला हि. प्र. द्वारा प्रेषित सुचनाओं के आधार पर किया गया है , किसी प्रकार की अधूरी व छुपाई गई सूचना के लिए स्थानीय लेखा परीक्षा विभाग (हिमाचल प्रदेश) शिमला-09 का कोई उत्तरदायित्व नहीं होगा।

3. अंकेक्षण शुल्क :

हिमाचल प्रदेश आवास एवं शहरी विकास प्राधिकरण के निर्माण मण्डल/विद्युत मण्डल-....., जिला के लेखाओं अवधिसेके अंकेक्षण शुल्क की राशि जमा करवाने हेतु सचिव एवं मुख्य कार्यकारी अधिकारी, हिमाचल प्रदेश, आवास एवं शहरी विकास प्राधिकरण शिमला-02 को अलग से अनुरोध किया गया जाएगा।

4. बैंक समाधान विवरण

निर्माण मण्डल/विद्युत मण्डल –....., जिलाके दिनांक 31.03.2018 को बैंक समाधान विवरण का पूर्ण ब्यौरा **परिशिष्ट-“ख”** पर दिया गया है। बैंक समाधान विवरण का अवलोकन करने पर निम्न आपत्तियाँ पाई गई:-

अतः इन आपत्तियों के सम्बन्ध में आवश्यक कार्यवाही शीघ्र अति शीघ्र करके आगामी अंकेक्षण के दौरान प्रस्तुत किया जाना सुनिश्चित किया जाए।

5. स्टाफ अग्रिम की राशि ₹.....लाख समायोजन हेतु शेष:-

स्टाफ अग्रिम लेखा की जाँच करने पर गया कि दिनांकतक ₹...../- की राशि समायोजन हेतु शेष थी। जिसका विवरण इस अंकेक्षण प्रतिवेदन के **परिशिष्ट-“ ”** में दिया गया है। स्टाफ अग्रिम विवरण की जाँच में पाया गया कि अधिकतर अग्रिमएवंसे सम्बन्धित थे। अतः इस सम्बन्ध में अग्रिम के समायोजन हेतु शीघ्र आवश्यक कार्यवाही की जाए। अनुपालना से इस विभाग को शीघ्र सूचित किया जाए।

5.1 विविध अग्रिम की राशि ₹.....लाख दिनांकको समायोजन हेतु शेष:-

विविध अग्रिम से सम्बन्धित विवरण की जाँच करने पर पाया गया कि दिनांकतक विभिन्न विभागों/फ़र्मों/संविदाकारों से ₹...../- की राशि समायोजन हेतु शेष थी। इस राशि का पूर्ण विवरण परिशिष्ट-" " पर दिया गया है। जाँच करने पर पाया गया कि विविध अग्रिम की अधिकतर राशियाँ अनेक वर्षों से निपटारे हेतु लम्बित पड़ी हुई थीं। अतः इस सम्बन्ध में अग्रिम के समायोजन हेतु शीघ्र आवश्यक कार्यवाही की जाए। अनुपालना से इस विभाग को शीघ्र सूचित किया जाए।

6 दिनांकतक ₹.....लाख की राशि जल प्रभार के रूप में मकान/प्लाट मालिकों से वसूली हेतु शेष:-

हिमुडा निर्माण मण्डल/विद्युत मण्डल- के अन्तर्गत विभिन्न आवास बस्तियों के मकान/प्लाट मालिकों से दिनांकतक ₹.....की राशि जल प्रभार के रूप में वसूली हेतु शेष थी , जिसका विवरण निम्न दिया गया है। इस राशि की वसूली हेतु अपेक्षित उचित एवं प्रभावशाली कदम उठाए जायें:-

क्रम सं०	आवासीय बस्ती का नाम	जल प्रभार की दिनांकतक शेष राशि
1	आवास बस्ती	
2	आवास बस्ती	
3	आवास बस्ती	
4	आवास बस्ती	
कुल योग		

6.1 दिनांकतक रख-रखाव प्रभार की राशि ₹.....लाख वसूली हेतु शेष:-

हिमुडा निर्माण मण्डल/विद्युत मण्डल-..... के अन्तर्गत विभिन्न आवास बस्तियों के मकान/प्लाट मालिकों से दिनांकतक ₹...../-की राशि रख-रखाव प्रभार के रूप में वसूली हेतु शेष थी जिसका विवरण निम्न दिया गया है। अतः इस राशि की वसूली हेतु उचित एवं प्रभावशाली कदम उठाए जायें।

क्रम सं०	आवासीय बस्ती का नाम	रख-रखाव प्रभार की दिनांक तक शेष राशि (₹)
1	आवास बस्ती	
2	आवास बस्ती	
3	आवास बस्ती	
4	आवास बस्ती	
5	आवास बस्ती	
6	आवास बस्ती	
7	आवास बस्ती	
8	आवास बस्ती	
कुल योग		

7. अन्य आय से सम्बन्धित विभिन्न अनियमितताओं के संदर्भ में

(अन्य आय से संबंधित विभिन्न अनियमितताएं इस पैरे के अन्तर्गत उचित उप-शीर्षकों में लेखांकित की जाएं।)

Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

8. प्रशासनिक प्रभार की प्राप्ति की तुलना में वेतन व भत्तों पर ₹.....लाख का अधिक व्यय:-

(प्रशासनिक प्रभार की तुलना में वेतन व भत्तों पर अधिक व्यय पाये जाने पर ही यह पैरा लेखांकित किया जाए।)

निर्माण मण्डल/विद्युत मण्डल विभिन्न बाहरी विभागों के लिए निर्माण कार्यों का निष्पादन भी करता है , बदले में उन निर्माण कार्यों की लागत का 10% से 17% की दर से प्रशासनिक प्रभार उन विभागों से प्राप्त करता है । वित्तीय वर्षके दौरान प्राप्त प्रशासनिक प्रभार का अंकेक्षण करने पर पाया गया कि निर्माण मण्डल/विद्युत मण्डल द्वारा वर्षके दौरान निष्पादित निर्माण कार्यों से प्राप्त प्रशासनिक प्रभार की तुलना में वेतन एवं भत्तों पर ₹...../- का निम्न विवरणानुसार अधिक व्यय किया गया था। जोकि किसी भी प्रकार न्यायोचित प्रतीत नहीं होता ,यदि वित्तीय वर्षके दौरान निर्माण मण्डल/विद्युत मण्डल द्वारा विभिन्न

विभागों के अधिक निर्माण कार्य निष्पादित किए होते तो निर्माण मण्डल/विद्युत मण्डल को प्रशासनिक प्रभार के रूप में अधिक आय प्राप्त होती। अतः यह मामला आवश्यक कार्यवाही हेतु हिमुडा के शीर्ष अधिकारियों के ध्यान में लाया जाता है। इसके अतिरिक्त अंकेक्षण की ओर से यह सुझाव दिया जाता है कि निर्माण मण्डल/विद्युत मण्डल को अपनी निर्माण गतिविधियों को उपलब्ध स्टाफ के आधार पर बढ़ाया जाए जिससे प्रशासनिक प्रभार की प्राप्त राशि में वृद्धि की जा सके।

वर्ष	विवरण	राशि (₹)
	स्थापना (वेतन व भत्ते) पर व्यय	
	प्रशासनिक प्रभार की प्राप्त राशि	
	प्राप्ति की तुलना में अधिक व्यय	

9. ₹.....लाख की राशि का संविदाकारों के धरोहर/प्रतिभूति (Security) खातों में डेबिट पाया जाना:-

(संविदाकारों के धरोहर/प्रतिभूति खातों में डेबिट पाये जाने पर ही यह पैरा लेखांकित किया जाए।)

संविदाकारों की प्रतिभूति खातों का उपलब्ध अभिलेखों के संबंध में अंकेक्षण करने पर पाया गया कि दिनांकके दौरान विभिन्न संविदाकारों के व्यक्तिगत खातों में ₹/- की धरोहर/प्रतिभूति जमा राशि का अन्तःशेष डेबिट रूप में पाया गया, जिसका विवरण निम्न दिया गया है। संविदाकारों की प्रतिभूति खातों में अन्तःशेष का डेबिट होना यह दर्शाता है कि संविदाकारों को उनसे धरोहर/प्रतिभूति के रूप में प्राप्त राशि से अधिक राशि का भुगतान किया गया जोकि एक अत्यन्त गम्भीर वित्तीय अनियमितता है। इस सम्बन्ध में जारी अंकेक्षण अध्याचना संख्या दिनांक से संविदाकारों के धरोहर/प्रतिभूति खातों में अंतःशेष के डेबिट दर्शाये जाने बारे स्थिति स्पष्ट करने के लिए अनुरोध किया गया था परन्तु अंकेक्षण समाप्ति तक इस विषय में कोई स्पष्टीकरण प्राप्त नहीं हुआ। अतः संविदाकारों के धरोहर/प्रतिभूति खातों में अंतःशेष के डेबिट दर्शाये जाने बारे में उचित छानबीन की जाए और ₹...../- की राशि के डेबिट बारे वस्तुस्थिति स्पष्ट की जाए अन्यथा डेबिट राशि की वसूली संबन्धित संविदाकार से की जानी सुनिश्चित की जाए। अनुपालना से इस विभाग को शीघ्र सूचित किया जाए।

Name of Contractor	Debit	Credit	Net effect
Total			

10. समायोजन वाऊचर

(समायोजन वाऊचर से सम्बन्धित विभिन्न अनियमितताएं इस पैरे के अंतर्गत उचित उप-शीर्षकों में लेखांकित की जाएं।)

Rule/Instructions/Office Order	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

11. दिनांकको ₹.....लाख की भण्डार मदों का अंतशेष

स्टॉक लेखा व खाता बही में दिनांकको पाये गए अन्तशेष की जाँच करने पर पाया गया कि दिनांकको ₹.....का स्टॉक शेष था। जिसका विवरण **परिशिष्ट-“.....”** पर दिया गया है इस सूची में कई मदें ऐसी थीं जो विगत कई वर्षों से शेष दर्शाई जा रही थीं। अतः अनेक वर्षों से निर्माण सामग्री का उपयोग न करने का कारण स्पष्ट करते हुये इन भण्डार मदों का प्रत्यक्ष सत्यापनोपरान्त आगामी कार्यवाही सुनिश्चित की जाये।

12. संस्थापना (वेतन इत्यादि से सम्बन्धित)

(वेतन इत्यादि से संबन्धित विभिन्न अनियमितताएं इस पैरे के अंतर्गत लेखांकित की जाएं।)

Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

13. निर्माण कार्य

निर्माण कार्यों से सम्बन्धित उपलब्ध अभिलेखों का अंकेक्षण करने पर निम्न आपत्तियों पाई गईं। इस सम्बन्ध में आवश्यक कार्यवाही करके अनुपालना से आगामी अंकेक्षण के दौरान प्रस्तुत किया जाना सुनिश्चित किया जाए।

(निर्माण कार्यों के भुगतान में विभिन्न अनियमितताएँ इस पैरे के अंतर्गत लेखांकित की जाएँ।)

13.1 वाऊचर संख्या दिनांक भुगतान राशि ₹...../-

निर्माण कार्य का नाम	
संविदाकार का नाम	
अनुबंध सं.	
चलित बिल	
Abstract of Cost MB	

(क) गणना में गलती किए जाने के कारण अनुबंध की मद संख्या i.eके संदर्भ में संविदाकार को ₹...../- की राशि का अधिक भुगतान

Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

14. Deposit Works के संदर्भ में Administrative Approval & Expenditure Sanction से अधिकलाख की राशि व्यय किए जाने बारे।

(डिपॉजिट वर्क्स से सम्बन्धित शीर्षक में दर्शाई गई अनियमितता पाये जाने पर ही यह पैरा लेखांकित किया जाए।)

Rule/Instructions/Office Order	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

Detail of expenditure on Deposit Works over and above the Administrative Approval & Expenditure Sanction.					
Sr. No.	Name of Scheme & Work	AA & ES (Amt. in Lacs) ₹	Amount received up to (Amt. in Lacs) ₹	Total Expenditure up to (Amt. in Lacs) ₹	Excess Expenditure over & above the AA & ES (Amt. in Lacs) ₹
	Total				

15. Deposit Works के संदर्भ में दिनांकतक
₹लाख की राशि Deposit Works के निष्पादन के लिए प्राप्त राशि से
अधिक व्यय किए जाने बारे।

(डिपॉजिट वर्क्स से संबंधित शीर्षक में दर्शाई गई अनियमितता पाये जाने पर ही यह पैरा लेखांकित किया जाए।)

Rule/Instructions/Office Order	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

Detail of Expenditure on Deposit Works over and above the Administrative Approval & Expenditure Sanction.					
Sr. No.	Name of Scheme & Work	AA & ES (Amt. in Lacs) ₹	Amount Received up to (Amt. In Lacs) ₹	Total Expenditure up to (Amt. in Lacs) ₹	Excess Expenditure over & above the AA & ES (Amt. in Lacs) ₹

	Total				

16. निर्माण कार्यों के भुगतान बिलों से अन्य /विविध वैधानिक कटौतियों के सम्बन्ध में अनियमितता बारे।

(यदि निर्माण कार्यों के भुगतान बिलों से अन्य /विविध वैधानिक कटौतियों के सम्बन्ध में अनियमितता पाई जाती है तो उस स्थिति में उचित उप-शीर्षकों के अन्तर्गत लेखांकित किया जाए।)

17. संविदाकारों के निर्माण कार्यों के भुगतान बिलों से रॉयल्टी की कटौती न किए जाने के कारण ₹.....लाख की राशि के अनुचित लाभ दिये जाने बारे।

(संविदाकारों के निर्माण कार्यों के भुगतान बिलों से रॉयल्टी की कटौती न किए जाने से सम्बन्धित अनियमितता पाये जाने पर ही यह पैरा लेखांकित किया जाए।)

Rule/Instructions/Office Order	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

18. निर्माण कार्य हेतु प्रयोग में लाई गई लकड़ी के सम्बन्ध में बिल एवं अन्य प्रमाण इत्यादि प्रस्तुत न किया जाना

Rule/Instructions/Office Order	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

विवरण :

Name of Work	Name of Item	Running Bill No.	MB No. /P. No.	Qty. of Wood work paid

19. अनुबन्ध प्रमात्रा से अत्याधिक कार्य निष्पादन करने के परिणामस्वरूप विभिन्न अनियमितताएं

Rule/Instructions/Office Order	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

विवरण :

निर्माण कार्य का नाम	कार्य मद का संक्षिप्त नाम	माप पुस्तिका/पृ. सं	किए गए कार्य मात्रा	भुगतान दर	किया गया भुगतान

20. ₹...../- की राशि के निर्माण कार्यों को तय समय अवधि के अनुसार पूर्ण न किया जाना

Rule/Instructions/Office Order	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

विवरण :

निर्माण कार्य का नाम	अनुबन्ध अनुसार कार्य पूर्ण करने के लिए निर्धारित अवधि	दिनांकतक भुगतान बिल चलित संख्या	टिप्पणी

21. अन्य विविध अनियमितताएं

(उपरोक्त शीर्षकों के अतिरिक्त पाई जाने वाली अन्य अ नियमितता को उचित उप -शीर्षकों के अंतर्गत लेखांकित किया जाए।)

22. लघु आपत्ति विवरणिका:-

23. निष्कर्ष :-

परिशिष्ट-(क)

अंकेक्षण प्रतिवेदन के पैरा संख्या: 1(ग) में सन्दर्भित

हिमाचल प्रदेश आवास एवं शहरी विकास प्राधिकरण के निर्माण /विद्युत मण्डल के लेखों
अवधिसे.....तक के अंकेक्षण एवं निरीक्षण प्रतिवेदनों में सम्मिलित
अनिर्णीत पैरों का विवरण

7.4 TEMPLE TRUST/ MANAGEMENT COMMITTEE AUDIT

Authority for audit

The audit of temples under The Himachal Pradesh Hindu Public Religious Institutions and Charitable Endowments Act, 1984 is to be conducted in accordance with provision of rules notified by the Secretary (LAC) to the Government of Himachal Pradesh vide notification No. Bhasha-A (3)-3/85-Part-2 dated 17.1.1989.

About temple trusts

At present there are 36 temple trusts/ Management committee in the state. The present setup of Temple Trust and Management committee is as detailed below:

- (I) Commissioner Temple Trust /Management Committee.
- (II) Joint Commissioner Temple Trust /Management Committee.
- (III) Temple Officer.

Time allotment

The time allotment for each account is fixed by the Director-cum-Examiner, HP State Audit Department and is ordinarily calculated in terms of a pair of auditors which is generally based on the income incurred (excluding interest accrued/received on investment) during the year to be audited. The Auditor should make efforts to save as much time as possible. Due note of saving affected will be taken and their efforts in this regard will be appreciated. Permission of the authorities shall be a pre-requisite in case of extension of time allotment is required by the audit parties, otherwise the extra time availed will be treated as unauthorized stay and will be dealt with accordingly. Auditor should not avail the time allotment fixed above as a matter of routine or right.

The time allotment for conducting the audit of accounts of temple trusts of Himachal Pradesh is as under:-

Income Per Annum (excluding interest accrued/received on investment) (₹)	Revised time allotment (in terms of pair) per annual audit
Up to 25,00,000	4 days
25,00,001 to 50,00,000	6 days
50,00,001 to 1,00,00,000	10 days
1,00,00,001 to 5,00,00,000	10+1 day for every additional ₹40 lacs.
5,00,00,001 to 15,00,00,000	20+1 day for every additional ₹50 Lacs.
15,00,00,001 to 25,00,00,000	40+1 day for every additional ₹1 crore
25,00,00,001 & above	50+1 days for every additional ₹2 crore

Audit fee to be charged

To charge actual cost on account of establishment charges subject to a maximum of 0.5% of total expenditure of the Temple concerned. Here establishment charges shall be charged which shall be calculated @ ₹1000/- per Assistant Controller/Section Officer and ₹800/- per Junior Auditor/Article Assistant per day and it shall not include the period of leave, gazzetted holidays and Sunday.

Audit checks to be exercised

While conducting the audit of various funds of the Temple Trust / Management Committee the following aspects need special attention of the auditors:

1. Checks to be applied/Audit checklist:-

- (i) The Audit of Cash Book, FDR's -100%.

- (ii) Store & stock accounts Building, Materials (Cement, Steel etc.), Gold and Silver will be conducted 100%. The Audit of other Store and stock accounts will be conducted for selected months.
- (iii) Year-wise financial position of the Temple Trust will be given in the main report as per the existing practice in the prescribed Proforma and Annexure of financial position duly authenticated by the Temple Officer should also be attached with audit reports. Further the detailed position of Income & Expenditure should also be given in the rough sheets.
- (iv) Pay fixation due to revision of pay scales, promotion, step up, grant of ACPS etc. of employees will be checked 100%.
- (v) Annual increments - 100%.
- (vi) Service Books of employees, who are going to retire within next two years will be checked 100%
- (vii) The audit of one major work bill, in which maximum expenditure has been incurred during the year, will be conducted by the Audit party.
- (viii) Position of all the FDR's at the end of each year duly authenticated by the trust authorities is to be appended with the Audit Reports.
- (ix) It should be seen that the Budget of the trusts for every year is got approved with sanction of the competent authority and the expenditure is incurred within the budgetary provision.

Other important key points:-

Financial position

- (a) Annual Budget: It may be ensured that the Annual Budget is prepared and got passed from the competent authority and the expenditure is incurred as the per approved budget.
- (b) Year -wise break up be prepared and indicated in the Audit Report.
- (c) Comments on increase and decrease of income be given.
- (d) Gold and silver receipts should be indicated as below.
 - i. Opening balance

- ii. Receipt during the year
- iii. Total investment in Gold, Bond scheme or any other scheme
- iv. Closing balance
- (e) Investment of cash be indicated clearly for reconciliation. It may be ensured whether the interest of investment is accounted for in the books correctly and periodically?
- (f) Figures of receipts and expenditure be tallied with the return of income and expenditure already sent to the Commissioner.

Development/Construction work

- (a) Staff engaged for development works.
- (b) Whether the development/maintenance work amounts is commensurate with the salary of staff?
- (c) Whether PWD manual is followed or otherwise?
- (d) Whether the repair and renovation of Temple Trust properties is carried as prescribed under rule 14 & 16 of The Himachal Pradesh Hindu Public Religious Institutions and Charitable Endowments Act, 1984 and deviation, if any is approved by the competent authority?
- (e) It may be seen that the developmental works are executed after observing all codal formalities i.e. approval of DNIT, tenders and item rates quoted in comparative chart are mentioned correctly or not? Payments made to the contractors are in accordance with the agreement and secured advances paid are in accordance with rules.

Income/Receipt

- (a) What are the sources of income i.e. offerings, rent of shops, articles received in kind etc.?

- (b) Whether stock register of receipts printed for donations is maintained properly and issued serially, the receipt book returned after use is accounted for correctly in cashbooks?
- (c) Whether income in kind accounted for properly or not?
- (d) Whether the cashbook is written daily and signed by the authorized officer?
- (e) Whether signatures of counting committee are invariably taken in the register?

Note.— It may also be ensured that the income of rent on account of leasing of any shops etc is realized regularly and the institution prepares proper demand and collection register. Statement of arrears may be prepared and appended with the draft audit report.

Moveable/immoveable properties

- (a) The preparation of moveable property register as prescribed under the Act/Rules may be ensured and it is to be duly attested by the competent authority.
- (b) The correctness of quantity of other moveable properties i.e. jewellery, precious stones, utensils etc. may also be ensured.
- (c) Records of idols as prepared may be checked and it may be ensured that the competent authority from year to year rectifies the same.

2. General instructions:-

- (i) The directives of Headquarter Office shall be adhered to by the circle audit parties from time to time for conducting the audit of said institutions.

- (ii) 10% reduction in the time allotment will be made in case last audit note(s) are not attended to on one ground or the other.

3. Before conducting the audit of temple trust/ management committee, it is highly recommended that the different provisions as explained in The Himachal Pradesh Hindu Public Religious Institutions And Charitable Endowments Act, 1984 must be consulted in addition to the general rules/provisions/above audit checks & instructions.

Note.— Requisition for supply of information should be issued in the beginning of audit on the accounts of temple trusts as per the proforma given below:-

Audit Requisition

(Requisitions for supply of information should be issued in the beginning of audit on the accounts of temple trust/ management committee audit, as per the Proforma given below :-)

Proforma

Audit Requisition No:-

Dated :

To

The Temple Officer,
Temple Trust.....
Teshil, Distt.....
(H.P)

Subject :- Keep ready / Supply of information for conducting the audit of Temple Trust for the period from to

Sir,

On the subject cited above, you are requested to keep ready / supply the information related to the accounts of the Temple Trust for the period 01/202.. to 12/202.. in the prescribed formats given below along with the relevant records for smooth functioning of audit:-

1. Financial position of the Temple Trust.....for the period.....to

INCOME			EXPENDITURE		
(i)	Opening Balance		i)	Expenditure during the year.	
(ii)	Receipts during the year		ii)	Closing balance	
	(a) Offerings to Deity-				

	Cash				
	(b) Interest received & accrued on deposits.				
	(c) Grant-in-aid from govt. (if any).				
	(d) Other income.				
	Grand Total			Grand Total	

2. Month-wise Income & Expenditure of Temple Trust.....

Month	Income				Expenditure	Balance
	Offerings to Deity Cash	Interest, Grants-in-aid etc.	Other Income	Total		

3. Bank reconciliation statement alongwith bank balance certificates.

4. Detail of investments made in various banks as on

5. Detail of loan outstanding as on

6. Year-wise position of Gold & Silver:

PROFORMA

Opening Balance	Receipt during the year	Total	Investment in Gold, Bond Scheme or any other use	Closing balance

7. Photocopy of approved Budget for the audit period (Year-wise).

8. List of all Auditable Documents.

9. Number of service books maintained with name and designation of employees.

10. Category-wise sanctioned strength & existing position of staff.
11. New daily wagers employed during the audit period.
12. Names of employees who retire during the audit period and going to be retired during the next two years.
13. Complaint received or sent to the higher Authorities against any employees of the office.
14. Name of employees who are placed under suspension during the audit period.
15. Departmental enquiries/Court cases pending against any employee.
16. Names & Designation of the employees who have availed LTC/HTC during audit period.
17. Name & Designation of employees whose spouse is in the Govt. Services & Sharing accommodation. (Proforma given below)

Sr.no.	Name of spouse	Place of posting	Name of Department	Whether HRA claimed
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18. Honorarium paid to the Temple Trust employees and others on the following Proforma:-

S.no.	Name of employee & Designation	Place of posting	Sanctioning authority & Sanction no.	Amount of honorarium.
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19. Detail of gifts purchased & distributed during the audit period.
20. Detail of Pujari shares given to the pujaries on following proforma:-

Period	Income from Dan Patra	Pujari share	Month in which paid
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21. Detail of deposit works:-

S. No	Date of deposit	Amount	With whom deposited	Purpose of deposit	Utilization Certificate received or not
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22. Detail of works executed during the audit period :-

S. No.	Agreement no. & Date	Name of Contractor	Name of works	Awarded amount	Completion cost	MB No.
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23. Cases of loss of property, if any due to fire, theft, accident, misappropriation etc.

24. Whether physical verification of stores/stocks has been conducted, if so up to which period & results thereof.

25. Whether physical verification of assets have been conducted, if so up to which period & results thereof.

26. Detail of unserviceable store/stocks including scrap material disposed of during the audit period in the following Proforma:-

Sr. No.	Name of article	Date of purchase	Quantity	Purchase cost	Auction amount	Remarks (if any)
---------	-----------------	------------------	----------	---------------	----------------	------------------

27. Detail of unserviceable store/stocks including scrap material lying for disposal in the following Proforma:-

Sr. No.	Name of article	Date of purchase	Quantity	Purchase cost	Amount	Remarks (if any)
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28. List of land & buildings or any immovable property purchased during the audit period.

29. Detail of new vehicle purchased during the audit period.

30. Detail of total number of vehicles maintained in the office along with the expenditure incurred on the repair & maintenance year wise.

31. Detail of petrol consumed by the vehicle(s) on the following Proforma:-

Sr. No.	Vehicle no.	Name of the Driver	Make of vehicle	K.M. covered	Petrol/Diesel consumed	Average	Rate of Petrol/Diesel
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32. List of court cases on the following Proforma:-

Sr. no.	Case title	Name of the Court	Latest position	Decided or pending	Action taken on decision
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33 Detail of tax deducted at source by various banks on maturity of fixed deposits.

(Name of the Officer with
Designation)

Note.— These are broad guidelines/information. Any other information/record in addition to the above which are required by the field audit parties on the spot may be obtained from the institution.

Note:- This is an illustrated format of audit and inspection note on the accounts of Temple Trust/ Management Committee.

मन्दिर न्यास/ मन्दिर प्रबन्धन समिति , जिला , हिमाचल प्रदेश
के लेखाओं का अंकेक्षण एवं निरीक्षण प्रतिवेदन
अवधि से

भाग-एक

1. प्रारम्भिक :-

(क) हिमाचल प्रदेश हिन्दू सार्वजनिक धार्मिक संस्थान एवं पूर्व विन्यास अधिनियम , 1984 की धारा 23(2) ग (2) तथा हिमाचल प्रदेश सरकार की अधिसूचना संख्या भाषा (ए)3-3/85-पार्ट-II, दिनांक 17.01.1989 के दृष्टिगत, मन्दिर न्यास जिलाहिमाचल प्रदेश के अवधिसेतक के लेखों का अंकेक्षण इस विभाग द्वारा किया गया ।

(ख) (i) अंकेक्षण अवधि के दौरान निम्नलिखित अधिकारी बतौर आयुक्त मन्दिर न्यास/ मन्दिर प्रबन्धन समिति में कार्यरत थे ।

क्रमांक	अधिकारी का नाम	पद	अवधि
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(ख) (ii) अंकेक्षण अवधि के दौरान निम्नलिखित अधिकारी बतौर सहायक आयुक्त मन्दिर न्यास/ मन्दिर प्रबन्धन समिति में कार्यरत थे ।

क्रमांक	अधिकारी का नाम	पद	अवधि
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(ख) (iii) अंकेक्षण अवधि के दौरान निम्नलिखित अधिकारी बतौर मन्दिर अधिकारी मन्दिर न्यास/ मन्दिर प्रबन्धन समिति में कार्यरत थे ।

क्रमांक	अधिकारी का नाम	पद	अवधि
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(ग) गम्भीर अनियमितताओं का सार :-

क्र० सं०	गम्भीर अनियमितताओं का सार	पैरा संख्या	राशि (लाखों में) ₹
1			
2			

(घ) गत अंकेक्षण प्रतिवेदन :-

मन्दिर प्रबन्धन समिति /मंदिर न्यासद्वारा गत अंकेक्षण प्रतिवेदनों के अनिर्णीत अनुच्छेदों के निपटारे हेतु की गई कार्यवाही की सत्यापना उपरान्त अनिर्णीत अनुच्छेदों की नवीनतम स्थिति का विवरण परिशिष्ट –‘’ पर दिया गया है ।

भाग – दो

2 वर्तमान अंकेक्षण :-

मन्दिर न्यास/ मन्दिर प्रबन्धन समिति, जिला के अवधिसेके लेखों का वर्तमान अंकेक्षण सर्व श्री, अनुभाग अधिकारी/ सहायक नियन्त्रक (लेखा परीक्षा), तथा....., कनिष्ठ लेखा परीक्षक /आर्टिकल सहायक द्वारा दिनांक सेतक के दौरान मंदिर न्यास में किया गया । आय – व्यय की विस्तृत जांच हेतु निम्नलिखित मासों का चयन किया गया ।

वर्ष	आय (माह)	व्यय(माह)
.....
.....
.....

Disclaimer:- प्रमाणित किया जाता है कि वर्तमान अंकेक्षण एवम् निरीक्षण प्रतिवेदन का प्रारूपण मन्दिर अधिकारी, मन्दिर न्यास/ मन्दिर प्रबन्धन समिति , जिला..... द्वारा उपलब्ध करवाई गई सूचनाओं एवं अभिलेख के आधार पर तैयार किया गया है। मंदिर न्यास द्वारा प्रदान की गई किसी भी प्रकार की गलत /अधूरी सूचना अथवा सूचना प्रदान न करने के कारण अंकेक्षण प्रतिवेदन पर पड़ने वाले किसी भी प्रभाव हेतु हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग किसी भी प्रकार से उत्तरदायी नहीं है।

3 अंकेक्षण शुल्क :-

मन्दिर न्यास/ मन्दिर प्रबन्धन समिति के अवधिसे.....तक के लेखों का अंकेक्षण हेतु अंकेक्षण शुल्क वास्तविक कार्य दिवसों के आधार पर राशि आंका गया है। अंकेक्षण शुल्क की उक्त राशि को रेखांकित बैंक ड्राफ्ट द्वारा निदेशक, हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग, शिमला - 171009 को प्रेषित करने हेतु अनुभाग अधिकारी /सहायक नियन्त्रक के पत्र संख्या ... दिनांक द्वारा मन्दिर अधिकारी मंदिर न्यास / मन्दिर प्रबन्धन समिति, जिला(हि० प्र०) से अनुरोध किया गया। अंकेक्षण शुल्क का विवरण परिशिष्ट – ‘ ’ पर दिया गया है।

4.1 वित्तीय स्थिति :-

मन्दिर न्यास/ मन्दिर प्रबन्धन समिति के अवधि से के लेखों की वित्तीय स्थिति निम्न प्रकार से है, जिसका विस्तृत विवरण परिशिष्ट - ' ' पर भी दिया गया है।

Year
Opening Balance			
Offerings to deity-cash			
Interest earned/received on savings & FDRs			
Other income			
FDR's matured/encashed			
Grant-in-Aid from Govt. , if any			
Grand Total			
Expenditure during the year			
Amount transferred to various departments for deposit works			
Investment in new FDR's			
Total			
Closing Balance			

4.2 अन्त शेष का विवरण :-

दिनांक 31.12.202.. को रोकड़ बही के अनुसार अन्तशेष ₹..... था तथा बैंक/डाकघर के बचत खातों में जमा राशि, सावधि जमा योजना के अंतर्गत बैंकों में जमा राशि तथा हस्तगत राशि के रूप में अन्तशेष की राशि ₹.....थी , जिसका विवरण निम्न प्रकार से है ।

(i)	बैंक'...'– डाकघर बचत खातों में जमा राशि परिशिष्ट/
(ii)	सावधि जमा खाते में निवेश परिशिष्ट ' -
(iii)	हस्तगत राशि
(vi)	योग	

4.3 बैंक समाधान विवरणी :-

उक्त विवरणानुसार दिनांकको रोकड़ बही तथा बैंकों के अन्तशेष में
₹..... - ₹ = ₹ का अन्तर का पाया गया, जिसका विवरण परिशिष्ट
– ' ' व बैंक समाधान विवरणी में भी दिया गया है ।

(नोट :- बैंक समाधान विवरणी तथा इससे सम्बन्धित पैरे विस्तृत रूप में यहाँ दर्शाए जाएँ)

Rule/Govt. order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

4.4. दिनांकको विभिन्न बैंकों /डाकघर बचत खातों में जमा राशि का विवरण :-

दिनांकको विभिन्न बैंकों /डाकघर बचत खातों में जमा राशि का विवरण निम्नलिखित प्रकार से है। जिसका विवरण परिशिष्ट – ‘ ’ पर भी दिया गया है।

क्रम संख्या	बैंक का नाम	खाता संख्या	दिनांकको अन्तिम शेष
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5.1 प्राप्त आय की तुलना में अत्यधिक व्यय करना (यदि कोई हो उस स्थिति में)

अंकेक्षण के दौरान पाया गया कि मन्दिर न्यास/ मन्दिर प्रबन्धन समिति जी द्वारा अंकेक्षण अवधि के दौरान प्राप्त आय की तुलना में अधिक व्यय किया गया है। जिस का वर्ष वार विवरण निम्नलिखित है।

मद		वर्ष		
	
A	चढ़ावे के रूप में प्राप्त आय			
	अन्य आय			
	कुल आय			
B	वर्ष के दौरान व्यय			
	निक्षेप कार्यों हेतु विभिन्न विभागों को प्रदत्त राशि			
	कुल व्यय			
	प्राप्त आय से जितना अधिक व्यय किया गया (A-B)			
	व्यय की आय पर अधिकता की प्रतिशतता			

	(B ÷ A x 100)			
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Rule/Govt. order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

5.2 (i) गत चार वर्षों में चढ़ावे के रूप में प्राप्त आय में आई कमी वारे

(यदि कोई हो उस स्थिति में।)

अंकेक्षण के दौरान पाया गया कि मन्दिर न्यास/ मन्दिर प्रबन्धन समिति जी द्वारा गत चार वर्षों में चढ़ावे के रूप में निम्नलिखित प्रकार से आय प्राप्त हुई है।

क्रम संख्या	वर्ष	चढ़ावे के रूप में प्राप्त आय
01	20...	
02	20..	
03	20..	
04	20..	

Rule/Govt. order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	

Reply from the auditee	
Action/Suggestions	

5.2 (ii) मंदिर न्यास द्वारा कर्मचारियों के वेतन, भत्तों तथा अन्य मदों पर आय (समस्त संसाधनों से प्राप्त) की तुलना में किए गये व्यय का विवरण(यदि कोई हो उस स्थिति में।)

मंदिर न्यास द्वारा दर्शाए गए विवरणानुसार कर्मचारियों के वेतन, भत्तों तथा अन्य मदों पर आय (समस्त संसाधनों से प्राप्त) की तुलना में किए गये व्यय का विवरण निम्नलिखित प्रकार से है।

क्रम संख्या	वर्ष	आय (ब्याज सहित)	कर्मचारियों के वेतन भत्तों तथा अन्य मदों पर भुगतान राशि	प्रतिशतता
1	20..			
2	20..			
3	20..			

अंकेक्षण टिप्पणी

सावधि जमा योजना :-

6.1 दिनांकतक सावधि जमा योजना में निवेशित ₹..... लाख :-

मन्दिर न्यास /प्रबन्धन समिति द्वारा दिनांक तक राशि ₹..... विभिन्न बैंकों में सावधि जमा योजना के अंतर्गत निवेशित की गई थी ,जिसका विवरण परिशिष्ट – में दिया गया है।

(नोट :- सावधि जमा से सम्बन्धित यदि कोई आपत्ति हो तो यहाँ दर्शाई जाए)

Rule/Govt. order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	

Action/Suggestions	
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सोना चांदी का विवरण:-

7.1 सोना:- मन्दिर न्यास की अवधिसेतक के दौरान सोने की स्थिति निम्न प्रकार से है। जिसका विवरण परिशिष्ट – ‘ ’ पर भी दिया गया है।

अवधिसे				
	किंटल	किलोग्राम	ग्राम	मिली ग्राम
गत शेष				
प्राप्ति				
कुल योग				
दिनांक को सोने के अन्तिम शेष का विवरण				
	किंटल	किलोग्राम	ग्राम	मिली ग्राम
राजकीय कोष / उपकोष कार्यालय में जमा सोना				
श्रृंगार हेतु प्रयुक्त सोना				
कुल योग				

7.2 चांदी :- मन्दिर न्यास / मन्दिर प्रबन्धन समिति..... द्वारा प्रस्तुत जी की अवधिसेतक के दौरान चांदी की स्थिति निम्न प्रकार से है। जिसका विवरण परिशिष्ट – ‘ ‘ पर भी दिया गया है

अवधिसे				
	किंटल	किलोग्राम	ग्राम	मिली ग्राम
गत शेष				
प्राप्ति				
कुल योग				
दिनांकको चांदी के अन्तिम शेष का विवरण				
	किंटल	किलोग्राम	ग्राम	मिली ग्राम
राजकीय कोष /उपकोष/ कार्यालय में जमा चांदी				
श्रृंगार हेतु प्रयुक्त चांदी				
चांदी को पिघलाने के उपरान्त प्राप्त व्यर्थ पदार्थ जो कोष / उपकोष /कार्यालय में जमा				
कुल योग				

Rule/Govt. order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

8 वार्षिक बजट तैयार न करना :-

(यदि कोई आपत्ति हो तो यहाँ दर्शाई जाए)

Rule/Govt. order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

9 आय:---

Rule/Govt. order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

10 विदेशी मुद्रा :-

Rule/Govt. order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

11 पुजारी हिस्सा :-

Rule/Govt. order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

12 निर्माण कार्य :--

Rule/Govt. order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	

Action/Suggestions	
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13 निक्षेप कार्यों हेतु प्रदान की गई राशि:-

(यदि कोई हो उस स्थिति में।)

अंकेक्षण को प्रदान की गई सूचना के अनुसार मन्दिर न्यास द्वारा अवधिसेतक विभिन्न विभागों/ संस्थाओं को विभिन्न निक्षेप कार्यों (Deposit Works) हेतु निम्नविवरणानुसार ₹.....का भुगतान किया गया था । जिसका विस्तृत विवरण यथा परिशिष्ट – “ ” पर दिया गया है ।

जिन निक्षेप कार्यों के उपयोगिता प्रमाण पत्र प्राप्त नहीं हुए हैं ,उनकी सूची निम्नलिखित है :-					
क्रम संख्या	वाउचर संख्या	दिनांक	रोकड़ बही पेज संख्या	विभाग का नाम ,जिसके पास राशि जमा है व उद्देश्य	राशि
Rule/Govt. order/Instructions					
Audit Observation(Detailed Audit Para)					
Audit Requisition					
Reply from the auditee					
Action/Suggestions					

14 पंचायती राज संस्थाओं को जारी किये गए अनुदान:-

(यदि कोई हो उस स्थिति में।)

अंकेक्षण के दौरान जांच में पाया गया कि मन्दिर न्यास /मन्दिर प्रबन्धन समिति द्वारा अंकेक्षण अवधि से तक के दौरान मन्दिर न्यास की निकटवर्ती पंचायतों को विभिन्न विकास कार्यों हेतु अनुदान ₹.....की राशि प्रदान की गई है, जिसका विवरण निम्नलिखित प्रकार से है :-

क्रम संख्या	प्रस्ताव संख्या	दिनांक	निर्माण कार्य का नाम, जिस हेतु अनुदान प्रदान किया गया	ग्राम पंचायत	प्रदान की गई राशि

				का नाम	
--	--	--	--	--------	--

Rule/Govt. order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

15 स्थापना :--

(स्थापना से सम्बन्धित यदि कोई आपत्ति हो तो यहां दर्शाई जाए)

Rule/Govt. order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

16 मन्दिर कोष से अनियमित व्यय :--

(यदि कोई आपत्ति हो तो यहाँ दर्शाई जाए)

Rule/Govt. order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

17 लंगर :--

(यदि कोई आपत्ति हो तो यहाँ दर्शाई जाए)

Rule/Govt. order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

18 अन्य विविध अनियमितताएं :-

(जो उपरोक्त शीर्षकों के अंतर्गत न दर्शाई गई हों, उचित उप-शीर्षकों में यहाँ दर्शाई जाए)

19 माननीय न्यायलयों में लम्बित मामलों बारे:-

मन्दिर न्यास /मन्दिर प्रबन्धन समिति के विभिन्न मामले न्यायलय में लम्बित पड़े हैं, जिन्हें परिशिष्ट – पर दर्शाया गया है। अतः इन मामलों में निर्णय होने पर तदनुसार कार्यवाई सुनिश्चित की जाए।

20 स्टॉक रजिस्टर :-

(यदि कोई आपत्ति हो तो यहाँ दर्शाई जाए)

Rule/Govt. order/Instructions	
Audit Observation(Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

21 स्टॉक का वार्षिक सत्यापन :-

(यदि कोई आपत्ति हो तो यहाँ दर्शाई जाए)

22 लघु आपत्ति विवरणिका :-

(यदि कोई आपत्ति हो तो यहाँ दर्शाई जाए)

23 निष्कर्ष :-

परिशिष्ट “.....”

अंकेक्षण पैरा संख्या के संदर्भ में।

(1) अंकेक्षण एवं निरीक्षण प्रतिवेदन अवधि..... से

क्र० सं०	पैरा सं०	निर्णीत/अनिर्णीत	अनुपालना का संक्षिप्त विवरण
1			
2			

7.5 H.P. Government Polytechnic College & Industrial Training Institutes

Authority for audit

The audit of accounts of student funds & fee of H.P. Government Polytechnic Colleges & Industrial Training Institutes has been entrusted to the Himachal Pradesh State Audit Department as per the provision of the Rule 7 of the H.P. Government Notification No. STV(IT) F(5)-5/85, dated 16.10.1986.

Number of Polytechnic Colleges & Industrial Training Institutes

At present there are approximately 16 Polytechnic Colleges and 138 Industrial Training Institutes running in the State. These colleges/institutes are headed by Principals

Time allotment

The time allotment to conduct the audit is fixed by the Director-cum-Examiner, HP State Audit Department. At present, the time allotment to conduct the audit of student funds & fee of Polytechnic Colleges & Industrial Training Institutes is as under:-

Polytechnic:-

Sr. No.	Student strength	Time allotment (in terms of pair) for one year's audit (days)
1	Up to 500	2.5
2	501 to 750	3.5
3	751 to 1050	4.5
4	1051 to 2000	5.5
5	2001 to 2500	6
6	2501 & above	6+1day for each 500 students

Industrial Training Institutes:-

Name of Institution	Time allotment (in days) in terms of pair for one year's audit
ITIs	2

The Auditor should make efforts to save as much time as possible. Due note of saving affected will be taken and their efforts in this regard will be appreciated. Permission of the authorities shall be a pre-requisite in case of extension of time allotment is required by the audit parties, otherwise the extra time availed will be treated as unauthorized stay and will be dealt accordingly. Auditor should not avail the time allotment fixed above as a matter of routine or right.

Audit fee to be charged

At present, actual cost of establishment charges shall be charged which shall be calculated @ ₹1000/- per Assistant Controller/Section Officer and ₹800/- per Junior Auditor/Article Assistant per day and it shall not include the period of leave, gazetted holidays and Sunday.

Audit Checks to be exercised.

While conducting the audit of Polytechnic Colleges & Industrial Training Institutes (Fees/funds accounts and hostel rent), the following points may be kept in view by the auditors apart from pointing out other audit irregularities:-

1. Fees & Funds

It needs to be ensured by the audit party that all the student fees and funds are collected by the institutes from the students as per the govt. instructions and duly entered and accounted for in the relevant fees and funds collection register and subsequently deposited in the schedule bank or in the Govt. Treasury as the case may be.

2. Rent

Similarly it needs to be ensured that hostel rents are collected by the institutes from the students as per the prevailing rates and the hostel rent so collected needs to be duly entered and accounted for in the relevant rent collection register and subsequently deposited immediately in the schedule bank/ post office account through the Govt. Treasury.

3. Bank/Post Office accounts

Bank/Post office accounts, where the students fees/funds and hostel rent are deposited, should be reconciled from time to time by the institutes with cash books and the interest allowed/credited by the banks/Post offices should be duly accounted for by the institutes in their accounts.

4. Expenditure

Expenditure incurred out of students welfare funds and hostel rent should be properly scrutinized and focus should be mainly on the following points apart from other audit irregularities:

- (a) It should be ensured that the purchases affected from the relevant student welfare fund/hostel rent is a fit charge upon that fund. For example, the relevant item purchased from a fund should directly relate

to that fund and it must be admissible under rules & regulations and other guidelines issued in this regard from time to time.

- (b) All the codal formalities regarding purchase of other stock items from the student welfare funds/hostel rent should be verified by the audit party including verification of quotations, wherever applicable, sanction/approval of the competent authority, verification of stock/store entries and verification of utilization/disbursement of stock/store items so purchased from the relevant fund/rent account. In case the purchases have been affected through sole authorized dealer there is no need for quotation.
- (c) Verification of payment from student welfare funds be made with respect to checking of actual payees receipts (APRs) of each recipient.
- (d) Medicines purchased for students from the funds should be duly recommended and verified by the Govt. Medical Officer and the institution should maintain proper record of disbursement of medicines to students.
- (e) Expenditure incurred out of funds for conducting sports, activities including payment of TA/DA thereof, should be verified with respect to the admissibility etc. under the relevant rules applicable from time to time.

Note.— Requisition for supply of information should be issued in the beginning of audit on the accounts of various funds of ITI/Polytechnic as per the proforma attached.

Audit Requisition No..... Dated.....

Subject — Information relating to various funds of ITI/Polytechnic.

Please keep/provide the following information relating to the Student Welfare Funds account of your **ITI/Polytechnic** ready in the prescribed proforma :

1. Income and Expenditure Financial Statement

Yearly

Year	Fund Name	Opening Balance (₹)	Receipt during the Year. (₹)	Interest during the Year. (₹)	Total (3+4+5) (₹)	Expenditure during the year. (₹)	Closing Balance (₹)
1	2	3	4	5	6	6	7

Month wise income and expenditure statement

Fund Name/month													
Sr.No	Fund Name I	Apr.	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec.	Jan	Feb	Mar

2. Number of Cash books maintained.
3. Passbooks of funds deposited in the post office/bank be put up for verification along with Funds Register
4. Bank Reconciliation Statement, all the Bank statements complete in all respect up to the period under audit be put up along with bank certificates.
5. The amount of admission fee collected and deposited in the Treasury through Challans etc is put up for verification.
6. Name and amount of funds collected from students during the year under audit.
7. Any other income received in funds such as sale of old magazines, answer sheets etc.

8. Lecturers/Instructors employed during the year out of Student Welfare Fund against leave vacancies (name & period be got ascertained) alongwith all the conditions/agreement of their employment.
9. Store/Stock register.
10. List of Principals and DDO's during the audit period.
11. Prospectus issued during the audit period.
12. TA/DA paid to various teachers out of funds during the year.
13. Library security receipts and refunds made during the year
14. Amount of unclaimed library security
15. Investment made out of funds shown in FDR's
 - a. Grants received during the year, if any.
 - b. List of advances paid and adjusted during the year.

Note.— These are broad guidelines/information. Any other information/record in addition to above, which are required by the field audit parties on the spot may be obtained from the institutions.

**(This is an illustrative format of Audit & Inspection Note on the
accounts of student funds & fee of H.P. Government Polytechnics &
Industrial Training Institutes)**

राजकीय बहुतकनीकी संस्थान/औद्योगिक प्रशिक्षण संस्थान..... तहसील.....
जिला.....हिमाचल प्रदेश के छात्र कल्याण निधि लेखों का अंकेक्षण एवं निरीक्षण प्रतिवेदन
अवधि.....से.....तक

भाग-एक

1. प्रारम्भिक:-

(क) हिमाचल प्रदेश सरकार की अधिसूचना संख्या : एसटीवी (आईटी)एफ़(5)-5/85 दिनांक 16.10.1986 के नियम 7 द्वारा राजकीय बहुतकनीकी संस्थानों/औद्योगिक प्रशिक्षण संस्थानों के छात्र कल्याण निधि लेखों के अंकेक्षण का दायित्व निदेशक , हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग को सौंपे जाने के दृष्टिगत राजकीय बहुतकनीकी संस्थान/औद्योगिक प्रशिक्षण संस्थान..... तहसील..... जिला.....के छात्र कल्याण निधि लेखों का अंकेक्षण कार्य निदेशक , हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग द्वारा किया गया।

अंकेक्षण अवधि के दौरान निम्न विवरणानुसार प्रधानाचार्यों ने राजकीय बहुतकनीकी संस्थान/औद्योगिक प्रशिक्षण संस्थान में आहरण एवं संवितरण अधिकारी के रूप में कार्य किया:-

क्रम संख्या	प्रधानाचार्य का नाम	अवधि

(ख) गत अंकेक्षण प्रतिवेदन:-

राजकीय बहुतकनीकी संस्थान/औद्योगिक प्रशिक्षण संस्थान.....के छात्र कल्याण निधि लेखों का अंतिम अंकेक्षण विभाग द्वारा अवधिसे.....तक किया गया था। गत अंकेक्षण प्रतिवेदनों की अंकेक्षण आपत्तियों के सन्दर्भ में राजकीय बहुतकनीकी संस्थान/औद्योगिक प्रशिक्षण संस्थान द्वारा की गई कार्यवाही का अवलोकन करने के पश्चात पैरों की नवीनतम स्थिति निम्न प्रकार से है:-

(क) अंकेक्षण एवं निरीक्षण प्रतिवेदन अवधि.....से.....तक			
क्रम संख्या	पैरा संख्या	निर्णीत/अनिर्णीत	टिप्पणी

(नोट:- यदि प्रथम अंकेक्षण किया जा रहा है तो उक्त पैरा 1 (ग) लागू नहीं होगा।

भाग-दो

2. वर्तमान अंकेक्षण:-

राजकीय बहुतकनीकी संस्थान/औद्योगिक प्रशिक्षण संस्थान.....के अवधि.....से..... तक का वर्तमान अंकेक्षण, जिसके परिणाम अनुवर्ती अनुच्छेदों में दिये गये हैं, श्री.....सहायक नियंत्रक/अनुभाग अधिकारी (लेखा परीक्षा)/कनिष्ठ लेखा परीक्षक द्वारा दिनांकसे.....तक बहुतकनीकी संस्थान/औद्योगिक प्रशिक्षण संस्थान परिसर में किया गया।

नमूना अंकेक्षण हेतु अधिकतम आय व व्यय के आधार पर मासों का चयन निम्न तालिका के अनुसार किया गया है:-

वित्तीय वर्ष	आय का चयनित माह	व्यय का चयनित माह

Disclaimer:- इस अंकेक्षण एवं निरीक्षण प्रतिवेदन का प्रारूपण संस्था के प्रधानाचार्य द्वारा अंकेक्षण को प्रस्तुत की गई सूचनाओं एवं अभिलेख के आधार पर किया गया है। संस्था द्वारा अंकेक्षण को उपलब्ध

करवाई गई किसी भी सूचना /अभिलेख के अपूर्ण/गलत व उपलब्ध न होने की स्थिति में अंकेक्षण प्रतिवेदन पर होने वाले किसी भी प्रभाव हेतु हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग उत्तरदायी नहीं होगा।

3. अंकेक्षण शुल्क:-

राजकीय बहुतकनीकी संस्थान/औद्योगिक प्रशिक्षण संस्थान..... के छात्र कल्याण निधि लेखों अवधि.....से.....तक का अंकेक्षण शुल्क निम्न विवरणानुसार ₹.....(₹.....) आंका गया। इस अंकेक्षण शुल्क की राशि को निदेशक , हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग , शिमला-171009 को रेखांकित चैक /बैंक ड्राफ्ट के माध्यम से भेजने हेतु अंकेक्षण अधियाचना संख्या :..... दिनांक..... द्वारा अनुरोध किया गया , जिसकी अनुपालना में बहुतकनीकी संस्थान/औद्योगिक प्रशिक्षण संस्थान द्वारा रेखांकित चैक/बैंक ड्राफ्ट संख्या.....दिनांक..... द्वारा निदेशक, हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग , शिमला-171009 को प्रेषित कर दिया गया था।

4. (क) वित्तीय स्थिति:-

राजकीय बहुतकनीकी संस्थान/औद्योगिक प्रशिक्षण संस्थान की अवधिसेतक की वित्तीय स्थिति का संकलित विवरण निम्न प्रकार से है जिसका विस्तृत विवरण परिशिष्ट- में दिया गया है:-

वित्तीय वर्ष	अथशेष (₹)	आय (₹)	ब्याज (₹)	कुल (₹)	व्यय (₹)	अन्तशेष (₹)

(ख) बैंक खातों का विवरण:-

राजकीय बहुतकनीकी संस्थान/औद्योगिक प्रशिक्षण संस्थान के छात्र कल्याण निधियों के बैंक खातों में दिनांक 31.03.20.... को जमा राशि का विवरण निम्न प्रकार से था:-

क्रम संख्या	निधि का नाम	बैंक का नाम	खाता संख्या	बैंक शेष (₹)	रोकड़ बही शेष (₹)	अन्तर (₹)

(ग) बैंक समाधान विवरणी:-

दिनांक 31.03.20... की बैंक समाधान विवरणी परिशिष्ट- के अनुसार निम्न प्रकार से है:-

क्रम संख्या	विवरण	राशि (₹)
1	रोकड़ बहियों/वित्तीय स्थिति अनुसार अन्तशेष	
2	बैंक पास बुकों अनुसार अन्तशेष	
3	अन्तर (1-2), यदि कोई है	
4	अन्तर के कारण/बैंक समाधान विवरणी	

अथवा

(घ) बैंक समाधान विवरण तैयार न करने के कारण रोकड़ बही व बैंक खातों के अन्तशेष में ₹ लाख का अन्तर।

5. रोकड़ बही के रख रखाव व बैंक खातों के संचालन से सम्बंधित पैरे/टिप्पणियां, (यदि कोई हों) ।

6 (क) निवेश:-

राजकीय बहुतकनीकी संस्थान/औद्योगिक प्रशिक्षण संस्थान द्वारा परिशिष्ट- में प्रस्तुत सूचना के अनुसार दिनांक..... को ₹.....की राशि छात्र कल्याण निधि से बैंक सावधि जमा में निवेश की गई थी। अतः सुझाव दिया जाता है कि परिपक्वता के उपरान्त इन राशियों को पुनर्निवेशित किया जाना सुनिश्चित किया जाए।

(ख) सावधि जमा में निवेशित राशियों व उनसे अर्जित ब्याज बारे अंकेक्षण टिप्पणियां (यदि कोई हों)।

अथवा

6 (क) निवेश:-

बहुतकनीकी संस्थान/औद्योगिक प्रशिक्षण संस्थान द्वारा अंकेक्षण अवधि में छात्र निधियों से सावधि जमा में निवेशित राशी का विवरण परिशिष्ट..... पर दिया गया है।

(ख) उचित वित्तीय प्रबंधन न होने के कारण सावधि निवेश से संभावित अतिरिक्त ब्याज की आय से वंचित होना:-

बहुतकनीकी संस्थान/औद्योगिक प्रशिक्षण संस्थान द्वारा अंकेक्षण अवधि के दौरान विभिन्न छात्र कल्याण निधियों की राशि को बैंकों के बचत खातों में ही जमा रखा गया था। यदि वास्तव व्यय को ध्यान में रखते हुये अतिरिक्त राशियों का एक समुचित भाग, जिसकी तत्काल बहुतकनीकी संस्थान/औद्योगिक प्रशिक्षण संस्थान को आवश्यकता नहीं थी, सावधि जमा में निवेश किया जाता तो बहुतकनीकी संस्थान/ औद्योगिक प्रशिक्षण संस्थान को बचत खातों की अपेक्षा अधिक ब्याज की प्राप्ति होती। अतः सुझाव दिया जाता है कि छात्र कल्याण निधियों की अतिरिक्त राशि को सावधि जमा में निवेशित किया जाये ताकि बहुतकनीकी संस्थान/औद्योगिक प्रशिक्षण संस्थान को अतिरिक्त ब्याज से प्राप्त राशि का छात्रों के कल्याणार्थ व्यय किया जा सके।

आय

7. ₹..... लाख की छात्र कल्याण निधि /शुल्क की वसूली न करना /कम वसूली करना/विलंब से वसूली करना।

(यदि कोई हो तो उस स्थिति में)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

8. ₹..... लाख की छात्र कल्याण निधि/शुल्क की प्राप्त राशि को रोकड़ बही में लेखांकित न करना/कम लेखांकित करना/विलम्ब से लेखांकित करना।

(यदि कोई हो तो उस स्थिति में)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

9. ₹..... लाख की छात्र कल्याण निधि/शुल्क की वसूल की गई राशि को बैंक/ सरकारी कोष में जमा न करना/कम जमा करवाना/ विलम्ब से जमा करवाना।

(यदि कोई हो तो उस स्थिति में)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

10. छात्रों से ₹..... लाख की विभिन्न निधियों का अनियमित वसूली करना।

(यदि कोई हो तो उस स्थिति में)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	

Reply from the auditee	
Action/Suggestions	

11. आय से सम्बन्धित अन्य अंकेक्षण आपत्तियां/टिप्पणियां,

(जो उपरोक्त शीर्षकों के अंतर्गत लेखांकित न की गई हो को उचित उप-शीर्षक में लेखांकित किया जाये।)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

व्यय

12. सक्षम प्राधिकारी की स्वीकृति के बिना..... लाख का अनियमित व्यय।

(यदि कोई हो तो उस स्थिति में)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

13. छात्र कल्याण निधि पर ₹..... लाख का अनुचित प्रभार/व्यय।

(यदि कोई हो तो उस स्थिति में)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

14. औपचारिकताओं को पूर्ण किए बिना ₹..... लाख का क्रय/व्यय करना।

(यदि कोई हो तो उस स्थिति में)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

15. छात्र कल्याण निधि से ₹.....लाख की प्रदान अग्रिम राशियों का समायोजन न करना।

(यदि कोई हो तो उस स्थिति में)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	

Reply from the auditee	
Action/Suggestions	

16. निक्षेप कार्य (Deposit work) की ₹..... लाख के उपयोगिता प्रमाणपत्र प्राप्त न करना।
(यदि कोई हो तो उस स्थिति में)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

17. छात्र कल्याण निधि खातों से ₹..... लाख के दिये ऋणों की प्रतिपूर्ति न करना।
(यदि कोई हो तो उस स्थिति में)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

18. व्यय से सम्बन्धित अन्य अंकेक्षण आपत्तियां/टिप्पणियां यदि कोई हों।

(जो उपरोक्त शीर्षकों के अंतर्गत लेखांकित न की गई हो को उचित उप-शीर्षक में लेखांकित किया जाये।)

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

विविध पैरे/ टिप्पणियां

19. विभिन्न अभिलेख/रजिस्ट्रों का रख रखाव न करना/ अंकेक्षण में प्रस्तुत न करना

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

20. भण्डार का प्रत्यक्ष सत्यापन न करना।

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

21. अन्य विविध अंकेक्षण आपत्तियां/टिप्पणियां यदि कोई हों।

Rule/ Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

22. लघु आपत्ति विवरणिका

23. निष्कर्ष

परिशिष्ट “.....”

अंकेक्षण पैरा संख्या के संदर्भ में।

(1) अंकेक्षण एवं निरीक्षण प्रतिवेदन अवधि से

क्र० सं०	पैरा सं०	निर्णीत/अनिर्णीत	अनुपालना का संक्षिप्त विवरण
1			

7.6 H.P. Government Degree Colleges

Authority for audit

The audit of accounts of student funds & fee of H.P. Government Degree Colleges has been entrusted to the Himachal Pradesh State Audit Department as per the provision of Rule 42.1 of H.P. University Ordinance Vol-II.

Number of Degree colleges

At present there are approximately 94 number of Government Degree Colleges running in the State. These colleges are headed by Principals appointed by the State Government.

Time allotment

The time allotment to conduct the audit is fixed by the Director-cum-Examiner, HP State Audit Department. At present, the time allotment to conduct the audit of student funds & fee of Govt. Degree Colleges is as under:-

Sr. No.	Student strength	Time allotment (in days) in terms of pair for one year audit
1	Up to 500	2.5
2	501 to 750	3.5
3	751 to 1050	4.5
4	1051 to 2000	5.5
5	2001 to 2500	6
6	2501 & above	6+1day for each 500 students

The Auditor should make efforts to save as much time as possible. Due note of saving affected will be taken and their efforts in this regard will be appreciated. Permission of the authorities shall be a pre-requisite in case of extension of time allotment is required by the audit parties, otherwise the extra time availed will be treated as unauthorized stay and will be dealt accordingly. Auditor should not avail the time allotment fixed above as a matter of routine or right.

Audit fee to be charged

At present, audit fee is ₹8000 per college per annum. In case of a college with funds collection less than ₹2.0 lakh per annum, the fee will be ₹5000

Audit checks to be exercised.

While conducting the audit of colleges, the following points may be kept in view by the auditors apart from pointing out other audit irregularities:

Financial position of funds collected

Financial position of the various funds of the college should depict the amount collected and amount spent by the institution during the period covered under audit.

Purchase of science material

It has been generally been noticed that bulk purchases of science material for conducting science practicals are affected by the colleges out of the science funds i.e. Physics, Chemistry, Biology, Zoology etc. In such cases, apart from verifying the stock entries and its disposal, the audit paras must contain the following information:

- (i) Total number of students in the practical classes.
- (ii) The requirement of the material per student.

- (iii) Total quantity of material purchased by the college during the particular year.
- (iv) The consumption made during the year out of the stock in hand.
- (v) The material in the stock at the end of academic session.
- (vi) The expiry date of chemical purchased should be verified/checked before affecting the purchase of the same by the institution.
- (vii) How much quantity was of expired date, if any.
- (viii) Purchases should not be more than the occasion demands.

Maintenance of Stock Register of Receipt Books

Stock register of Receipt Books should be maintained in the government colleges. It may be seen that Sr. No. of every form of the receipt book through which fee and funds are collected should be duly entered in the Demand and Collection Register of the College. It may be ensured that Receipt Books are issued to the fee collection clerk in the stock register of the receipt books in the chronological order.

Chemical Stock Account Register

During the audit consumption of chemical material issued for taking science practical of the students may be ascertained from the Head of the Institution in the following forms and in case of abnormal consumption as compared to the norms fixed, the same may be suitably highlighted in the audit report invariably. In educational institutions where no science classes exist “Nil” information should be given.

Date	Opening Balance	Number or quantity of chemical received	Total (Col. 2+3)	Name and Designation of the person to whom issued.
1	2	3	4	5

Quantity issued	Purpose for which issued	Closing balance
6	7	8

Note:— Requisition for supply of all the information should be issued in the beginning of audit on the accounts of Government Colleges as per proforma attached.

Audit Requisition No..... Dated.....

Subject — Information relating to various funds of colleges.

Please keep/provide the following information relating to funds accounts of your college ready in the prescribed proforma:

1. Strength of the college during admission.
2. The amount of admission fee collected and deposited in the Treasury through Challans etc is put up for verification.
3. Name and amount of funds collected from students during the year under audit.
4. Passbooks of funds deposited in the post office/bank be put up for verification along with Funds register.
5. All the Bank statements complete in all respect up to the period under audit be put up.
6. Total balances up to the period under audit be put up.

7. Any other income received in funds such as sale of old magazines, answer sheets, Grass, Fruits etc.
8. How much lecturers were recruited during the year out of Amalgamated Fund against leave vacancies of individual (name & period be got ascertained).
9. Amount of funds spent for sports activities during the year.
10. TA/DA paid to various teachers out of funds during the year.
11. Library security receipts and refunds made during the year
12. Amount of unclaimed library security
13. Investment made out of funds shown in FDR's:
 - a. Grants received during the year.
 - b. List of advances paid and adjusted during the year.
 - c. Registration/Re-registration and examination fees collected along with its further transmission to University.

Note:—These are broad guidelines/information any other information/record in addition to above which are required by the field audit parties on the spot may be obtained from the institutions.

(This is an illustrative format of Audit & Inspection Note on the accounts of student funds & fee of H.P. Government Degree Colleges)

राजकीय महाविद्यालय तहसील..... जिला..... हिमाचल प्रदेश के छात्र निधि
लेखों का अंकेक्षण एवं निरीक्षण प्रतिवेदन
अवधि.....से.....तक

भाग-एक

1. प्रारम्भिक:-

(क) हिमाचल प्रदेश विश्वविद्यालय अध्यादेश के नियम 42.1 में वर्णित हिमाचल प्रदेश राजकीय महाविद्यालयों की छात्र निधियों का अंकेक्षण हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग के द्वारा किए जाने के दृष्टिगत राजकीय महाविद्यालय..... तहसील.....जिला.....के छात्र निधि लेखों का अंकेक्षण कार्य निदेशक, हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग द्वारा किया गया।

(ख) अंकेक्षण अवधि के दौरान निम्न विवरणानुसार प्राचार्यों ने महाविद्यालय में आहरण एवं संवितरण अधिकारी के रूप में कार्य किया:-

क्रम संख्या	प्राचार्य का नाम	अवधि

(ग) गत अंकेक्षण प्रतिवेदन:-

राजकीय महाविद्यालय.....के छात्र निधि लेखों का अंतिम अंकेक्षण विभाग द्वारा अवधि.....से.....तक किया गया था। गत अंकेक्षण प्रतिवेदनों की अंकेक्षण आपत्तियों के सन्दर्भ में महाविद्यालय द्वारा की गई कार्यवाही का अवलोकन करने के पश्चात अंकेक्षण पैरों की नवीनतम स्थिति निम्न प्रकार से है:-

(क) अंकेक्षण एवं निरीक्षण प्रतिवेदन अवधि.....से.....तक			
क्रम संख्या	पैरा संख्या	निर्णीत/अनिर्णीत	टिप्पणी

(नोट :- यदि प्रथम अंकेक्षण किया जा रहा है तो उक्त पैरा 1(ग) लागू नहीं होगा।

भाग-दो

2. वर्तमान अंकेक्षण:-

राजकीय महाविद्यालय.....के अवधिसे.....तक का वर्तमान अंकेक्षण , जिसके परिणाम अनुवर्ती अनुच्छेदों में दिये गये हैं , श्रीसहायक नियंत्रक /अनुभाग अधिकारी (लेखा परीक्षा)/कनिष्ठ लेखा परीक्षक द्वारा दिनांक.....से.....तक महाविद्यालय परिसर में किया गया।

नमूना अंकेक्षण हेतु अधिकतम आय व व्यय के आधार पर मासों का चयन निम्न तालिका के अनुसार कितना गया है:-

वित्तीय वर्ष	आय का चयनित माह	व्यय का चयनित माह

Disclaimer:- इस अंकेक्षण एवं निरीक्षण प्रतिवेदन का प्रारूपण संस्था के प्राचार्य द्वारा अंकेक्षण को प्रस्तुत की गई सूचनाओं एवं अभिलेख के आधार पर किया गया है। संस्था द्वारा अंकेक्षण को उपलब्ध करवाई गई किसी भी सूचना/अभिलेख के अपूर्ण/गलत व उपलब्ध न होने की स्थिति में अंकेक्षण प्रतिवेदन पर होने वाले किसी भी प्रभाव हेतु हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग उत्तरदायी नहीं होगा।

3. अंकेक्षण शुल्क:-

महाविद्यालय के निधि लेखों अवधिसे.....तक का अंकेक्षण शुल्क निम्न विवरणानुसार ₹(₹.....) आंका गया। इस अंकेक्षण शुल्क की राशि को निदेशक, हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग , शिमला -171009 को रेखांकित चैक /बैंक ड्राफ्ट के माध्यम से भेजने हेतु अंकेक्षण अध्याचना संख्या:..... दिनांक..... द्वारा अनुरोध किया गया , जिसकी अनुपालना में महाविद्यालय द्वारा रेखांकित चैक /बैंक ड्राफ्ट संख्यादिनांक..... द्वारा निदेशक , हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग, शिमला-171009 को प्रेषित कर दिया गया था।

वित्तीय वर्ष	आय (₹)	अंकेक्षण शुल्क (₹)

4. (क) वित्तीय स्थिति:-

महाविद्यालय की अवधि.....सेतक की वित्तीय स्थिति का संकलित विवरण निम्न प्रकार से है जिसका विस्तृत विवरण परिशिष्ट- में दिया गया है:-

वित्तीय वर्ष	अथशेष (₹)	आय (₹)	ब्याज (₹)	कुल (₹)	व्यय (₹)	अन्तशेष (₹)

(ख) बैंक खातों का विवरण:-

महाविद्यालय के छात्र निधियों के बैंक खातों में दिनांक 31.03.20.... को जमा राशि का विवरण निम्न प्रकार से था:-

क्रम संख्या	निधि का नाम	बैंक का नाम	खाता संख्या	बैंक शेष (₹)	रोकड़ बही शेष (₹)	अन्तर (₹)

(ग) बैंक समाधान विवरणी:-

दिनांक 31.03.20... की बैंक समाधान विवरणी परिशिष्ट- के अनुसार निम्न प्रकार से है:-

क्रम संख्या	विवरण	राशि (₹)
1	रोकड़ बहियों/वित्तीय स्थिति अनुसार अन्तशेष	
2	बैंक पास बुकों अनुसार अन्तशेष	
3	अन्तर (1-2), यदि कोई है	
4	अन्तर के कारण/बैंक समाधान विवरणी	

(घ) बैंक समाधान विवरण तैयार न करने के कारण रोकड़ बही व बैंक खातों के अन्तशेष में..... लाख का अन्तर।

(यदि बैंक समाधान विवरण तैयार न किया गया हो)

5. रोकड़ बही के रख रखाव व बैंक खातों के संचालन से सम्बंधित पैटिप्पणियां, यदि कोई हों।

6. (क) निवेश:-

महाविद्यालय द्वारा परिशिष्ट - में प्रस्तुत सूचना के अनुसार दिनांक को ₹.....की राशि छात्र निधियों से बैंक सावधि जमा में निवेश की गई थी। अतः सुझाव दिया जाता है कि परिपक्वता के उपरान्त इन राशियों को पुनर्निवेशित किया जाना सुनिश्चित किया जाए।

6. (ख) सावधि जमा में निवेशित राशियों व उनसे अर्जित ब्याज बारे अंकेक्षण टिप्पणियां यदि कोई हों।

6. (ग) निवेश:-

(यदि संस्थान द्वारा कोई भी राशि निवेश न की गयी हो)

महाविद्यालय द्वारा अंकेक्षण अवधि में छात्र निधियों से कोई भी राशि सावधि जमा में निवेशित नहीं की गई थी।

6. (घ) उचित वित्तीय प्रबंधन न होने के कारण सावधि जमा निवेश से संभावित अतिरिक्त ब्याज से वंचित होना:-

महाविद्यालय द्वारा अंकेक्षण अवधि विभिन्न छात्र निधियों की राशि को बैंकों के बचत खातों में ही जमा रखा गया था। यदि वास्तव व्यय को ध्यान में रखते हुये अतिरिक्त राशियों का एक समुचित भाग , जिसकी तत्काल महाविद्यालय को आवश्यकता नहीं थी, सावधि जमा में निवेश किया जाता तो महाविद्यालय को बचत

खातों की अपेक्षा अधिक ब्याज की प्राप्ति होती। अतः सुझाव दिया जाता है कि छात्र निधियों की अतिरिक्त राशि को सावधि जमा में निवेशित किया जाये ताकि महाविद्यालय को अतिरिक्त ब्याज से प्राप्त राशि का छात्रों के कल्याणार्थ व्यय किया जा सके।

आय

7. छात्रों से ₹..... लाख की विभिन्न निधियों/शुल्क की वसूली न करना/कम वसूली करना/विलम्ब से वसूली करना।

(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

8. छात्रों से ₹..... लाख की विभिन्न निधियों/शुल्क की प्राप्त राशि को रोकड़ बही में लेखांकित न करना/कम लेखांकित करना/विलम्ब से लेखांकित करना।

(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

9. छात्रों से ₹..... लाख की विभिन्न निधियों/शुल्क की वसूल की गई राशि को बैंक/ सरकारी कोष में जमा न करना/कम जमा करवाना/ विलम्ब से जमा करवाना।

(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

10. छात्रों से ₹..... लाख की विभिन्न निधियों का अनियमित वसूली करना।
(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

11. आय से सम्बन्धित अन्य अंकेक्षण अपत्तियां/टिप्पणियां, यदि कोई हों।
(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

व्यय

- 12.** सक्षम प्राधिकारी की स्वीकृति के बिना ₹..... लाख का अनियमित व्यय
(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

- 13.** विभिन्न निधियों पर ₹..... लाख का अनुचित प्रभार/व्यय।
(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

- 14.** औपचारिकताओं को पूर्ण किए बिना ₹..... लाख का क्रय/व्यय करना।
(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	

Action/Suggestions	
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- 15. छात्र निधियों से ₹.....लाख की अग्रिम राशियों का समायोजन न करना।**
(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

- 16. छात्र निधि खातों से ₹..... लाख के दिये ऋणों की प्रतिपूर्ति न करना।**
(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

- 17. मिश्रित निधि से ₹..... लाख के बिजली, पानी व दूरभाष के बिलों का अनुचित भुगतान।**
(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	

Action/Suggestions	
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- 18. व्यय से संबन्धित अन्य अंकेक्षण आपत्तियाँ/टिप्पणियाँ यदि कोई हों।**
(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

विविध टिप्पणियाँ

- 19. विभिन्न अभिलेख/रजिस्ट्रों का रख रखाव न करना/ अंकेक्षण में प्रस्तुत न करना**
(जो उपरोक्त शीर्षकों के अंतर्गत अंकेक्षण आपत्तियाँ/टिप्पणियाँ लेखांकित न की गयी है, को उचित उप-शीर्षकों में लेखांकित किया जाए)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

- 20. भण्डार का प्रत्यक्ष सत्यापन न करना।**
(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	

Audit Requisition	
Reply from the auditee	
Action/Suggestions	

21. अन्य विविध अंकेक्षण आपत्तियाँ/टिप्पणियाँ यदि कोई हों।

(जो उपरोक्त शीर्षकों के अंतर्गत अंकेक्षण आपत्तियाँ /टिप्पणियाँ लेखांकित न की गयी है को उचित उप शीर्षकों में लेखांकित किया जाए)

Rule/Govt. Order/Instructions	
Audit Observation (Detailed Audit para)	
Audit Requisition	
Reply from the auditee	
Action/Suggestions	

22. लघु आपत्ति विवरणिका

23. निष्कर्ष

7.7 H.P. Government Senior Secondary Schools

Authority for audit

The audit of accounts of student funds & fee of H.P. Government Senior Secondary Schools has been entrusted to the Himachal Pradesh State Audit Department as per the provision of Rule 4.9(B) of H.P. Secondary Education Code, 2012.

Number of Senior Secondary Schools

At present there are approximately 1839 number of Government Senior Secondary Schools running in the State. These schools are headed by the Principals as appointed by the State Government.

Time Allotment

The time allotment to conduct the audit is fixed by the Director-cum-Examiner, HP State Audit Department. At present, the time allotment to conduct the audit of student funds & fee of Government Senior Secondary Schools is as under:-

Sr. No.	Student strength	Time allotment (in days) in terms of pair for one year audit
1	Up to 500	1.5
2	501 to 900	2.5
3	901 to 1400	3
4	1401 to 2000	3.5

5	2001 to 3000	4
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The Auditor should make efforts to save as much time as possible. Due note of saving affected will be taken and their efforts in this regard will be appreciated. Permission of the authorities shall be a pre-requisite in case of extension of time allotment is required by the audit parties, otherwise the extra time availed will be treated as unauthorized stay and will be dealt accordingly. Auditor should not avail the time allotment fixed above as a matter of routine or right.

Audit fee to be charged

At present audit fee is ₹5000 per institution per annum. In case of schools with funds collection less than ₹1.0 lakh per annum, the fee will be ₹3000

Audit checks to be exercised.

While conducting the audit of various Funds Accounts in various schools the following aspects need special attention of the audit party.

Fees/Funds Accounts

It needs to be ensured by the audit that all the student fees are collected by the schools from the students as per the prevailing rates and the student fees so collected needs to be duly entered and accounted for in the relevant fees collection register and subsequently deposited immediately in the Govt. Treasury.

Likewise it needs to be ensured by the audit that all the funds are collected by the schools from the students as per the rates notified by the Education Department and the funds so collected need to be duly entered and accounted for in the relevant funds collection register and subsequently deposited immediately in the scheduled bank/ post office account.

Bank/Post Office Accounts

Bank/Post office accounts where the student's funds are deposited should be reconciled from time to time by the schools with cash books and interest allowed/credited by the banks/Post offices should be duly accounted for by the schools in their accounts.

Investment

It should be ensured that if investment is made in fixed deposit out of funds and such fixed deposits as and when matured, are immediately renewed/encashed,

Expenditure

Expenditure incurred out of various students' funds should be properly scrutinized keeping in view the following points, apart from other audit checks to be applied by audit party:

(a) It should be ensured that the purchases affected from the relevant student fund is a fit charge on that fund. For example, the relevant item purchased from a particular fund should directly relate to that fund and it must be admissible under the objects specified in that fund as mentioned in the Education Code and other guidelines lines issued in this regard from time to time.

(b) All the codal formalities regarding purchase of other stock items from different funds should be verified by audit including verification of quotations wherever applicable, sanction/approval of the competent authority, verification of

stock/store entries and verification of utilization/disbursement of stock/store items so purchased from the relevant fund account.

(c) Verification of payment be checked with actual payees receipts (APRs).

(d) Medicines purchased for students from the health funds should be duly recommended and verified by the Govt. Medical Officer of that locality/area and proper record of disbursement of medicines to students should be verified by the audit.

(e) Expenditure incurred out of sports funds for conducting sports activities, including payment of TA/DA thereof, should be verified with respect to the admissibility etc. under the relevant government instructions/rules applicable from time to time.

While conducting the audit of funds of High and +1, and +2 schools, the auditor should check mainly the following record

1. Strength of school during admission.
2. Name and number of funds collected from the students during the year.
3. How much fees have been collected from the students and deposited in the Govt. Treasury during the period under audit.
4. How much funds have been collected from the students and deposited in the scheduled banks/post office during the period under audit.
5. Cash Books of various funds
6. Fee collection register.
7. Attendance Register of High Classes.
8. FDR Register
9. Receipt books of +1 & +2 of the selected month
10. Stock register of all funds

- 11 Vouchers of expenditure
12. Stock account of receipt books.
13. Absentee statement.
- 14 Admission withdrawal registers.
15. Bank Statements/Pass Books of fund along with funds register.
16. Bank balance/certificate on the last day of each year under audit.
17. Any other income received in the funds account like sale of old newspapers, magazines, answer sheets etc.
18. Amount of funds for sports activities during the period under audit.
19. T.A/D.A paid to the teachers out of funds.
20. Library security receipts/refunds during the period under audit.
21. Investment in FDRs made out of funds during the period under audit.
22. List of advances paid and adjustment during the year.
23. Bank/Post Office Reconciliation Statement at the end each year under audit.

Note.— These are broad guidelines/information. Any other information/record in addition to above which are required by the field audit parties on the spot may be obtained from the institutions.

Note.— Requisition for supply of information should be issued in the beginning of audit on the accounts of various funds of schools as per proforma attached.

Audit Requisition No..... Dated.....

Subject — Information relating to various funds of GSSS.

Please keep/provide the following information relating to funds a/c of your school ready in the prescribed proforma:

(a) Strength of students:

Financial year	Number of students	
	Higher classes	+1 & +2

(b) Income and expenditure statement of funds (Financial year wise separately for High & Plus One & Plus Two)

Name of funds	Opening balance	Collection	Interest Income	Total Expenditure	Cash Balance Cash in hand+ Cash in Bank
1.Scout& Guide Fund					
2. Sports Fund					
3. Union Fund					
4. Science Fund/Physics, Chemistry, Geography, Ecology, Home Science etc.					
5. Health fund					
6. Library fund					
7. Magazine Fund					
8. Identity Card Fund					
9. Furniture repair & Replacement Fund					
10. Cultural Activity Fund					
11. Examination Fund					
12. NCC					

13. Fine Fund					
14. Any other fund in operation					

(c) Detail of advances (Fund wise) for the audit period (separately for high classes, 10+1 & 10+2)

Date of advance	Name of fund	Bill/Vr. reference	To whom paid	Amount	Date of Adjustment	Bill/Vr. reference	Adjusted & passed for
1	2	3	4	5	6	7	8

(d) Statement of FDR's along with income there from :

Date of investment	Name of Fund	FDR A/c No.	Amount invested	Rate of interest	Date of maturity	Date of actual encashment	Amount received on encashment
1	2	3	4	5	6	7	8

Information relating to stock of all funds.

Financial year	Date of physical verification/annual stock taking

(e) List of stock articles found short during physical verification.

Name of fund	Name of article	Quantity	Stock Register reference No.	Rate (Rs.)	Amount	Action taken
1	2	3	4	5	6	7

(f) List of unserviceable articles lying in stock:

Name of fund	Date of purchase	Stock Register reference No.	Name of article	Quantity	Rate	Amount	Action taken
1	2	3	4	5	6	7	8

(g) Detail of any contingent expenditure other than development expenditure met out of funds either on loan basis or otherwise during audit period.

Payment month	Name of fund	Bill/Vr. reference	Amount	Purpose of expenditure	When recovered

Detail of amount remitted to Dy. Director out of sports fund and Scout & Guide fund as their share :

Name of Fund	Financial year to which the share pertains	Total collection during the year	Month of remittance	Amount remitted

Note.— These are broad guidelines/information. any other information/record in addition to above which are required by the field audit parties on the spot may be obtained from the institutions.

**(This is an illustrative format of Audit & Inspection Note on the
accounts of student funds & fee of H.P. Government Senior Secondary
Schools)**

राजकीय वरिष्ठ माध्यमिक पाठशाला..... तहसील..... जिला..... हिमाचल प्रदेश के छात्र निधि लेखों
का अंकेक्षण एवं निरीक्षण प्रतिवेदन
अवधि.....से.....तक

भाग-एक

1. प्रारम्भिक:-

(क) हिमाचल प्रदेश माध्यमिक शिक्षा संहिता, 2012 के नियम 4.9 (बी) द्वारा हिमाचल प्रदेश की वरिष्ठ माध्यमिक पाठशालाओं के छात्र निधि लेखों के अंकेक्षण का दायित्व निदेशक , हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग को सौंपे जाने के दृष्टिगत राजकीय वरिष्ठ माध्यमिक पाठशाला.....तहसील.....जिला.....के छात्र निधि लेखों का अंकेक्षण कार्य निदेशक , हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग द्वारा किया गया।

(ख) अंकेक्षण अवधि के दौरान निम्न विवरणानुसार प्रधानाचार्यों ने पाठशाला में आहरण एवं संवितरण अधिकारी के रूप में कार्य किया:-

क्रम संख्या	प्रधानाचार्य का नाम	अवधि

(ग) गत अंकेक्षण प्रतिवेदन:-

राजकीय वरिष्ठ माध्यमिक पाठशालाके छात्र निधि लेखों का अंतिम अंकेक्षण विभाग द्वारा अवधि.....से.....तक किया गया था। गत अंकेक्षण प्रतिवेदनों की अंकेक्षण आपत्तियों के सन्दर्भ में पाठशाला द्वारा की गई कार्यवाही का अवलोकन करने के पश्चात अंकेक्षण पैरों की नवीनतम स्थिति निम्न प्रकार से है:-

(क) अंकेक्षण एवं निरीक्षण प्रतिवेदन अवधि.....से.....तक			
क्रम संख्या	पैरा संख्या	निर्णीत/अनिर्णीत	टिप्पणी

(नोट:- यदि प्रथम अंकेक्षण किया जा है तो उक्त पैरा 1(ग) लागू नहीं होगा।

भाग-दो

2. वर्तमान अंकेक्षण:-

राजकीय वरिष्ठ माध्यमिक पाठशालाके अवधि.....से.....तक का वर्तमान अंकेक्षण, जिसके परिणाम अनुवर्ती अनुच्छेदों में दिये गये हैं , श्रीसहायक नियंत्रक /अनुभाग अधिकारी (लेखा परीक्षा)/कनिष्ठ लेखा परीक्षक द्वारा दिनांक.....से.....तक पाठशाला परिसर में किया गया।

नमूना अंकेक्षण हेतु अधिकतम आय व व्यय के आधार पर मासों का चयन निम्न तालिका के अनुसार किया गया है:-

वित्तीय वर्ष	आय (₹)	व्यय (₹)

Disclaimer:- इस अंकेक्षण एवं निरीक्षण प्रतिवेदन का प्रारूपण प्रधानाचार्य द्वारा उपलब्ध करवाई गई सूचनाओं एवं अभिलेख के आधार पर किया गया है। उक्त संस्था द्वारा अंकेक्षण को उपलब्ध करवाई गई किसी भी सूचना /अभिलेख के अपूर्ण /गलत व उपलब्ध न होने की स्थिति में अंकेक्षण प्रतिवेदन पर होने वाले किसी भी प्रभाव हेतु हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग उत्तरदायी नहीं होगा।

3. अंकेक्षण शुल्क:-

पाठशाला के निधि लेखों अवधिसे.....तक का अंकेक्षण शुल्क निम्न विवरणानुसार ₹(₹.....) आंका गया। इस अंकेक्षण शुल्क की राशि को निदेशक, हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग, शिमला -171009 को रेखांकित चैक /बैंक ड्राफ्ट के माध्यम से भेजने हेतु अंकेक्षण अधियाचना संख्या :..... दिनांक..... द्वारा अनुरोध किया गया, जिसकी अनुपालना में पाठशाला द्वारा रेखांकित चैक /बैंक ड्राफ्ट संख्यादिनांक..... द्वारा निदेशक, हिमाचल प्रदेश राज्य लेखा परीक्षा विभाग, शिमला-171009 को प्रेषित कर दिया गया था।

वित्तीय वर्ष	आय (₹)	अंकेक्षण शुल्क (₹)

4. (क) वित्तीय स्थिति:-

पाठशाला की अवधिसेतक की वित्तीय स्थिति का संकलित विवरण निम्न प्रकार से है जिसका विस्तृत विवरण परिशिष्ट- में दिया गया है:-

वित्तीय वर्ष	अथशेष (₹)	आय (₹)	ब्याज (₹)	कुल (₹)	व्यय (₹)	अन्तशेष (₹)

(ख) बैंक खातों का विवरण:-

पाठशाला के छात्र निधियों के बैंक खातों में दिनांक 31.03.20.... को जमा राशि का विवरण निम्न प्रकार से था:-

क्रम संख्या	निधि का नाम	बैंक का नाम	खाता संख्या	बैंक शेष (₹)	रोकड़ बही शेष (₹)	अन्तर (₹)

(ग) बैंक समाधान विवरणी:-

दिनांक 31.03.20... की बैंक समाधान विवरणी परिशिष्ट - के अनुसार निम्न प्रकार से है:-

क्रम संख्या	विवरण	राशि (₹)
1	रोकड़ बहियों/वित्तीय स्थिति अनुसार अन्तशेष	
2	बैंक पास बुकों अनुसार अन्तशेष	
3	अन्तर (1-2), यदि कोई है	
4	अन्तर के कारण/बैंक समाधान विवरणी	

(ग) बैंक समाधान विवरण तैयार न करने के कारण रोकड़ बही व बैंक खातों के अन्तशेष में ₹ लाख का अन्तर।

(यदि किसी स्थिति में बैंक समाधान विवरण तैयार ना किया हो उस स्थिति में)

5. रोकड़ बही के रख रखाव व बैंक खातों के संचालन से संबन्धित पैट्रिप्पणियाँ।
(यदि कोई हों)

Rule	
Audit observation (Detailed Audit Para)	
Audit Requisition	

Reply from the auditee	
Action required/suggestion	

6 (क) निवेश:-

पाठशाला द्वारा परिशिष्ट -..... में प्रस्तुत सूचना के अनुसार दिनांक को ₹.....की राशि छात्र निधियों से बैंक सावधि जमा में निवेश की गई थी। अतः सुझाव दिया जाता है कि परिपक्वता के उपरान्त इन राशियों को पुनर्निवेशित किया जाना सुनिश्चित किया जाए।

6 (ख) सावधि जमा में निवेशित राशियों व उनसे अर्जित ब्याज बारे अंकेक्षण टिप्पणियां
(यदि कोई हों) ।

6. (ग) निवेश:-

(यदि संस्थान द्वारा कोई भी राशि निवेश न की गयी हो)

महाविद्यालय द्वारा अंकेक्षण अवधि में छात्र निधियों से कोई भी राशि सावधि जमा में निवेशित नहीं की गई थी।

6 (घ) उचित वित्तीय प्रबंधन न होने के कारण सावधि निवेश से संभावित अतिरिक्त ब्याज से वंचित होना

पाठशाला द्वारा अंकेक्षण अवधि विभिन्न छात्र निधियों की राशि को बैंकों के बचत खातों में ही जमा रखा गया था। यदि वास्तव व्यय को ध्यान में रखते हुये अतिरिक्त राशियों का एक समुचित भाग , जिसकी तत्काल पाठशाला को आवश्यकता नहीं थी , सावधि जमा में निवेश किया जाता तो पाठशाला को बचत खातों की अपेक्षा अधिक ब्याज की प्राप्ति होती। अतः सुझाव दिया जाता है कि छात्र निधियों की अतिरिक्त राशि को सावधि जमा में निवेशित किया जाये ताकि पाठशाला को अतिरिक्त ब्याज से प्राप्त राशि का छात्रों के कल्याणार्थ व्यय किया जा सके।

आय

7. छात्रों से ₹ लाख की विभिन्न निधियों /शुल्क की वसूली न करना /कम वसूली करना /विलम्ब से वसूली करना:-

(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit observation (Detailed Audit Para)	

Audit Requisition	
Reply from the auditee	
Action required/suggestion	

8. छात्रों से ₹ लाख की विभिन्न निधियों /शुल्क से प्राप्त राशि को रोकड़ बही में लेखांकित न करना/कम लेखांकित करना/विलम्ब से लेखांकित करना।

(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action required/suggestion	

9. छात्रों से ₹ लाख की विभिन्न निधियों/शुल्क की वसूल की गई राशि को बैंक/सरकारी कोष में जमा न करना/कम जमा करवाना/विलम्ब से जमा करवाना।

(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action required/suggestion	

10. छात्रों से ₹ लाख की विभिन्न निधियों की अनियमित वसूली करना।

(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
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Audit observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action required/suggestion	

11. आय से संबन्धित अन्य अंकेक्षण आपत्तियाँ/टिप्पणियाँ।

(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action required/suggestion	

व्यय

12. विभिन्न निधियों से निर्धारित सीमा सेर लाख का अधिक व्यय।

(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action required/suggestion	

13. सक्षम प्राधिकारी की स्वीकृति के बिना लाख का अनियमित भुगतान।

(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action required/suggestion	

14. विभिन्न निधियों पर ₹ लाख का अनुचित प्रभार/व्यय।

(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action required/suggestion	

15. औपचारिकताओं को पूर्ण किए बिना ₹ लाख का क्रय करना।

(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action required/suggestion	

16. छात्र निधियों से ₹ लाख की प्रदान अग्रिम राशियों का समायोजन न करना।

(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action required/suggestion	

17. व्यय से संबन्धित अन्य अंकेक्षण आपत्तियाँ/टिप्पणियाँ, यदि कोई हों।
(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action required/suggestion	

विविध टिप्पणियाँ

18. विभिन्न अभिलेख/रजिस्ट्रों का रख-रखाव न करना/अंकेक्षण में प्रस्तुत न करना
(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action required/suggestion	

19. भण्डार का प्रत्यक्ष सत्यापन न करना।
(यदि कोई हो, उस स्थिति में)

Rule/Govt. Order/Instructions	
Audit observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action required/suggestion	

20. अन्य विविध अंकेक्षण आपत्तियाँ/टिप्पणियाँ

(जो उपरोक्त शीर्षकों के अन्तर्गत अंकेक्षण आपत्तियाँ/टिप्पणियाँ लेखांकित न की गयी है को उचित उप-शीर्षकों में लेखांकित किया जाए)

Rule/Govt. Order/Instructions	
Audit observation (Detailed Audit Para)	
Audit Requisition	
Reply from the auditee	
Action required/suggestion	

21. लघु आपत्ति विवरणिका

22. निष्कर्ष

7.8 Guidelines for pre-audit of Universities, H.P. Board of School Education, Marketing Board and Market Committees

1. RESIDENT AUDIT SCHEMES OF THE UNIVERSITIES/BOARD OF SCHOOL EDUCATION/MARKETING BOARD/MARET COMMITTEES

The Resident Audit Schemes were introduced in the H.P. University Shimla, Chaudhary Sarvan Kumar University of Agriculture at Palampur, Dr. Y.S. Parmar University of Horticulture & Forestry, Nauni (Solan), H.P Board of School Education, Dharamshala along with its Liaison Office at Shimla. Under this system, all expenditure is pre-audited unless some modification in the system is considered necessary by the Director-cum-Examiner, H.P. State Audit Department keeping in view the merits of the case. These Resident Audit Schemes are subject to pre-audit system from the dates shown against each and the officers shown their against are responsible for the efficient working of audit branch in these schemes.

Sr.No.	Name of Resident Audit Scheme	Date of introduction	Officer in charge of Resident Audit Scheme
1.	H.P. University, Shimla-5	15.02.1982	Joint Controller
2.	Chaudhary Sarvan Kumar University of Agriculture at Palampur	15.06.1979	Joint Controller
3.	Dr. Y.S. Parmar University of Horticulture & Forestry Nauni (Solan)	01.12.1985	Joint Controller

4.	Sardar Patel University Mandi, District Mandi.	19.12.2019	Deputy Controller
5.	Atal Medical & Research University Ner-Chowk, Mandi, H.P.	19.12.2019	Deputy Controller
6.	Himachal Pradesh Technical University Hamirpur.	19.12.2019	Deputy Controller
7.	H.P Board of School Education, Dharamshala	24.05.1971	Deputy Controller

Note 1.— The Resident Audit staff shall work under the direct control of The Director-cum-Examiner, H.P. State Audit Department who may prescribe such returns/reports as he deems fit for submission by the audit staff from time to time. The work among the auditors under the schemes shall be distributed half yearly by the In-charge under intimation to the Headquarter Office of the HP State Audit Department and In-charge share of original work shall comprise of important items leaving to him sufficient time for review and effective supervision. The audit enfacements shall be signed by the In-charge of the scheme or the officer authorized by him. During his absence on leave/tour, etc. the next senior most officer/official will sign the audit enfacement.

Note 2:— Overall charge of the H.P Board of School Education, Dharamshala with Liaison Office at Shimla shall ultimately remain with Deputy Controller, Resident Audit Scheme, H.P Board of School Education, Dharamshala and the Section Officer posted in the Liaison office Scheme shall work under the overall control of Deputy Controller, Resident Audit Scheme H.P Board of School Education, Dharamshala.

Note 3:— The level of Officer In-charge of Resident Audit Schemes is subject to increase or decrease which will be determined by Director-cum-Examiner, HP State Audit Department with approval of the competent authority.

Note 4:—Resident Auditors posted in the Resident Audit Schemes is required to comment on the adequacy and effectiveness of the internal control system of the organization and give an opinion whether the control arrangement including those for economy, efficiency and effectiveness are adequate and properly applied. The In-charge Resident Audit Scheme should also prepare before the beginning of the year a long term strategy document supported by an annual audit plan for post audit of the different departments of the organization.

(a) Resident Audit Schemes of Universities

The modern approach has raised the auditing standard by allowing a more scientific approach in place of ticking. Auditor should know and be able to assess intelligently the nature of business of the organizations, the people who run it and the reasons for its success and failure. Salient points for improvement in system of Resident Audit Schemes of the Universities are as under:

Grants

Auditor should see that all the Grants received from the State Government, ICAR, UGC and from other agencies are duly brought to the account in the University Fund and all the conditional grants are spent for the purpose for which these were sanctioned and as per terms and conditions of the sanctioning authorities. Any portion of the amount, which is not ultimately required for expenditure, will be surrendered.

Fleet of buses

Huge expenditure is incurred on plying of the university buses daily to bring and drop the university employees and students from different locations on concessional fare, which drains the meager resources of the Universities. Audit should consider the following aspects in order to make aware the University authorities with regard to increase in expenditure/losses on the university exchequer :

- (i) Total expenditure incurred on the purchase/maintenance of buses including wear and tear.
- (ii) Total expenditure incurred on the establishment of mechanical workshop including drivers, conductors etc.
- (iii) The rates of fare and monthly concessional pass issued to the employees/students.
- (iv) The comparison of rates fixed by the university as compared to HRTC fare fixed by the Govt. for the public at large.

Functioning of dairy farms

The two professional Universities maintain dairy farms. Substantial amount is incurred to meet their running/research cost. Audit should see that :

- (i) Total expenditure incurred on the salary of the staff deployed in the dairy wing.
- (ii) The expenditure incurred during the year on purchase of feed/grass etc. for the animals.

- (iii) The expenditure incurred on purchase of milking machines, utensils and maintenances charges thereof.
- (iv) Total receipt/income during the year from the sale of milk and other by-products.
- (v) Whether any research work was completed and report submitted for the benefit to be derived by the farmers or quantum of progress made if the research work was in progress ?

Utilization of farms/nurseries

In order to make aware the University authorities as regards to increase in revenue of the University exchequer by producing good quality of seeds, mushroom technology, agro forestry nursery, improvement of fruit varieties, the audit should comment on the following issues.

- (i) How much land is available for farming/to produce agro forestry nurseries?
- (ii) How many plants of fruits are under jurisdiction of the University ?
- (iii) How much expenditure was incurred on the sowing of crops for seed ?
- (iv) The total expenditure incurred on the staff/daily paid worker for farming.
- (v) How much income was realized from the sale of crop?
- (vi) Specific weakness/failures for achievement of desired results by the University.

Extension education

In order to ascertain achievement of the research work done in the Directorate of Extension Education of the University, which is extended/disseminated to the farming community and public at large for

improving the quality of crops, fruits, seeds, agricultural implements etc., the audit should comment upon the following issues:

- (i) Total expenditure incurred on the establishment of the staff posted in the Directorate of Extension Education.
- (ii) How many variety of seeds developed by the research wing were disseminated to the farmers?
- (iii) How many seminars, trainings and farmer fairs were organized in the financial year along with expenditure incurred there on?
- (iv) How many farmers were imparted training for improvement in agriculture/horticulture farming?
- (v) What types of benefits for improvement in the agriculture farming/horticulture farming, agro forestry nurseries etc. were derived and how many farmers were benefited by the training imparted and the latest techniques/research disseminated to the farming community against the expenditure incurred on the Directorate of Extension Education?

Research Projects

To perform the efficiency audit in the research projects which are funded by the UGC, ICAR, other agencies etc., apart from pointing out the excess expenditure incurred on any specified sub- head included in the project, the audit should comment upon following aspects:

- (i) The amount sanctioned by the funding agency for a particular project/scheme/research work.
- (ii) The head-wise expenditure sanctioned and incurred by the University.
- (iii) What was the object of the research work?

- (iv) How much time frame was fixed for the completion of project/research work?
- (v) Whether the research work was completed in a set time frame, if not what were the reasons for delay?
- (vi) If the research work was completed, whether the project/research report was submitted to the authorities?
- (vii) What were the failures and achievements of the project completed? Whether the research work completed was disseminated to the farmers and public at large?

Adjustment of Advances

In Resident Audit Schemes of Universities, the auditor should ensure to take the following steps:

- (i) Advances may not be admitted in audit in a routine manner. Only such advance, which is required for emergent cases and for the smooth functioning of the research work of Projects or for other important reasons, for which the working of the University activities may not be hampered, should be admitted in audit.
- (ii) Sincere efforts should be made to impress upon the University authorities for submission of accounts of unadjusted advances to the audit without delay.
- (iii) As soon as the adjustment accounts are put up by the University authorities to the audit, the same may be adjusted/attended promptly.
- (iv) Vigorous efforts be made to clear all the adjustment accounts of advances within a week of the receipt in the Audit Branch.
- (v) Ordinarily no second advance be admitted in audit unless previous advance is got adjusted by the Officer/Officials concerned.

Construction Wing

Apart from guidelines contained in Suggestive Check List for Audit of Work Bills, the following general principles may also be kept in view while conducting the audit of works expenditure:

- (i) Necessary funds should have been provided for incurring the work expenditure.
- (ii) Standard forms of contract should have been adopted specifying therein the terms and conditions with the contractor.
- (iii) Provisions should have been made in the contract agreement for safeguarding the property of the University entrusted to the contractor.
- (iv) Measurement of work done should have been taken and recorded in the Measurement Book.
- (v) Payment made should be in accordance with rates and other terms and conditions laid down in the agreement.

Note-1:— The time schedule prescribed in the Act/Statute/Govt. instructions for vetting of annual accounts and drafting/submission of annual audit report must be strictly adhered to by the In-charge Resident Audit Schemes.

Note- 2:—An epitome of the year's results of audit bringing out all important irregularities, outstanding audit paras, state of accounts and the finances, Synopsis of important findings along with financial analysis report should be submitted to the Director—cum Examiner, H.P. State Audit Department as per time schedule fixed for the same.

Note- 3:— All audit requisitions and objections, which are incorporated in the Annual audit Report should be withdrawn and the points, should be perused through the Annual Report.

Note- 4:— Annotated copy of the Annual Report received in the Headquarter Office is sent to the in charge of the Resident Audit Scheme for scrutiny and making further comments in light of the action taken. The tendency on the part of the officer-in-charge of Resident Audit Scheme not to pursue the objections contained in the previous Annual Audit Reports till the report for the next year is due, should be avoided. He should understand that this tendency is viewed with serious displeasure and in case the list of old objections is heavy, it will be presumed that he is not pulling his weight with the administration and the Director-cum-Examiner, HP State Audit Department will make a note to this effect in his confidential report.

Note- 5:— Government instructions issued on various matters from time to time shall be applicable mutatis-mutandis in the Universities unless specific provisions exist in the Act, Statute/Ordinance and Accounts Manual.

Note- 6:— In case the provisions contained in the Act, Statute/Ordinance to override the Fundamental Rules, Pension Rules, Leave Rules etc. and are inconsistent with these Rules, the matter be referred by the In-charge of the Resident Audit Schemes to the Director-cum Examiner, H.P. State Audit Department for clarification and the same will be disposed off by the Director-cum-Examiner, HP State Audit Department and/or Additional Director HP State Audit Department, as the case may be.

2. Resident Audit Schemes of H.P. Board of School Education Dharamshala and its Liaison Office if any :

The salient points/the special checks to be exercised for conducting the audit of H.P. Board of school Education and its Liaison Office (if any) are laid down in the following paragraphs:

Control

The staff of the Resident Audit Scheme works under the overall control of the Deputy Controller, who is assisted by the Section Officers and Junior Auditors. The scheme works under the overall control of Director-cum- Examiner, H.P. State Audit Department.

Powers and functions of the authorities of Board

Powers and functions of various authorities of the Board are laid down in Section 10 of H.P. Board of School Education, Act, 1968, which may be referred to carefully in day-to-day work of its accounts.

Budget

Resident audit staff shall see that the budgetary provisions are recorded in the classified Abstract Register as soon as the Board accords the approval. Excess expenditure over the sanctioned provisions may not ordinarily be admitted till the re-appropriation of funds is made with sanction of the competent authority.

Income

Main source of income of the Board is the examination fee and income derived from the sale of textbooks to the registered booksellers besides misc.

receipts. While conducting the audit of income, the auditors should mainly observe the general principles of audit of receipts, but should also see that :

- (i) Receipt Books, which are got printed by the Board, are duly entered and accounted for in the stock register of the receipt books.
- (ii) Receipt Books issued to the staff are duly entered in the stock registers of receipt books.
- (iii) A receipt is duly issued for the entire amount received.
- (iv) All receipts are duly accounted for in the income register/cashbook.
- (v) All the postal orders and bank drafts etc. received are duly entered in the relevant register. It should also be seen that total amount received by way of postal orders and bank drafts etc. is accounted for in the cashbook.
- (vi) Amount received is duly credited in the bank.
- (vii) All the postal orders and bank drafts etc. received are sent to bank for collection and credited by the bank.

Expenditure

Subject to provisions of the Act, and regulations made there under, Board's Fund may be applied only for the payment of charges and expenses connected with or incidental to functions of the Board.

All the bills shall be checked and certified to be correct by the officer(s) to whom this duty is assigned by the Chairman and signed by the Secretary or any other officer nominated by the Chairman for this purpose. Payment shall ordinarily be made by cheques signed by the Secretary or any other officer nominated by the Chairman for this purpose. Payment vouchers are recorded in the Expenditure

Register and the total carried over to the General Cash Book. The balance in the General Cash Book should be reconciled with the balance in the pass book/bank statement and the reconciliation statement explaining therein difference, if any is prepared at the end of each month and should be checked by the auditors very carefully.

Examination centres

The bills of Superintendents of examination centres should be checked to see that:—

- (i) All the vouchers are properly attested by the Superintendents of the examination centers.
- (ii) Payment is in accordance with the rules prescribed in the book of instructions to the Superintendents of examination centers.
- (iii) Stationery and blank answer Books issued to the Superintendents are checked with the register maintained by the Conduct Branch.
- (iv) Advance given to the Centre Superintendent/Coordinators at the commencement of the examination has been adjusted.
- (v) The amount of the bill of Superintendents/Supervisory Staff of each examination center is traced in the Bill Register of the Accounts Branch.

Remuneration

- (i) Remuneration to invigilators should be checked to see that they are paid in accordance with the rules prescribed in the book of instructions to the Superintendents, who affix his signature in token of correctness of the amount claimed.
- (ii) The remuneration to the Examiners is paid in accordance with the scales approved by the Board from time to time.

- (iii) The number of copies examined by each Examiner and sub-Examiner should tally with that of the list supplied by the Secrecy Branch.

Contingent bills of Examiners

Contingent bills of the examiners should be checked to ensure that they are not paid at the rates in excess of the scales prescribed in the regulations framed by the Board.

Scrutinizer's bills

Scrutinizer's bills should be checked to see that :

- (i) The bills are signed by the Deputy Secretary (Examination) or any responsible officer authorized in this behalf.
- (ii) Accuracy of deduction of account of mistakes committed by the Scrutinizers is checked in accordance with footnote given on the prescribed Performa of the bill.

Refunds

Every refund bill should be checked to see that the claim is admissible, the original credit entry exists in the income register and note of refund is recorded against this entry.

Publication and Sale of Books

The books are published by the Board and sold to the registered book sellers through Sale Book Depots of H.P Board of School Education in various parts of the State. The audit of accounts of Sale Book Depots is conducted by the staff deputed by the Deputy Controller (Audit) of the Resident Audit Scheme. The quantum of check to be applied in respect of Sale Book Depots is as under, which

is determined and approved by the Director-cum-Examiner HP State Audit Department and is subject to change from time to time:—

- (i) Detailed checking of two selected month's accounts in a half year.
- (ii) Detailed audit of receipt books received from the printing press or from other sources for tracing them in the stock register.
- (iii) Detailed audit of drafts received and their entries in the register of drafts together with their subsequent encashment and credit to the Board Fund.
- (iv) The accounts of sale daybook for the selected months.
- (v) Detailed audit of inter depot Transfers.
- (vi) Detailed audit of stock of books written off.
- (vii) Detailed review of monthly report indicating the stock position of each book at the end of the month sent by every depot to the Head Office of the Board and checking the correctness of these reports.
- (viii) Detailed audit of stock balances as per the stock registers of various books.

Note 1:— The time schedule prescribed in the Act/Government instructions for vetting of annual accounts and drafting/submission of annual audit report must be strictly adhered to by the In-charge Resident Audit Scheme.

Note 2:— An epitome of the year's results of audit bringing out all important irregularities, outstanding audit paras, state of accounts and the finances, synopsis of important findings along with financial analysis report should be submitted to the Director-cum-Examiner H.P. State Audit Department as per the time schedule fixed for the same.

Note 3:— All audit requisitions and objections, which are incorporated in the Annual audit Report, should be withdrawn and the points should be perused through the Annual Report.

Note 4:— Annotated copy of the Annual Report received in the Headquarters Office is sent to the In-charge of the Resident Audit Scheme for scrutiny and making further comments in light of the action taken. The tendency on the part of officer-in-charge of the Resident Audit scheme not to pursue the objections contained in the previous Annual Audit Reports till the report for the next year is due should be avoided. He should understand that this tendency is viewed with serious displeasure and in case the list of old objections is heavy, it will be presumed that he is not pulling his weight with the administration and the Director-cum-Examiner, HP State Audit Department will make a note to this effect in his confidential report.

Note-5:— Government instructions issued on various matters from time to time shall be applicable mutatis-mutandis in the H.P. Board of School Education unless specific provisions exist in the Act and bye-laws framed, if any.

Note-6:— In case the provisions contained in the Act and bye-laws framed, if any, override the Fundamental Rules, Pension Rules, Leave Rules etc. and are inconsistent with these Rules, the matter be referred by the In-charge of the Resident Audit Scheme to the Director-cum-Examiner, H.P. State Audit Department for clarification and the same will be disposed off by the Director-cum-Examiner, H.P. State Audit Department and/or Additional Director HP State Audit Department, as the case may be.

3 H.P. MARKETING BOARD/MARKET COMMITTEES

The Resident Audit Schemes were introduced in H.P Marketing Board and in five major Market Committees from the dates shown against each. Under this system, all expenditure is pre audited unless some modification in the system is considered necessary by the Director-cum-Examiner, H.P. State Audit Department keeping in view the merits of the case. Officers shown against each Resident Audit Scheme are responsible for the efficient working of the Audit Branch in these schemes.

Sl. No.	Name of Resident Audit Scheme	Date of introduction	Officer-in-charge of the Resident Audit Scheme
1.	H.P. MARKETING BOARD, Khalini, Shimla.	09.08.2004	Assistant Controller & Section Officer
2.	Market Committee, Shimla and Kinnaur at Dhalli.	24.01.2000	Section Officer
3.	Market Committee, Solan.	11.08.2004	Section Officer
4.	Market Committee, Mandi at Kangni, Mandi	09.08.2004	Section Officer
5.	Market Committee, Kullu & Lahaul Spiti at Kullu.	19.01.2005	Section Officer

The Resident Audit Staff shall work under the direct control of The Director-cum-Examiner, HP State Audit Department, who may prescribe such returns /reports as he deems fit, for submission by the audit staff from time to time. The work amongst the auditors under the schemes shall be distributed half yearly by the In-charge under intimation to the Headquarter Office of the HP State Audit

Department and In-charge share of original work shall comprise of important items leaving to him sufficient time for review and effective supervision. The audit encagements shall be signed by the In-charge of the scheme or the officer authorized by him. During his absence on leave/tour etc., the next senior most officer/official will sign the audit encagement.

Apart from above, the audit of market Committees Una, Bilaspur, Paonta Sahib, Chamba, Kangra and Hamirpur is conducted on post audit basis by the circle audit parties.

In addition to applying the usual audit checks, it shall be the duty of the In-charge Resident Audit Schemes/Incharge circle audit party to conduct higher audit of all the payments vouchers against standards of financial propriety. At the same time special instructions as may be issued by the Director-cum-Examiner, H.P. State Audit Department and instructions issued by the Government from time to time may be adhered to by the audit. The audit of Marketing Board/Committees is subject to the following essential audit checks.

- (i) That the funds have been utilized only on the purposes authorized by the Act or Rules.
- (ii) That the funds made available for the expenditure have been provided for in the manner specified in the Act or Rules.
- (iii) That the funds earmarked for specific purposes have been utilized for the same purpose alone.
- (iv) That the sanction either general or special of the authority competent to sanction the expenditure has been obtained.
- (v) That investment made during the year has duly been recorded in the investment register.
- (vi) That accounts are maintained in the prescribed form.

- (vii) That expenditure incurred is within the budgetary provision.
- (viii) That grant received from the Govt. is duly accounted for in the accounts and utilized as per terms and conditions of the sanctioning authority.

Advances

Auditor should comment upon advances given to the official/firms etc., account rendered, adjustment made thereon as per Proforma given below.

Name of official/firm	Amount of advance	Purpose of advance given	Amount of adjustment rendered	Closing Balance	Remarks
1	2	3	4	5	6

Construction work of Market Yard/Sub Market Yard

While conducting the audit of construction work of the Market Yard of the Market Committee, apart from pointing out the procedural lapses, the following points may also be kept in view by the audit in order to evaluate the construction of Market yard for the benefit of farmers, fruit growers etc.:

- (i) Funds allotted for the construction of principal market yard/sub market yard.
- (ii) Selection of sites for the construction of principal market yard/sub market yard.
- (iii) Whether work is carried out departmentally or otherwise?
- (iv) Whether norms of PWD are followed or not?
- (v) Estimated expenditure and actual expenditure incurred for the construction.
- (vi) Whether work has been completed within the prescribed period?

- (vii) Whether market yard/sub yard became functional? If not, reason for not its becoming functional.
- (viii) Construction of Godowns.
- (ix) Deposit Works Register.

Construction of shop and rent thereof

While conducting the audit of construction work of shops and realization of rent, the following points may also be kept in view by the audit in order to evaluate the construction of shops and rent received from the shops:

- (i) Funds allotted for the construction of shops.
- (ii) Number of shops constructed during the year.
- (iii) Number of shops rented out during the year.
- (iv) Whether rent of shops has been fixed on market rates or fixed by the Committee?
- (v) Whether agreement was executed with the shopkeeper and renewed after its expiry date?
- (vi) Assessment of rent of shops.
- (vii) Whether rent was hiked/increased periodically in accordance with the Govt. instructions?
- (viii) Arrears of shop rent as on as per Proforma given below:-

Name of allottee	Opening balance	Demand for the year	Total	Rent realized	Outstanding balance at the end of financial year
1	2	3	4	5	6

Roads

While checking the utilization of funds spent on the construction of roads apart from the usual checking of record entries, arithmetical calculations, extension of time, rates paid as per agreement etc. auditor should also analyze the work from the point of view of general benefit extended to the agriculturists/fruit growers and the public at large. The auditor should kept in view the following points and comment upon the failure and/or success of the work extended for the benefit of vegetable/fruit growers:

- (i) Funds allotted for the construction of roads.
- (ii) Selection of area where roads are proposed to be constructed.
- (iii) Whether proposed road is in the agricultural grower areas?
- (iv) Population of agricultural producers in the area, which are likely to be benefited.
- (v) Expenditure incurred on the construction of roads.
- (vi) Whether roads have been constructed within stipulated period?
- (vii) Whether work carried out departmentally or otherwise?

Licenses

The auditor should check Register of Licenses to see :

- (i) That the licenses issued are invariably entered in the requisite Form and the same should be traced in this register.
- (ii) That a receipt is issued to the licensee for realization of the license fee.
- (iii) That the register is reviewed and action is taken to get the license renewed or cancelled after the expiry of the period of license.
- (iv) That the licenses are granted by the Secretary of the Committee or any other officer authorized by him in writing.
- (v) That in case of default, action is taken against the person committing any breach of conditions of the license.

Levy and Collection of Market Fee

The levy and collection of market fees by the Market Committees should be examined on the following lines :—

- (i) That the market fee has been levied under the authority of the Government.
- (ii) That notification regarding the levy of market fee has been duly published in the manner prescribed in the Act or rules or regulations.
- (iii) That the market fee is levied at the approved rates.
- (iv) That the record of market fee due and received is duly maintained.
- (v) That printed receipts have been issued in all cases of collections.
- (vi) That market fee due has been properly realized and has not been allowed to become time-barred.
- (vii) That collection have been entered in the demand and collection register and accounted for in the cashbook.

- (viii) That income of sub-yards is collected at suitable intervals to be fixed by the Market Committee keeping in view the safety of the amount realized and to obviate the risk of misappropriation and loss to the Market Committee fund.
- (ix) That the prescribed number of accounts of dealers is checked by the Secretary and Market Supervisors and effective action is taken for recovery of market fee, if any evaded.
- (x) That no item of agriculture produce included in the list of H.P. Agricultural and Horticultural Produce Marketing Act, which is brought or sold by licensees, is left without realization of market fee.

Note.—Auditor should comment upon loan given to the fruit and vegetable growers and Market Committees as per the Proforma given below:

Name of agriculturist	Purpose of loan & amount sanctioned	Date	Amount of loan	Interest chargeable	Refund of loan	Balance
1	2	3	4	5	6	7

Market Committees

Name of Market Committee	Date of loan given	Amount of loan	Refund of loan received	Balance	Remarks/ particulars of sanction of loan viz Resolution No., Sanction letter No. etc.
1	2	3	4	5	6

Note.— Requisition for supply of information should be issued in the beginning of post audit of the accounts of Market Committees as per the Performa given below:

(This is an illustrative format of Audit & Inspection Note on the accounts of various Resident Audit Schemes)

(Annexure-C)

(For Draft Annual Audit Report of Universities, H.P. Board of School Education, Marketing Board and Market Committees)

Preface: (a) Brief details of report to be prepared under the rules of relevant Act and its presentation to the authority concerned

(b) Particulars of Statutory Officers serving in the institution along with their time period.

Overview: A synopsis of the important findings contained in the report is presented in this overview.

Chapter I: (a) Introduction

(b) Financial position of the institution along with reconciliation.

(c) Financial position of Provident Fund Accounts along with reconciliation.

Chapter II: This Chapter shall comprise audit observations detected during each audit (audit observation of various departments may be indicated in seriatim observations)

Chapter III: Audit observations of the works department may be indicated including works store stock accounts, expenditure.

Chapter IV: Position of old observations (Latest position of old audit observations)

Above 15 Years

Sl. No	Period of audit	Para no.	Present position with brief detail.

Above 10 Years

Sl. No	Period of audit	Para no.	Present position with brief detail.

Above 5 Years

Sl. No	Period of audit	Para no.	Present position with brief detail.

Below 5 Years

Sl. No	Period of audit	Para no.	Present position with brief detail.

Chapter V : This shall contain department-wise details of record not submitted i.e. Non-submission for audit of record(s).

Chapter VI: It shall contain Appendices referred to in the various audit observations.

(Note:- Audit Requisitions shall be issued by the In-charge, Resident Audit Schemes as per requirement of the audit)

Annexure-“B”

Audit Requisition No..... Dated.....

Subject — Supply of information for conducting the audit of Marketing Board / Committees for the period from.....to.....

Please keep ready/provide the following information relating to accounts of your office in the prescribed Proforma:

1. Financial position of the Marketing Board/Committee relating to period of the audit.
2. Investment made during the year with complete information of investment made up on the following format with Bank certificate:—

Sr. No.	Name of bank	Date of investment	Amount kept in fixed deposit	Period
1	2	3	4	5

Rate of Interest.	Date of maturity	Maturity of FD	Remarks
6	7	8	9

3. **Budget (Receipt & Expenditure):- Estimated and actual receipt and expenditure for the year.....**

Receipt				Expenditure			
Head	Estimated	Actual	Remarks	Head	Estimated	Actual	Remarks

4. (i) Loan taken from other institutions:

Sr. No	Date	Loan taken from	Amount of loan	Rate of interest
1	2	3	4	5

Interest payable	Refund of loan	Balance	Remarks
6	7	8	9

4. (ii) Loan given to producers of market area as on.....:

Sr. No	Name of the producer	Sanction and Date	Amount of loan given	Date
1	2	3	4	5

Rate of interest	Interest chargeable	Total amount Col. No. 4+7	Refund of loan	Balance recoverable	Remarks
6	7	8	9	10	11

4. (iii) Loan given to other Market Committee/institutions as on-----:

Sr. No	Name of Market Committee	Sanction no. and date	Amount of loan given	Loan paid on
1	2	3	4	5

Rate of interest	Interest chargeable	Total amount Col. 4+7	Refund of loan	Balance recoverable	Remarks
6	7	8	9	10	11

5. Grant-in-Aid : Grant-in-Aid received from the Govt.

Sr. No	Sanction no. and date	Purpose	Amount taken in the Cash Book on date	Amount received
1	2	3	4	5

Grant utilized	Balance	Remarks (UC) sent vide letter no. and date
6	7	8

6. (i) Advance: Advance given to the staff:

Sr. No.	Name of the employee	Purpose for which advance given	Amount of advance	Adjusted (Account rendered for adjustment)
1	2	3	4	5

Balance	Remarks
6	7

6. (ii) Advance: Advance given to the staff viz. Marketing Board/PWD etc. as deposit work:

Sr. No	Advance given to (Name of Institution)	Purpose	Amount of advance	Particulars of remittance made
1	2	3	4	5

Adjusted Amount	Balance	Remarks
6	7	8

6. (iii) LTC advance: LTC advance given to staff as on :

Sr. No.	Name of the employee	Amount given	Amount adjusted	Balance/ Remarks
1	2	3	4	5

7. (i) Rent of Shops: Detail of rent outstanding as on;

Sr. No	Name of allottee	Shop no.	Location	Demand for the year
1	2	3	4	5

Rent received	Rent out- standing	Remarks
6	7	8

7. (ii) Vacancy of shops : Vacancy of shops as on:

Sr. No.	Shop no	Constructed in	Rent of shops	Given on rent w.e.f.	Vacant w.e.f.	Reasons for vacancy with action taken
1	2	3	4	5	6	7

7. (iii) Lease premium and penal interest :

Sr. No	Property given on lease	Lease premium due	Lease premium received	Balance	Penal interest chargeable	Remarks
1	2	3	4	5	6	7

8. Detail of licenses not renewed during the period:

Sr. No	Name of licensee	Particulars	Remarks
1	2	3	4

9. Assets acquired during the year:

Permanent assets acquired during the year including vehicle.

Sl. No	Asset acquired	Volume of Asset	Date when acquired	Remarks
1	2	3	4	5

10. Market fee: Detail of Market Fee recoverable from the Traders:

Sr. No.	Name of trader	Market Fee due for the period	Amount of Market Fee due	Fee deposited by the trader on date	Market fee short deposited, if any	Remarks/Late Deposit)
1	2	3	4	5	6	7

11. Physical verification :

Results of physical verification:

Sr. No	Articles	Stock Register with page no.	Quantity as per stock Register	Volume of article
1	2	3	4	5

Physically article in stock	Article short in stock	Volume of article	Remarks
6	7	8	9

12. Deposit work: Detail of amount deposited by the Market Committee with the Marketing Board:

Sr. No	Name of Market Committee	Purpose of deposit	Taken into cash book on dated	Amount received
1	2	3	4	5

Utilized	Balance	Remarks UC Sent on to Market Committee
6	7	8

13. Establishment:

(i) Staffing position

Sr. No.	Category	No. of sanctioned posts	Filled up posts	Vacant
1	2	3	4	5

(ii) Employee on contract/D.P.B

Sr. No	Name of the employee	Contract/D/W	W.e.f.
1	2	3	4

14. Write off of losses;

Details of write off during the period

Sr. No	Particulars of item	Sr. No. & page no	Book value	Reasons for writing off
1	2	3	4	5

Mode of disposal	Amount received	Remarks
6	7	8

Note:— These are broad guidelines/information; any other information/record in addition to above which is required by the field audit parties on the spot may be obtained from the institutions.

Other miscellaneous institutitons:-

The Himachal Pradesh State Audit Department also conducts the audit of various institutions viz. Agricultural Produce Marketing Committees, District Sainik Welfare Funds, Chief Minister Relief Fund, District Relief Funds, Fair and Festivals, Indira Gandhi Sports Complex, HP Secretariat Canteen, HIMCOPs, Language, Arts and Culture etc. The audit of these institutions should be done as per the departmental orders/instructions/Acts/rules and as per the general guiding principles of audit as mentioned in this chapter.

7.9 GENERAL PRINCIPLES

While conducting the audit of the institutions, the following guiding principles may be kept in view by the Auditors. Before commencement of the audit of any organization, the Auditor firstly should be fully conversant with the objectives of the organization :

- (i) Long term policy, programmes and planning.
- (ii) Organizational structure.

- (iii) Main plans, programmes and schemes undertaken during the period covered under the audit.
- (iv) Fee structure and tariff of the institution, whether approved by the Govt. or under the authority of the Govt. enacted under the law.
- (v) The amount of surplus funds accumulated in the institution and its application.
- (vi) The Auditor must ensure that budget estimates have been prepared and approved by the institution during the period covered under the audit. (Except educational institutions and other institutions such as ITI's, Polytechnics, Zila Sainik Welfare Offices, Relief Funds etc.) Comments on the excess expenditure incurred over and above the budget may be offered in the audit report.
- (vii) The Auditor should study the Act, Ordinances, Statutes, Rules, policy, guidelines framed, if any, and Govt. instructions followed/adopted by the institution for regulating its income and expenditure and other allied matters.

The Auditor must ensure that the expenditure conforms to the relevant provisions of the Act, Ordinance, Statutes, Rules and Regulations framed and standing orders issued there under and Govt. instructions/ orders applicable/ followed against which the audit is conducted.

It may be ensured that grants-in-aid received by an institution are spent/utilized for the purpose for which these were sanctioned and within the stipulated period.

The Auditor must comment upon the revenue received over three years (Head-wise) in the audit report along with the reasons of growth or decline in the resources as the case may be.

The Auditor must impress upon and suggest measures to the institution to explore possibilities of augmenting the resources for generating more income and less dependence on Govt. grants/money.

The function of the Auditor is not only to point out the irregularities noticed during the audit but he must bring to light improper expenditure or wasteful expenditure of public money or store which, in his judgment, appears not to be in order, although no obvious irregularity has occurred/noticed during the audit. In brief, the interest of the institution should not be sacrificed in favour of individual(s). The aim of the organization should be to achieve target for the masses i.e. maximum good for maximum people consistent with the Directive Principles of the State Policy contained in the Constitution of India.

The Auditor must ensure scrutiny of SOE-wise expenditure incurred during the year under the audit (as per attached Proforma wherever applicable).

Expenditure Statement Head/SOE wise

Sl.No	Description of SOE	Year	Sanctioned Budget	Expenditure incurred
1	(a) Salaries (b) Allowances& Honorarium			
2	Wages			
3	Travel Expenses			
4	Office Expenditure/Contingent expenditure			
5	Medical Reimbursement			
6	Advertisement & Publicity			
7	Hospitality expenses			
8	Rent, Rates & Taxes			
9	Motor Vehicles			
10	Works: (a) Original works (b) Repairs			
11	Provident Fund contributions (Employer's share)			

Suggestive Check List for Audit of Pay Bills

- (i) Whether there is sanction of the competent authority for all the posts?
- (ii) Whether there is sanction of the competent authority for newly created/upgraded posts during the year?

- (iii) Whether character and antecedents certificates of newly appointed employees have been got verified from the competent authority?
- (iv) Whether medical certificates have been duly furnished on the first appointment?
- (v) Whether scales of pay and pay drawn by each incumbent are correct?
- (vi) Whether leave is sanctioned by the competent authority and granted in accordance with rules in force and leave account register and entries in the service books are correctly maintained?
- (vii) Whether allowances are drawn in accordance with orders of Government?
- (viii) Whether increment certificate is attached and due date of increment and pay after increase are correct and the Annual increment register with service books are correctly maintained?
- (ix) Whether there is sanction of competent authority for drawl of special pay/allowance?
- (x) Whether investigation sanction for payment of time barred arrear claim has been obtained?
- (xi) Whether rents due on allotted Government accommodation has been deducted?
- (xii) Whether any post, position and assignment created by the Universities have been approved by the State Government?
- (xiii) Whether pay drawn in respect of staff employed on fixed pay during the year is correct?
- (xiv) Whether all pay fixation cases and pension cases of the employees are scrutinized?

- (xv) Whether or not percentage of total expenditure incurred on the establishment of the staff against the total income of the institution are extravagant?

Suggestive Check List for Audit of Travelling Allowance bills

- (i) Whether T.A. bill is preferred within a year from the date of journey?
- (ii) Whether rates of D.A., mileage, rail or bus fares are correct?
- (iii) Whether bill is countersigned by the competent authority?
- (iv) Whether the required certificates are furnished by the claimant?
- (v) Whether transfer is in public interest or at request in the case of scrutiny of transfer travel allowance bill?
- (vi) Whether TA check register has been maintained?
- (vii) Whether there is budget provision for Traveling Allowance head?

Suggestive Check List for audit of Medical Reimbursement Bills

- (i) Whether bill is preferred within three months from the date of completion of treatment?
- (ii) Whether the charges of only admissible medicines/tests are reimbursed to the claimant?
- (iii) Whether the cash memos of medicines/tests and essentiality certificate are verified/countersigned by the Medical Officer?
- (iv) Whether the medical bills in case of indoor patients are countersigned by the Medical Superintendent?
- (v) Whether the permission of the Director Health Services of the State has been obtained for treatment outside the State?

- (vi) Whether medical reimbursements are allowed to either husband or wife in case both spouses are employed and requisite certificate to this effect has been obtained from the DDO of the respective organization where other spouse is serving?
- (vii) Whether medical reimbursement check register has been maintained?
- (viii) Whether medical bills are signed by DDO and countersigned by the controlling officer of the claimant?
- (ix) Whether medical reimbursement is allowed only for recognized/empanelled hospitals where treatment is not taken from Govt. hospital or necessary permission of competent authority is obtained in case treatment is taken in emergent cases from private non-empanelled hospitals as per the rules/instructions?
- (x) Whether there is budget provision for Medical Reimbursement head?

Suggestive Check List for Audit of Contingent Bills

- (i) Whether expenditure is authorized?
- (ii) Whether there is sanction of competent authority and whether it is within the prescribed limit?
- (iii) Whether quotations or tenders are called for after due publicity of the tender notice?
- (iv) Whether earnest money is paid by the tenderers?
- (v) Whether the lowest tender is accepted by the competent authority and if not whether reasons for not accepting lowest tender are recorded and sanction of next higher authority as required under rules is obtained?
- (vi) Whether sub-vouchers are enclosed and are duly cancelled?
- (vii) Whether necessary agreement is carried out?

- (viii) Whether stock entry is recorded duly mentioning the page number of stock register?
- (ix) Whether telephone, electricity and other office expenses register are correctly maintained?
- (x) Whether the Log Books/ Repair and maintenance /Unserviceable Parts registers of the vehicles are correctly maintained?
- (xi) Whether the Property Register of the organization is maintained?
- (xii) Whether there is budget provision for Office Expenses head?

Suggestive Check List for Audit of Work Bills

- (i) Whether the expenditure on the work is permissible?
- (ii) Whether the estimate is prepared and duly sanctioned administratively and technically?
- (iii) Whether estimate is prepared with reference to current schedule of rates and whether the competent authority sanctions deviations, if any?
- (iv) Whether the site on which the work is proposed to be executed belongs to the client organization?
- (v) Whether vide publicity is given to the tender notice as required under rules?
- (vi) Whether prescribed earnest money is deposited by the tenderer?
- (vii) Whether comparative statement is prepared correctly?
- (viii) Whether the lowest tender is accepted by the competent authority and if not whether reasons for not accepting the lowest tender are recorded and sanction of next higher authority as required under rules is obtained?
- (ix) Whether necessary agreement has been enacted and executed?
- (x) Whether measurements are recorded by the competent authority?

- (xi) Whether test checks of measurements are carried out by the higher authorities as required under rules?
- (xii) Whether pre-measurements are recorded of cutting/clearance work and steel used for R.C.C.?
- (xiii) Whether amount due to contractor is correctly arrived at with reference to the agreed rates and quantities as per recorded and checked measurements?
- (xiv) Whether cost of material supplied departmentally, if any is recovered in the bill?
- (xv) Whether material used in the work is as per requirement as per consumption factor data?
- (xvi) Whether material, if any, supplied to contractor in excess of requirements have been returned by the contractor and entered in the stock register/bin card.
- (xvii) Whether double charges are recovered in respect of unused materials not returned by the contractor?
- (xviii) Whether dues if any towards supply of necessary services to the contractor by the department for carrying out work is recovered?
- (xix) Whether N.M.Rs. are correctly prepared duly notifying certificates of payment and alternative certificates are furnished by competent authority?
- (xx) In the case of departmental execution whether materials purchased are properly accounted for and unused taken to stock register?
- (xxi) Whether expenditure incurred is within the estimate?
- (xxii) Whether sufficient security as per rates approved by the Government have been taken from the contractor for due fulfillment of contract?

- (xxiii) Whether the measurement of work done have been accepted by the contractor?
- (xxiv) Whether the quantity and value of work done since previous running bill have been correctly shown?
- (xxv) Whether signatures of the contractor as noted in his receipt on the foot of 'Memorandum of payment made' tally with that appearing at the foot of the bill?
- (xxvi) Whether revised estimates or completion report is prepared and approved by competent authority?
- (xxvii) Whether buildings are entered in the register of immovable property?

Appointments

It must be verified that the appointments, creations, up gradations, promotions etc. are made with approval of the competent authority.

Audit of Accounts of Store and Stock - Key areas of audit scrutiny

Audit of purchase of stores

The following aspects relating to purchases of stores should be examined in audit:

- (i) Purchases should have been properly sanctioned and made in the most economical manner in accordance with the rules, regulations and orders issued in this regard. Audit must see that the purchases have been made after taking into account the workload of the organization and that the requirements have been assessed on a realistic basis and funds are available for the procurement. It is also to be seen that the stores procured are of approved quality and specifications. Stores of required specifications covered under the rate contract entered into by the

Controller of Stores or any other approved rate contract should have been purchased under the rate contracts. The system of open competitive tender should be adopted for purchases from suppliers, the purchase being made only from the lowest tenderer unless there are recorded reasons for not doing so.

- (ii) The rates paid should correspond to those agreed to in the relevant contracts or agreement.
- (iii) The officer/official responsible for approving and receiving purchases should furnish certificates of quality and quantity before payments are made.
- (iv) Purchase orders should not have been split up so as to avoid the necessity for inviting quotations and obtaining the requisite sanction of the higher authority.
- (v) The stipulated terms and conditions should conform to various codal provisions and orders issued from time to time.
- (vi) Necessary precautions should have been taken to safeguard government interest in cases involving advance payments for supply of stores in terms of the contracts and orders issued from time to time.

Audit of custody and issue of stores

As regards custody and issue of stores, it has to be seen in audit whether :

- (i) A particular official has been responsible for the custody of stores and whether the stores have been physically verified regularly to guard against any loss, pilferage.

- (ii) Discrepancies, if any, between the book balances and the ground balances have been reconciled properly.
- (iii) Appropriate and effective follow-up action has been taken on reports of physical verification of stores for making good any losses, shortages, etc. and to fix responsibility therefore.
- (iv) Adequate storage facilities are available and precautionary measures have been taken to protect stores from damage and undue deterioration.
- (v) Efforts have been made to transfer surplus stores to other departments where these could be utilized.
- (vi) A report on surplus stores that could not be so transferred as well as on obsolete and unserviceable stores, specifying the reasons for so declaring them, has been promptly sent to the competent authority for facilitating their disposal.
- (vii) All issues of stores are supported by proper indents and have been approved by the competent authority and acknowledged by the intended recipients; and
- (viii) Officers entrusted with custody of stores or holding charge of stores have furnished the security prescribed in terms of the instructions issued from time to time by the competent authority.

Audit of write-off/disposal of stores

Irregularities in the disposal of public stores are equivalent to illegal appropriation of public funds and an audit of money expended on purchase of stores cannot, by itself, be complete unless the disposal of stores is also audited in order to ascertain the final application of the money. In auditing the disposal or write-off of stores, the following should be kept in view :

- (i) The competent authority should have accorded sanction for write-off of store articles. Any deficiencies in the systems requiring attention should be brought to the notice of the higher authority.
- (ii) Maintenance and accountal of unserviceable store articles that cannot be utilized by the department responsible for their custody involve waste of labour and space. Retention of stores in excess of probable requirements in the immediate future may also result in loss through deterioration. It should, therefore, be seen that measures are taken to survey and segregate surplus, unserviceable and obsolete store articles and to consider their disposal in accordance with the procedures prescribed in this regard.
- (iii) Store articles are generally, procured by the department, for their own use and not for sale. However, when it becomes necessary to sell some surplus store articles, this is generally done on receipt of payments in advance against Proforma invoice, though sales on credit may be unavoidable occasionally. In such cases, the sale proceeds against credit sales remaining unrealized for considerable periods should, therefore, be analyzed and commented upon.

Audit of stores management

Stores in many cases result in capital remaining locked up for long periods, this may not be justified unless essential. In order to ensure this and affect economies, appropriate stock limits for different categories of stores should have been fixed. Audit may, therefore, see that this has been done and that balances in stock do not exceed the prescribed limit. Audit should also scrutinize cases of purchase of stores without actual need or in excess of requirement, resulting in

accumulation of idle stock and consequential loss to the organization. Similarly audit may look out for cases of purchases less than the actual requirement that might have affected adversely the work and resulted in subsequent procurement at additional cost. It may also be examined whether there has been rush of expenditure on procurement at the close of the financial year or fictitious booking merely with a view to utilizing the budget grants.

Audit of stores records

Audit should ascertain whether:

- (i) All stores were examined, on receipt and while accepting delivery, to determine their condition and to ensure that they were of the approved quality, make and specifications and the quantities conformed to those agreed upon.
- (ii) The stores have been taken on stock and entered in the stock register; goods received sheets and bin cards.
- (iii) The previous stock balances have been correctly worked out, carried forward and authenticated by a responsible officer.
- (iv) Stock registers; bin cards have been maintained chronologically based on receipts and issues.

The Auditor's responsibility to consider fraud and error in an Audit

The primary responsibility for the prevention and detection of fraud and error rests with both those charged with the governance and the management of the organization.

(a) Fraud and error and their characteristics

The term “fraud” refers to an intentional act by one or more individuals among management, those charged with governance, employees or third parties, involving the use of deception to obtain an unjust or illegal advantage.

The distinguishing factor between fraud and error is whether the underlying action that results fraud or error is intentional or unintentional. Unlike error, fraud is intentional and usually involves deliberate concealment of the facts.

(b) Responsibility of those charged with governance and management

Each institution's management is responsible for the prevention, detection and investigation of irregularities, including fraud and corruption. The primary responsibility for the prevention and detection of fraud and error rests with both those charged with the governance and the management of the organization. To discharge this responsibility, management should ensure that an adequate system of internal control is operated.

The respective responsibility of those charged with governance and management may vary from organization to organization. Management, with the oversight of those charged with governance, needs to set the proper tone, create and maintain a culture of honesty and high ethics and establish appropriate controls to prevent and detect fraud and error within the organization. It is responsibility of those charged with governance of the organization to ensure, that appropriate controls are in place, including those for monitoring risk, financial control and compliance with rules and regulations.

It is responsibility of the management of the organization to establish a control environment and maintain policies and procedures to assist in achieving the objectives of ensuring, as far as possible, the orderly and efficient conduct of the organization's activities. This responsibility includes implementing and ensuring continued operation of the internal control systems, which are designed to prevent and detect fraud and error. Such systems reduce but do not eliminate the risk of mis-statements, whether caused by fraud or error. Accordingly, management assumes responsibility for any remaining risk.

(c) Responsibility of the Auditor

It is not a primary function of audit to detect fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that some material mis-statements of the financial statements will not be detected, even though the audit is properly planned and performed in accordance with the auditing standards generally accepted. An audit does not guarantee that all material mis-statements will be detected because of such factors as the use of judgment, the use of testing, the inherent limitations of internal control and the fact that much of the evidence available to the auditor is persuasive rather conclusive in nature. For these reasons, the auditor is able to obtain only a reasonable assurance that material mis-statements in the financial statements will be detected.

The auditor may encounter circumstances that, individually or in combination, indicate the possibility of occurrence of fraud or error. The circumstances listed below are only examples; neither all of these circumstances are likely to be present in all the audits nor is the list complete.

- (i) Unrealistic time deadlines for audit completion imposed by the management.
- (ii) Reluctance by the management to engage in frame communication with appropriate third parties.
- (iii) Limitation in audit scope imposed by the management.
- (iv) Identification of important matters not previously disclosed by the management.
- (v) Significant difficult-to-audit figures in the accounts.
- (vi) Aggressive application of accounting principles.
- (vii) Conflicting or unsatisfactory evidence provided by the management.
- (viii) Unusual documentary evidence such as handwritten alterations to documentation or handwritten documentation, which is ordinarily electronically printed.
- (ix) Information provided unwillingly or after unreasonable delay.
- (x) Serious incomplete or inadequate accounting records.
- (xi) Unsupported transactions.
- (xii) Unusual transactions, by virtue of their nature, volume or complexity, particularly if such transactions occurred close to the year-end.
- (xiii) Transactions not recorded in accordance with the management's general or specific authorization.
- (xiv) Significant un-reconciled differences between control accounts and subsidiary records or between physical count and the related account balance which were not appropriately investigated and corrected on a timely basis.
- (xv) Inadequate control over computer processing for example, too many processing errors, delays in processing results and reports.

- (xvi) Significant differences from expectations disclosed by analytical procedures.
- (xvii) Fewer confirmation responses than expected or significant differences revealed by confirmation responses.
- (xviii) Un-reconciled suspense accounts.
- (xix) Long outstanding account receivable balances.

In the event of Auditors discovering anything which seems likely to involve the discovery of embezzlement and/or serious irregularities, the circumstances should be communicated, and daily progress report of the recovery, if any made, should be sent at once to Headquarter's Office. When embezzlement/misappropriation is important and beyond doubt in the Auditor's mind, intimation should be sent to the Headquarter's Office telephonically.

In such cases of embezzlement/misappropriation, the auditor should, with approval of Headquarter's Office, ask the Administrative Head of the client organization concerned to impound the concerned record at once so that chances of its being tampered with might be eliminated.

The auditors should also call for by means of a requisition and examine all cases relating to embezzlement, which have been noticed by the Administrative officers during the period covered under the audit irrespective of the fact that such cases have already been reported by the Administrative Authorities or not. The requisition so issued, the reply of the Administrative Officers received thereon and the Auditor's comments, if any, should be attached with the Draft Audit Report. The Auditors should also verify and tick in the cash book the credit of the embezzled amount, if any, recovered and credited by the official concerned at fault.

Besides pointing out short realization/embezzlement of revenue and action to be taken to recover the embezzled amount from the defaulters concerned, the audit should also point out/suggest the measures to be taken to plug such loopholes in the organization to prevent the recurrence of such misappropriation/embezzlement.

The observation regarding misappropriation/ embezzlement should not be raised in a general manner without giving the full financial implications of the lapse. Because without this information the objection detracts from effectiveness and fails to give a proper idea of the gravity of the lapse on the part of the administrative authority whose accounts are subject to the audit. The Auditor should not simply point out the detection of short realization/ misappropriation/ embezzlement but also suggest action to recover the amount from the defaulter concerned and taking suitable action against the defaulter. Procedures should also be suggested to avoid recurrence of such type of misappropriation/embezzlement, in future.

Therefore, while drafting such type of paras, the Auditor must point out :

- (a) Procedural lapse on the part of the authority of the institution which lead to the occurrence of misappropriation/embezzlement.
- (b) Measures suggested taking corrective action to plug the loopholes.
- (c) Measures for proper maintenance of accounts and close supervision on the part of the authorities.
- (d) Effective and periodical checks to be exercised by the Superintendents/DDOs and controlling officer of the concerned institutions over the accounts to avoid reoccurrence of such cases.

A separate advance para of misappropriation and embezzlements must be drafted and sent to the Secretary (Education)/Director and concerned Deputy Director of the district in the case of educational institution and to the concerned authorities in the case of miscellaneous and other major institutions.

Advances

While checking the advances paid to the employees and firms, it must be ensured that payment of advance was admissible under the rules and have been duly sanctioned by the competent authority. The audit report containing detail of unadjusted advances should be submitted and undue delay caused regarding adjustment of outstanding advances on the part of individual/firm/authorities must be pointed out, refund of unspent balance and adjustment accounts should be duly noted in the register of outstanding advances and balances should be duly brought forward from the previous years.

Advances paid to the firms/officials remain unadjusted and misutilised for years together. Audit para containing details of such unadjusted advances must be incorporated in the audit report in the following format:

Date of advance	Name of the Fund	To whom paid	Purpose of advance	Amount of advance a/w Vr.No. and date	Date on which amount adjusted and passed	Reasons for non-adjustment, if any	Total period during which amount was mis-utilized / returned unspent	Receipt No. vide which balance/unutilized amount deposited	Remarks

Outstanding paras

Immediate attention on serious outstanding paras should be ensured. Because non-compliance of audit paras not only defeats the very purpose of audit but also fails to bring the accountability and transparency of the organization to the fore, besides, suffering losses on account of non-recoveries etc. Remedial measures for settlement of old outstanding objections must be discussed by the Auditor with the competent authority of the organization in detail and para be settled after consulting the relevant record.

Alongwith the above while auditing the work bills of the institution under audit/audit unit, the following checks may also be applied:-

Techniques of Works Audit

1. Introduction

The Himachal Pradesh State Audit Department has a mandate to conduct the audit of the accounts of various Institutions like **Universities, Local Bodies, HIMUDA, Temple Trusts etc.** While auditing the major accounts, the audit of construction works is a main auditorial component of the audit process. An auditor should know the process adopted for preparing the documents relating to construction works and meaning assigned to them in relevant Acts/rules.

As per the provisions laid down in Rule 123 of the **General Financial Rules, 2005** **the Civil Works are classified as follows:-**

- 1. Original Work.**
- 2. Repair & Maintenance Work.**
- 1. Original Work:-** These Shall mean:
 - (i)** All new constructions;

(ii) All type of additions and alterations &/or special repairs to newly acquired assets or previously abandoned buildings or damaged assets that are required to make them workable;

(iii) Major replacements or remodeling of existing structures.

2. **Repair works:-** Repair works means the works which are undertaken to maintain building and fixtures. The repair works are further classified into two categories:-

(i) **Annual Repair.**

(ii) **Special repair.**

The works can also be classified on the basis of funds

1. **Budgeted works:-** The budgeted works are those works which are undertaken under an outlay which is provided from the Government funds.

2. **Deposit works:-** The deposit works are those works which are undertaken at the direction of the other department. The outlay for these works is provided from non government resources.

2. **Execution of works**

Before any construction work is taken in hand, the following three main stages are to be completed:-

2.1 **Administrative approval:-** An administrative approval is the formal acceptance of the proposal by the competent authority of the administrative deptt. requiring the work.

2.2 **Expenditure sanction:-** An expenditure sanction indicates that the funds for the project/work have been provided by the administrative deptt. and liability can be incurred against the work.

2.3 Technical sanction:- A technical sanction amounts to a guarantee that the proposal is technically sound and that the estimates are accurately prepared and are based on adequate data.

Tips for Auditors:-

While auditing the construction works, an auditor should see whether the provisions laid down in the Rule 129 of the GFR, 2005 have been complied with or not? The Rule provides that no works shall be commenced or liability incurred in connection with it until.

- The administrative approval has been obtained from the competent authority.
- Sanction to incur expenditure has been obtained.
- Detailed design has been sanctioned.
- Estimate containing the detailed specification and quantities of various items have been prepared on the basis of schedule of rates approved by the authority.
- Funds have been provided.
- Tenders have been invited in accordance with the rules.

3. Preparation of estimates

The estimates of works are divided in two categories.

3.1 Preliminary estimates:- Preliminary estimates are prepared on the basis of plinth area or length of road etc. and are worked out on the basis of rates per unit area/ length. These estimates are prepared just to know the approximate cost involved in the project/proposal.

3.2 Detailed estimate:- The detailed estimate of the proposal/ work is prepared after the receipt of administrative approval and expenditure sanction and confirmation of availability of site. The detail estimate is a complete and

comprehensive as possible and should be supported by detailed architectural drawing. It gives broad detail of each item of work involved. It should be based on the rates given in the schedule of rates for those items of work covered by it and by analysed marked rates for the remaining items and it includes the following further information:-

3.2.1 Necessary details in support of lump sum provisions made in the estimate, if any.

3.2.2 Basis on which the rates have been provided i.e. reference of schedule of rates or market rates.

3.2.3 A brief note of special construction difficulties if any, which are likely to be encountered during the construction stage.

3.2.4 It should include the detail of measurements and abstract of cost.

3.2.5 It should include the estimated time for completion from the date of AA&ES.

Tips for Auditors:-

While auditing the detailed estimate of the work, an auditor should see whether:

- The quantity shown against each item has been taken as per the detailed measurements attached with the estimate.
- The rates and the units of the items covered by the estimate are as per the approved Schedule of Rates.
- The provisions for the work contingencies have been incorporated in the amount as per the rules applicable.

4. Examination of tender case

The following documents are to be examined in order to complete the examination of a tender case:

4.1 Draft Notice Inviting Tender (DNIT):- This document contains contract form, schedule of quantity indicating nomenclature of each item, quantity, rate, and amount based on the detailed estimate. The document also indicates the total value of the work to be put to tender along with the earnest money to be deposited by the contractor and time for completion of the work. The document is very important on which call of tender and subsequent agreement with the contractor is based. It is prepared on standard form (Form No. 7) indicating all terms and conditions for execution of the work.

4.2 Publicity of Tender:- The tender must be invited in the most open and public manner possible whether by advertisement in Press or by notice in English or Hindi pasted in public places. Wide publicity should be given to the Notice Inviting Tender. The works, whose estimated cost is more than Rupees five lakh, a brief advertisement inviting tenders should be inserted in the Press through the Deptt. of Public relations. The Press note should contain the name of the work, estimated cost, earnest money, cost of form, last date for sale of tenders, the date of opening of tender and other necessary conditions as approved by the authority.

4.3 Sale of Tenders:- The tender document for the works containing form No. 7 & 8, schedule of quantity, detailed drawings etc. is sold to the appropriate class of the contractors after examining the required documents submitted to the Divisional Office. A tender sale register is also maintained in the divisional office indicating name of the work, name of the contractor to whom tender is sold, amount received on account of cost of tender form and signature of the contractor in token of receipt of tender.

4.4 Receipt of tender and acceptance thereof:- Tenders are always received in sealed covers by the date & time fixed in the notice inviting tenders. The sealed tenders are opened by the Executive Engineer or the person authorized by him in the presence of contractors or their representatives. The heads of branches of the division are also present while the tenders are opened. Before opening the sealed tender, it is ensured that the contractor has deposited the requisite amount of the earnest money with the divisional office. In the process of opening of the tenders, the Executive Engineer opens all the tenders and marks them in the sequence of opening, i.e., if four tenders in all are received, the first tender shall be marked as 1/4, second as 2/4 and so on. The rate quoted by the contractors for each item of the work is announced openly. During opening of tenders, the divisional heads are required to note down the rate announced. The conditions quoted by the contractor in the tender, if any, are announced. At the last, the tenders are signed by the Executive Engineer and thereafter in order to find out the lowest tender, same are sent to the drawing branch for preparing comparative statements and departmental justifications. In the drawing branch, when the comparative statement and departmental justifications are prepared, the tender is placed before the Executive Engineer or the competent authority for examining the rates quoted by the contractor with reference to the departmental justification. If the rates quoted by the lowest contractor are found within the departmental justification, then tender of the lowest contractor is accepted/ proposed to be accepted and finally the work is awarded to the contractor; otherwise the lowest contractor is called for negotiation of the rates found over and above the departmental justification. After negotiating the rates mutually, the work is awarded to the contractor.

Tips for Auditors:-

While examining the tender case, an auditor should see whether:-

- The rate of the items has been taken in the DNIT as per the detailed estimate approved by the authority.
- Corrections in the NIT & tender document are attested by the competent authority.
- The rate of material to be supplied by the department is mentioned in the appropriate place.
- Current schedule of labour rate is attached in the DNIT.
- The tender document is prepared on the basis of approved DNIT.
- The publicity of tender is made through department of Public Relations.
- The cost of sale of tenders has been accounted for in the Cash Book.
- The earnest money has been worked out on the basis of the existing instructions which are as follows:-

(i) For works costing up to ₹ 15 lac	2%
(ii) For works costing between ₹ 15 lac to ₹ 50 lac	(i)+1.5%
(iii) For works costing above ₹50 lac	(ii)+1% with maximum limit of ₹ 5 lac

- The rates quoted by the lowest contractor in words and figures are accurate. In case of discrepancy, a reference may be made to clause 27, 28 & 29 of NIT.
- All overwritings and cuttings in the tenders is attested by the competent authority.
- The awarded amount is worked out correctly.
- The financial implications of the conditions are worked out correctly.

- The amount of earnest money of the lowest tenderer is accounted for properly.
- The amount of earnest money of unsuccessful tenderer is refunded.

5. Execution of the works & payment to the contractor:-

After awarding the work to the contractor, the execution of the work starts at the site. The items of the work executed by the contractor at the site are measured by the Junior Engineer in the Measurement Book issued for the work by the Divisional Engineer or any other competent authority. The Measurement Book contains record entry of the work done and abstract of the cost thereof. The record entries made by the Junior Engineer are test checked by the sub-divisional Engineer & the Divisional Engineer. The Measurement Book also contains the detail of memorandum of payment. In the sub-divisional office, the running account bill/final bill, as the case may be, is prepared on the specified Proforma by the sub-divisional Clerk on the basis of entries made in the Measurement Book. Finally, the work bill is verified and signed by the sub-divisional Engineer. Acceptance of the contractor to the measurement made in the M.B. and to the amount of the work bill is also obtained before the same is submitted to the divisional office for making payment to the contractor. In the divisional office, the work bill is examined and checked in the Accounts Branch with reference to the quantities of items arrived out and rate paid with reference to the contract agreement. In the Accounts Branch, the memorandum of payment is also checked thoroughly with reference to the deductions made from the bill on the account of security, recovery of secured advance alongwith advance payment, if any. The consumption of the material issued by the department is checked by the Drawing Branch. The statutory recoveries on account of income tax, sales tax, labour cess & surcharge alongwith other miscellaneous recoveries on account of departmental

services rendered to the contractor, are examined in the Accounts Branch. The entry of the work bill is also made in the contractor ledger before submitting the bill for final passing by the divisional engineer. The divisional engineer on receipt of the work bill passes it after exercising his power in the regard and the payment is made to the contractor by the Correspondence Branch of the division.

Tips for Auditors:-

While examining the works bill and the Measurement Book, auditors should see whether:

- The calculations of the record entries in the Measurement Book are made correctly.
- In case of huge cutting in earth work, the advance cross sections have been drawn and approved by the competent authority. The quantity has been calculated as per the area of cross-section and with reference to R.D. The size of trench in case of columns is as per the approved working drawing. The serviceable material has been accounted for in the M.A.S.
- In case of concrete work in foundation and footings, the measurement should commensurate with the measurement of excavation. The quantity of tapered portion of the footing has been calculated by applying appropriate formula i.e.
$$\frac{h}{3}(A_1 + A_2 + \sqrt{A_1 \times A_2})$$
- In case of stone masonry work, the quantity has been worked out after giving necessary deduction for bond in cement mortar.
- The quantity of reinforced steel is worked out on the basis of approved conversion factors and the overlaps have been provided as per the approved structural drawing.

- The quantity of bricks works has been calculated after allowing admissible deductions for openings such as doors, windows etc.
- The quantity of plastering item has been worked out after allowing admissible deductions for openings, skirting and tile area.
- The quantity of painting items have been calculated after applying approved coefficient.
- The quantity of wood work has been calculated on the basis of approved joinery details. A certificate has been obtained from the contractor regarding purchase of timber from the approved source before release of payment of wood work. (Clause 46(ii) of contract agreement.)
- The quantity of structure steel item has been worked out by applying correct factors while converting from meters to kilograms.
- The quantities of the various items from the record entries have been carried over correctly in the abstract of cost and the rates have been applied correctly from the contract agreement. The quantities of work done in the previous bill have been carried out properly & correctly.
- The rate of extra/substituted item has been derived as per the provisions of clause 12 of the contract agreement and is approved by the competent authority.
- In case of final bill, the deviation has been approved by the competent authority.
- The deduction of the security from the running bill has been made as per the provisions made under clause 1 of the contract agreement.
- The deduction of secured advance has been made correctly with reference to material consumed and against which it was granted.
- The deduction of material issued from the departmental store has been made as per the consumption approved by the competent authority. The recovery rate of

material is as per the rate agreed in the agreement. In case the material other than agreed is issued and used in the work, the recovery rate has been prepared on the basis of three rate formula i.e. market rate, store issue rate and rate derived from the item in which the material is used which ever is higher.

- The deduction of Income tax, Sale tax, labour cess & surcharge etc. have been made as per the existing rules.
- The recovery on the account of department services if any availed by the contractor have been made.
- The consumption of departmental material is worked out on the basis of factors given in the schedule of rates and after allowing permissible wastage provided in clause 42 of contract agreement.

Audit Checklist Disclaimer:-

While conducting the audit of various institutions, the audit checks and general guiding principles as mentioned in this chapter are required to be followed keeping in view of the area of the audit. It is also evident to mention here that, these audit checks are assumed no way as the only yardstick of the audit, the auditor, keeping in view of the nature of audit and situations, also uses his own wisdom to get the desired results. These checklists will also be revised/updated/abolished etc. with the passage of time as and when the need arises with the approval of the higher authorities.

7.10 Performance Auditing

“Performance audit is an independent assessment or examination of the extent to which an organisation, programme or scheme operates economically, efficiently and effectively.”

(Regulation 68 of Regulations on Audit and Accounts, 2007 issued by the C&AG of India)

Performance auditing seeks to provide new information, analysis or insights and, where appropriate, recommendations for improvement. Performance audits deliver new information, knowledge or value by:

- providing new analytical insights (broader or deeper analysis or new perspectives);
- making existing information more accessible to various stakeholders;
- providing an independent and authoritative view or conclusion based on audit evidence;
- providing recommendations based on an analysis of audit findings.

Typically, Performance Audits address the issues of economy, efficiency and effectiveness.

Economy, Efficiency and Effectiveness

Economy

Judging economy in itself implies forming an opinion on the resources (human, financial and material) deployed. This requires assessing whether given the

context, resources have been acquired, held and used economically and acquired in due time, in appropriate quantity and quality at the best price. The performance auditor needs to examine whether the means chosen represent the most or at least a reasonable economical use of public funds.

Efficiency

The principle of efficiency means getting the most from the available resources. Efficiency exists where the use of financial, human, physical and information resources is such that output is maximised for any given set of resource inputs or input is minimised for any given quantity and quality of output. The main issue to be examined here is whether the resources have been put to optimal or satisfactory use or whether the same or similar results in terms of quality and turn-around time could have been achieved with fewer resources? It refers to the relationship between the quality and quantity of goods and services yielded and the cost of resources used to produce them, in order to achieve the results.

Auditing efficiency embraces aspects such as whether:

- human, financial and other resources are efficiently used;
- public sector programmes, entities and activities are efficiently managed, regulated, organised and executed;
- services are delivered in a timely manner; and
- the objectives of public sector programmes are met cost-effectively.

Effectiveness

Effectiveness is essentially a goal-attainment concept. It addresses the issue of whether the programme/activity has achieved its objectives. When focusing on effectiveness, it is important to distinguish between the immediate outputs or products and the ultimate impacts or outcomes. Outcomes are important to the effectiveness of programmes/activities but may be more difficult to measure and assess than the inputs and outputs. Outcomes will often be influenced by external factors and may require long-term rather than short-term assessment.

In auditing effectiveness, performance audit may, for instance:

- assess whether the objectives of and the means provided (legal, financial etc.,) for a new or ongoing public sector programme are proper, consistent, suitable or relevant to the policy;
- assess and establish with evidence whether the observed direct or indirect social and economic impacts of a policy are due to the policy or to other causes;
- identify factors inhibiting satisfactory performance or goal-fulfilment;
- assess whether the programme complements, duplicates, overlaps or counteracts other related programmes;
- assess the adequacy of the management control system for measuring, monitoring and reporting a programme's effectiveness; and
- identify ways of making programmes work more effectively.

Two basic questions

Performance auditors may find answers to the following two basic questions:

- **Are things being done in the right way?**

- **Are the right things being done?**

The first question means, broadly speaking, whether policy decisions are being carried out properly? This question is usually associated with an assessment *vis-à-vis* norms *i.e.*, the performance auditor wants to know whether the Executive has observed the rules or the requirements consistent with the programme? Up to this point, performance auditing is mainly concerned with different aspects of the economy or the efficiency of operations. The scope for analysis becomes considerably greater by posing the second question, *i.e.*, **whether the right things are being done?** In other words, effectiveness of the operations would be examined by asking questions whether the adopted policies have been suitably implemented? A performance auditor might, for instance, find a chosen measure ineffective and inconsistent with the policy objectives. In the effort to find answer to the second question, adequate caution should be exercised by not going beyond the audit mandate by respecting the roles assigned to executive and audit. However, the correctness of the information or inputs that were considered while framing the policy and sufficiency of the programmes and resources to fulfil the policy objectives may be assessed and reported.

Objectives of the Performance Audit

The main objective of performance auditing is to constructively promote economical, effective and efficient governance. It also contributes to accountability and transparency. Performance auditing promotes accountability by assisting those charged with governance and oversight responsibilities to improve performance. It does this by examining whether decisions by the Legislature or the Executive are efficiently and effectively prepared and implemented, and whether taxpayers or citizens have received value for money. It does not question the intentions and

decisions of the legislature, but examines whether any shortcomings in the laws and regulations or their way of implementation have prevented the specified objectives from being achieved. Performance auditing focuses on areas in which it can add value for citizens and which have the greatest potential for improvement. It provides constructive incentives for the responsible parties to take appropriate action.

Planning of performance audit

A performance audit has to be planned in a manner which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner. A well thought out plan is indispensable in performance auditing. Before implementing the performance audit, it is important to identify the audit objectives, the scope and the methodology to achieve the objectives of a particular performance audit. This is often done in the form of a pilot study. The purpose of this study is to establish whether the conditions for carrying out a performance audit exist and, if they do exist, to produce an audit proposal. It provides background knowledge and information needed to understand the entity, program, or function. At the end of the study, it may be clearly stated whether performance audit is feasible or not? Pilot study should normally be carried out in a fairly short period. In selecting audits through this process, the Auditors would have to use their preliminary knowledge of the subject area to form a reasonable basis for believing that the audit can be completed in accordance with the performance audit guidelines.

The important steps in drawing up an audit proposal are the following:

- Defining the specific issue to be studied and the audit objectives,
- Developing the scope and design of the audit,

- Determining the timetable and the resources.

The following table indicates the process involved in planning performance audit in practice. These steps cannot always be strictly separated and they do not necessarily take place in the same order through.

Understanding the entity/programme
Defining the objectives and scope of the audit
Determining audit criteria
Deciding audit approach
Developing audit questions
Preparation of Audit Design Matrix
Establishing time table and resources
Intimation of Audit programme to audit entities
Assess audit team skills and whether outside expertise required

Implementing the performance audit

Implementation of the performance audit includes the practices and procedures to be followed by the audit team. It covers the stages of performance audit during the field audit process, *i.e.*, after the audit planning and up to the stage of developing the audit findings and recommendations. The process of implementation of the performance audit steers through issuance of audit engagement letter, data collection process, collecting audit evidence, developing audit findings and conclusions and developing recommendations.

(a) *Issuance of audit engagement letter*

The Headquarter's Office and the audit team are expected to be in communication with the entity at different levels throughout the performance audit cycle. Before initiating the audit, the In-charge of the audit team should send an engagement letter to the Chief Executive of the

entity, communicating the possible starting date of the audit and request him/her to issue necessary directions to the functional officers and the field units to provide information and documents to the audit team.

(b) ***Data collection & Analysis***

Data collection may be performed once, at repeated intervals or through continuous measurements as warranted. Information may be gathered on the basis of physical evidence, documents (including written statements), oral testimonies (interviews), or by other means depending on the objectives of the audit. The types of data to be obtained should be explainable and justifiable in terms of sufficiency, validity, reliability, relevance and reasonableness. A great deal of data (material produced by others specifically by the audited entity) is often used however the auditors may also produce certain data (its own source material) with the aid of questionnaires, surveys and direct observation. Quality in data collection and documentation is vital. It is important that the auditors seek information from different sources, since organisations, individuals in an organization, experts and interested parties have different perspectives and arguments to put forward.

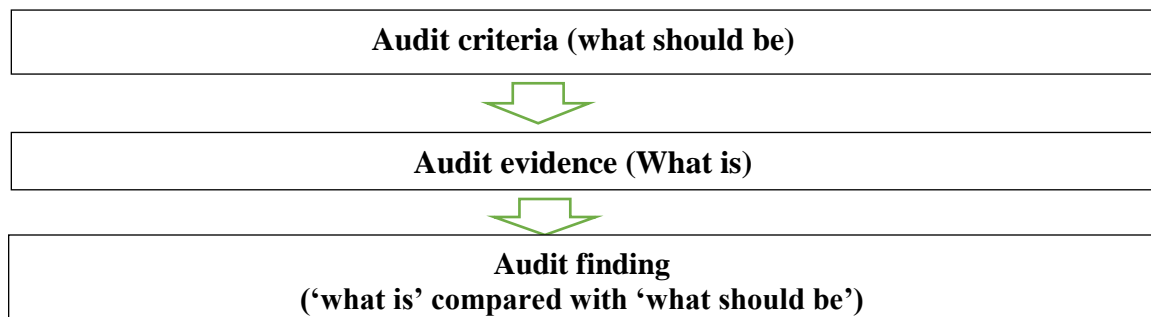
Based on general experience, it is important to distinguish between the following components in the information gathering process:

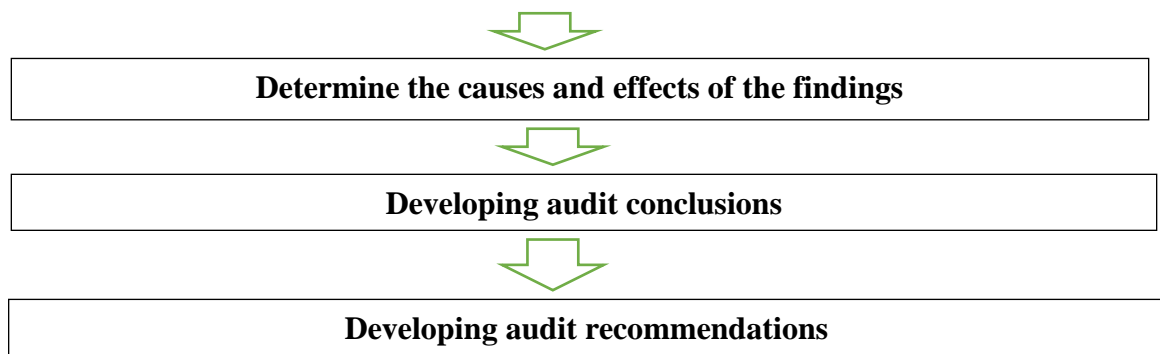
- Records in form of documents, files
- Questions formulated to be answered by the audit.
- Data-collection techniques needed in order to answer the questions set (study of documentation, meetings, questionnaires, interviews *etc.*).

- Audit programs, i.e. the type of investigation that is needed for the data collection (such as sampling, case studies, secondary analysis, inquiries, 'before- and after analysis', comparable evaluations, *etc.*).
- Quantitative and qualitative analysis, applied to the data collected (for deeper analysis of the information collected).

(c) ***Developing audit findings and conclusions***

Audit findings are the specific evidence gathered by the auditor to satisfy the audit objectives. Audit findings contain the following elements: *criteria* ('**what should be**'), *condition* ('**what is**'), and *effect* ('**what are the consequences**' – observed as well as '**reasonable and logical future impact**'), plus *cause* ('**why is there a deviation from norms or criteria**'), when problems are found. However, all four elements are not always required in an audit; the element 'criteria' is for instance not always specifically addressed in the problem-oriented approach. Conclusions are statements deduced by the auditor from those findings after analysis of causes and effects of these findings. And finally, the recommendations are courses of action suggested by the auditor relating to the audit objectives. The process of analysing evidence, developing findings and producing recommendations to resolve identified areas of poor practice is summarised in the following diagram.





The Reporting Process

Every performance audit is to culminate in a report containing the audit findings and recommendations. On completion of each audit assignment, the Auditor should prepare a written report setting out the audit observations and conclusions in an appropriate form; its content should be easy to understand, free from ambiguity and supported by sufficient, competent and relevant audit evidence and be independent, objective, fair, complete, accurate, constructive and concise. With regard to performance or value for money audits, the report should include a description of the scope and coverage of audit, objective of audit, area of audit, main findings in respect of the efficiency, economy and effectiveness (including impact) aspects of the area (subject matter) which was audited and recommendations suggesting the improvements that are needed.

Structure of the report

The performance audit report should preferably be presented as per the following structure:

- **Title:** the subject of the performance audit;
- **Executive summary:** It provides the précis of the main report. The summary should not be very long and should contain only essential information. The major audit findings should be placed in the same sequence as the audit objectives and sub-objectives along with recommendations in brief;

- ***Introduction:*** It consists of a brief description of the subject of study, information on programme, activity, or institution, its objectives, inputs, implementation structure, expected outputs and outcome, etc. The introduction should be brief, yet sufficient to enable the reader understand the context of the programme;
- ***Audit objectives:*** They are the pivots of the performance audit, which set out the reason for undertaking the audit. The entire exercise of performance audit is built around the audit objectives. These should, therefore, be stated in simple and clear terms. It is useful to set out the audit objectives and sub-objectives within each audit objective in the form of complete statement/question;
- ***Scope of audit:*** It is defined in terms of the period of the programme covered in audit and segments of the programme audited should be set out precisely;
- ***Audit methodology:*** It describes methods used for data collection/evidence gathering and testing may be stated in brief. This adds to the acceptability of the audit findings and forms a statement for transparency of the audit procedure;
- ***Audit criteria:*** to arrive at the audit findings and conclusions with reference to each audit objective and sub-objective which should be stated with appropriate explanations;
- ***Audit findings and conclusions*** made during an audit with reference to each objective should be stated;
- ***Recommendations:*** They should be presented along with the conclusions wherever applicable in a box or highlighted print.

CHAPTER – 8

Audit Planning and Preparation on Risk Based Approach

To improve the quality of audit, a detailed and well-defined planning is essential. In this stage, each audit unit will be planned in a manner to ensure that audits are carried out in an efficient timely manner. The audit planning establishes and documents the overall audit approach, audit objectives and scope of audit.

8.1 Selection of units to be audited using risk-based approach

The first step in audit planning using risk-based approach is to identify the units to be audited each year. An effective mechanism for selection of units is the classification of units into the following risk based on certain pre-defined parameters.

- 1. High**
- 2. Medium**
- 3. Low**

The risk-based approach will provide required information to the audit party to guide their focus and resources in conducting the audit of more risky units in accordance with their risk profiling. This approach facilitates strategic use of scarce audit resources, focuses attention on the areas of weakness and makes it possible to select those units for audit which are likely to be more vulnerable due to either their:

- budgets being large (thus probability of irregularities being a little high because of more expenditure) or

- which have not been audited for more than a year or
- which have a past record of having large number of serious audit observations against them. Thus Risk-based approach enables more effective utilization of the limited manpower.

The HPSAD must conduct risk assessment annually in the month of **December**, to identify and classify the units as **high risk**, **medium risk** and **low risk** which must be included in the annual audit calendar. This exercise must be conducted unit-wise.

For categorization of units to be audited into high, medium and low, the following activities are to be undertaken:

Identifying the parameters based on which risk profiling of audit units is to be done. The units may be categorized as high risk, medium risk and low risk based on the following parameters:

Financial parameters:

- Total budgeted expenditure in the previous financial year;
- Total revenue received during the previous financial year;
- Total number of outstanding paras pending for compliance till date;
- Total amount of fraud and embezzlement related paras pending for compliance till date;

Non-financial parameters:

- Last financial year for which audit was conducted;
- Nature of audit opinion issued during the last audit;

8.2 Steps on which risk profiling of audit units is to be performed

1. Plotting of data against each of the identified parameters.

2. Scoring the units based on each of these parameters.
3. Assigning of weights to each of these parameters.
4. Calculation of weighted scores for each of the units.
5. Calculation of the overall score.
6. Classifying units as high, medium and low risk based on the overall score.
7. Selection of the audit units to be taken up for audit each year.

1. Plotting of data against each of the identified parameters

The 1st step is to plot the data against audit units. Data in respect of the parameters will have to be obtained from different sources. For example, last financial year for which audit was conducted, budgeted expenditure of the previous financial year etc. The manual updation of the data for parameters will be the responsibility of the Technical Section.

2. Scoring the units

Based on an appropriate benchmark value for each of the above-mentioned parameters, a score should be assigned to each unit. The scores could be assigned in intervals of 10 for an appropriate range of values for each of these parameters. For example, in case of data for budgeted expenditure in the previous financial year, 0-20 lacs in value could be assigned a score of 10, 20-40 lacs in value could be assigned a score of 20 and so on. The score range may vary with type of the audit unit. The Technical Section has the primary responsibility to assign the score and the same should be approved by the Joint Director/Deputy Director-I, who heads the Technical Section.

3. Assigning of weights

An appropriate weight must be assigned to the scores of each of these parameters. The sum of all these weights should be equal to 1 for a unit. The Technical Section will assign weights to each individual parameter based on how much impact that parameter will have on the relative risk of that unit and forward the same to the Joint Director/Deputy Director-I who heads the Technical Section for approval. The assigning of weights will be an administrative exercised and reviewed/revised/changed every year. Since budgeted expenditure (financial parameter) is a very vital data, based on which the units conduct its operations, maximum weightage (say, 40% to 50%) should be assigned to it. Since the more the budget, the organization would inherently be riskier.

4. Calculation of weighted scores

The following table presents the parameters and the weights assigned to the scores of each of the four selected parameters:

Parameters	Weight assigned
Budgeted Expenditure	0.5
Total amount of fraud and embezzlement paras pending for compliance till date	0.1
Total number of outstanding paras pending for compliance till date	0.1
Number of years for which audit is pending	0.3
Total	1.0

The weights have been assigned for only four parameters. Budgeted expenditure is of the utmost importance since operations in all the departments are based on it.

Hence it has been assigned the maximum weightage (50%). Similarly, out of the remaining three parameters, “number of years for which audit is pending” is also important since the level of risk is directly proportional to the increase in number of years without audit. Hence, it has been assigned a weight of 30%. The remaining two are bearing less importance out of the four and hence, assigned weightage of 10% each.

However weight assigned to the parameters may be changed as per the requirements of the Audit Unit, subject to the relative importance of the parameters, with prior approval of the Director/Additional Director/Joint Director.

5. Calculation of the overall score

For calculation of the overall score, the following formula should be used:

Overall Score of Unit 1 = Sum of (Weighted Score of parameter 1 + Weighted Score of parameter 2 + Weighted Score of parameter 3 + Weighted Score of parameter 4)

6. Classifying units as high, medium and low risk.

An appropriate benchmark on the overall score must be set up to classify the units as **high, medium or low risk**. The units with an overall score of **45** and above, shall be assigned risk classification as **high**, similarly, the units with an overall score between **30 and 45** shall be assigned risk classification as **medium** and the units with an overall score **below 30** shall be classified as **low**. The benchmark setting will be an administrative exercise and will be based on analysis. The Technical Section in consultation with the Director/Additional Director/Joint Director, will establish the benchmark.

Risk Rank Overall Score Guidance on Classification

High Risk Score > 45,

Medium Risk Score between 30-45,

Low Risk Score < 30,

The HPSAD should develop a 'cut-off' on the overall score for selection of audit unit to be audited each year. The 'cut-off' should be developed in such a manner that approximately 50% of the audit units fall in 'high risk' category, 30 - 40% fall in the 'medium risk' category and 10-20% fall in the 'low risk' category.

7. Selection of audit units to be taken up each year for audit

The audit units to be taken up each year will be decided based on available manpower and the number of mandays to be assigned to each audit. The risk analysis must be carried out each year and the following could be a suggested methodology to select the number of units.

- (a) High Risk Category audit units- 100% of the units to be audited each year
- (b) Medium Risk Category audit units- 50% of the units to be audited each year
- (c) Low Risk Category audit units- 33% of the units to be audited each year

Example:

Selection of Audit units based on Risk Based Matrix

The following steps will be carried out for selection of Audit units based on Risk Based Matrix :

- **Identifying the parameters based on which profiling of risk is to be done**
- **Plotting data**
- **Scoring the units based on each of these parameters**

The following table shall be used for providing a risk score to each of the units against these parameters:

Budgeted Expenditure (in INR Lacs)	Score	Number of years for which audit is pending	Score	Total number of outstanding paras pending for compliance till date	Score	Total amount of fraud and embezzlement paras pending for compliance till date	Score
0-15	10	0	0	0	0	0	0
15-30	20	1	25	1-20	25	Between 1 and 1000	25
30-45	40	2	50	21-50	50	Between 1001 and 10000	50
45-60	75	3	75	51-100	75	Between 10001 and 100000	75
More than 60	100	4	100	More than 100	100	More than 100000	100

Total Weighted Score based on Budgeted Expenditure.

Type of Audit Unit	Budgeted Expenditure (in Lacs)	Score	Weight assigned	Total Weighted Score
Educational Institution	15	10	0.5	5
RLA	27	20	0.5	10
PRI	35	40	0.5	20
Temple	60	75	0.5	37.5
ULB	100	100	0.5	50

Total Weighted Score based on the number of years for which audit is pending.

Type of Audit Unit	Number of years for which audit is pending	Score	Weight assigned	Total Weighted Score
Educational Institution	0	0	0.3	0
RLA	1	25	0.3	7.5
PRI	2	50	0.3	15
Temple	3	75	0.3	22.5
ULB	4	100	0.3	30

Total Weighted Score based on total number of outstanding paras pending for compliance.

Type of Audit Unit	Total amount of serious paras pending for compliance till date (in lacs)	Score	Weight assigned	Total Weighted Score
Educational Institution	0	0	0.1	0
RLA	20	25	0.1	2.5
PRI	50	50	0.1	5
Temple	100	75	0.1	7.5
ULB	120	100	0.1	10

Total Weighted Score based on total amount of fraud and embezzlement paras pending for compliance till date.

Type of Audit Unit	Total amount of fraud and embezzlement paras pending for compliance till date (in ₹)	Score	Weight assigned	Total Weighted Score
Educational Institution	0	0	0.1	0
RLA	1000	25	0.1	2.5
PRI	10000	50	0.1	5
Temple	70000	75	0.1	7.5
ULB	120000	100	0.1	10

Calculation of total weighted scores for audit units.

Type of Audit Unit	Total Weighted Score				Total	Risk Rank
	Budgeted Expenditure	Number of years for which audit is pending	Total amount of serious paras pending for compliance	Total amount of fraud and embezzlement paras pending for compliance		
Educational Institution	5	0	0	0	5	Low
RLA	10	7.5	2.5	2.5	22.5	Low
PRI	20	15	5	5	45	Medium
Temple	37.5	22.5	7.5	7.5	75	High Risk
ULB	50	30	10	10	100	High Risk

Risk Rank Overall Score

- High Risk Score > 45.
- Medium Risk Score 30-45.
- Low Risk Score < 30.

CHAPTER – 9

Compliance Mechanism

The essence of the audit lies in its due compliance. The audit, without compliance is of no use; the benefit of the audit will only come alive when compliance is made with regard to the audit observations. In other words, the efficacy of audit is in its timely compliance otherwise the audit cycle remains incomplete.



Audit Process

After issuance of the audit report, the Section Officer (Technical Section) is responsible for follow up (i.e. ascertaining the adequacy, effectiveness, efficiency and timeliness of actions taken) on reported observations and recommendations.

9.1 First compliance by audit unit

The audit unit needs to send compliance against each audit para to the Himachal Pradesh State Audit Department within 30 days from the date of receipt of audit report. In such a case there may be the following situations:-

Situation 1: If compliance is received within 30 days

- The concerned audit unit needs to send compliance of each audit objection to Himachal Pradesh State Audit Department by taking remedial action and give interim reply, wherever immediate compliance is not possible. The first compliance on audit report should be sent by the controlling officer of the audit unit along with his substantial comments.
- Upon receiving the compliance from the audit unit, the dealing assistant will process it further and submit it to Section Officer (Technical) for review/examination. The review remarks shall be submitted to the Additional Director/Joint Director/Deputy Director, Himachal Pradesh State Audit Department for further review and approval.

The following are the cases which may arise after review of the Additional Director/Joint Director/Deputy Director, Himachal Pradesh State Audit Department:-

a. Audit para may be settled, wherever compliance is furnished as envisaged in the audit para and it supported by the material and original evidence.

b. Audit para may be settled subject to verification of compliance at the time of the next audit visit, where evidence is given in duplicate form.

c. Audit para may be settled subject to verification of compliance at the time of inspection of the audit unit by the Director/Additional Director/Joint

Director/Deputy Director, Himachal Pradesh State Audit Department from time to time.

d. In case of interim replies to the paras, the concerned official who had evaluated the compliance shall follow up for further clarification/ information through reminders and rejoinders to the Head of the concerned audit unit and its Controlling Officer on a monthly basis.

Situation 2: If compliance is not received within 30 days

- The matter should be brought to the notice of the Controlling Officer/higher authority of the concerned audit unit in the second week of the month following the period of 30 days after issue of the audit report. In case of no response, the matter should be pursued officially with the controlling and higher officers of the audit unit.

Timeframe and follow-up procedure regarding compliance of audit paras:

Action	Time Frame
1 st reminder for seeking compliance	S.O (Technical Section) will issue 1 st reminder within 45 days of the date of issue of the audit report.
2 nd reminder for seeking compliance	S.O (Technical Section) will issue 2 nd reminder within 60 days of the date of issue of the audit report and bring the matter to the notice of Additional Director/Joint Director/Deputy Director, Himachal Pradesh State Audit Department for further review.
3 rd reminder	The matter will be brought to the notice of the controlling and higher officers of the Audit Unit by issuing an official letter from the Director/Additional

	Director/Joint Director, Himachal Pradesh State Audit Department.
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9.2 Organizing district level camps each quarter for receiving compliances of audit paras

The S.O. (Technical Section), after prior approval of the Director/Additional Director/Joint Director, Himachal Pradesh State Audit Department and after consulting the audit units situated in the district, will organize district level camps to receive compliance of pending audit paras and disposal thereof. Organizing such camps would help in spreading awareness about the need to furnish compliance on time and settlement of audit paras.

Inspite of the above, having in mind the accumulation of pending serious audit objections year by year and in order to settle the long pending objections relating to the retiring and retired officers and employees, the Himachal Pradesh State Audit Department, with prior consultation with the **Additional Chief Secretary /Principal Secretary/Secretary (Finance) to the Govt of Himachal Pradesh** will constitute the High Level Committees for settlement of objections at State and District Levels.

9.3 High Level Committees

The power to settle pending audit observations/objections relating to the auditee institutions shall be entrusted to the Committees, constituted vide Government notification No.1-96/70-Fin(LA)Vol-Part-6608-7108, dated 10.11.2022 with the following compositions:-

Committee for Panchayati Raj Institutions:-

Sr. No.	Designation	District Level Committee	State Level Committee
1	Chairman	Deputy Commissioner of the concerned district.	Additional Chief Secretary (Finance)/ Principal Secretary (Finance)/Secretary (Finance) to the Government of H.P.
2	Member	Additional Director/Joint Director, H.P. State Audit Department.	Administrative Secretary (Panchayati Raj) to the Government of H.P. or his representative.
3	Member	A representative from Panchayati Raj Institution of the concerned district (not below the rank of District Panchayat Officer)	Director, Panchayati Raj Department.
4	Member Secretary	Joint Director/Joint Controller or Deputy Director/Deputy Controller, H.P. State Audit Department.	Director, H.P. State Audit Department.
The Chairman may co-opt any other Member(s) as per requirement.			

Committee for Urban Local Bodies:-

Sr. No.	Designation	District Level Committee	State Level Committee
1	Chairman	Deputy Commissioner of the concerned district.	Additional Chief Secretary (Finance)/ Principal Secretary (Finance)/Secretary (Finance) to the Government of H.P.
2	Member	Additional Director/Joint Director, H.P. State Audit Department.	Administrative Secretary (Urban Development) to the Government of H.P. or his representative.
3	Member	Commissioner of the concerned Municipal Corporation/Executive Officer of the concerned Municipal Council/Secretary of the concerned Nagar Panchayat.	Director, Urban Development Department.
4	Member Secretary	Joint Director/Joint Controller or Deputy Director/Deputy Controller, H.P. State Audit Department.	Director, H.P. State Audit Department.
The Chairman may co-opt any other Member(s) as per requirement.			

Committee for Temple Trusts:-

Sr. No.	Designation	District Level Committee	State Level Committee
1	Chairman	Deputy Commissioner of the concerned district.	Additional Chief Secretary (Finance)/ Principal Secretary (Finance)/Secretary (Finance) to the Government of H.P.
2	Member	Additional Director/Joint Director, H.P. State Audit Department.	Administrative Secretary (Language, Art and Culture) to the Government of H.P. or his representative.
3	Member	Temple Officer of the concerned Temple Trust.	Director, Language, Art & Culture Department.
4	Member Secretary	Joint Director/Joint Controller or Deputy Director/Deputy Controller, H.P. State Audit Department.	Director, H.P. State Audit Department.
The Chairman may co-opt any other Member(s) as per requirement.			

Committee for HIMUDA and its Divisions:-

Sr. No.	Designation	Division Level Committee	State Level Committee
1	Chairman	Additional Director/Joint Director, H.P. State Audit Department.	Additional Chief Secretary (Finance)/ Principal Secretary (Finance)/Secretary (Finance) to the Government of H.P.

2	Member	Chief Accounts Officer, HIMUDA.	Administrative Secretary (Housing) to the Government of H.P. or his representative.
3	Member	Executive Engineer of the concerned division of HIMUDA.	Chief Executive Officer-cum-Secretary, HIMUDA.
4	Member Secretary	Joint Director/Joint Controller or Deputy Director/Deputy Controller, H.P. State Audit Department.	Director, H.P. State Audit Department.
The Chairman may co-opt any other Member(s) as per requirement.			

Committee for Educational Institutions i.e. Colleges, Schools and ITIs:-

Sr. No.	Designation	District Level Committee	State Level Committee
1	Chairman	Additional Director/Joint Director, H.P. State Audit Department.	Additional Chief Secretary (Finance)/ Principal Secretary (Finance)/Secretary (Finance) to the Government of H.P.
2	Member	A representative from the concerned department not below the rank of Deputy Director.	Administrative Secretary (Education/ Technical Education) to the Government of H.P. or his representative.
3	Member	Principal of the concerned educational institution.	HOD of the concerned department/ institution.

4	Member Secretary	Joint Director/Joint Controller or Deputy Director/Deputy Controller, H.P. State Audit Department.	Director, H.P. State Audit Department.
The Chairman may co-opt any other Member(s) as per requirement.			

Committee for Institutions/Organizations having Resident Audit Scheme of H.P. State Audit Department:-

Sr. No.	Designation	State Level Committee
1	Chairman	Additional Chief Secretary (Finance)/Principal Secretary (Finance)/Secretary (Finance) to the Government of H.P.
2	Member	Managing Director/Registrar/Secretary of the concerned institution.
3	Member	Finance Officer/Accounts Officer of the concerned institution.
4	Member Secretary	Director, H.P. State Audit Department.
The Chairman may co-opt any other Member(s) as per requirement.		

Committee for other Institutions except above:-

Sr. No.	Designation	District Level Committee	State Level Committee
1	Chairman	Director, H.P. State Audit Department.	Additional Chief Secretary (Finance)/ Principal Secretary (Finance)/Secretary (Finance) to the Government of H.P.

2	Member	Officer-Incharge of the concerned department/institution.	Administrative Secretary from the concerned Department or his representative.
3	Member	Accounts Officer of the concerned department/institution.	HOD of the concerned department/ institution.
4	Member Secretary	Joint Director/Joint Controller or Deputy Director/Deputy Controller, H.P. State Audit Department.	Director, H.P. State Audit Department
The Chairman may co-opt any other Member(s) as per requirement.			

9.4 Terms and conditions of the High Level Committees

Terms and conditions of the District/Division Level Committees:-

- i) The Committee is non statutory intended to facilitate disposal of audit objections relating to the auditee institutions.
- ii) The Committee shall meet atleast two times in a financial year.
- iii) The Committee shall examine in detail regarding the reported irregularities and deliberate on audit objections/observations.
- iv) The Committee may enforce a full or token recovery and compliance of audit observations.
- v) The Committee may condone the irregularity on merits of each case.
- vi) In the case of an objection requiring approval of the Government, the Committee may make appropriate recommendations.
- vii) The Committee may give directions to the auditee institutions to take suitable action on the audit observations/objections.
- viii) The Committee may recommend the “critical paras” to the State Level Committee.

Terms and conditions of the State Level Committees:-

- i) The State level Committee shall meet atleast once in a year and supervise the functions of the District Level Committee.
- ii) The Committee shall discuss the undisposed audit objections mentioned in the Annual Audit Review Note as well as the “critical paras” recommended by the District Level Committees relating to the auditee institutions and issue necessary directions for the settlement of the audit observations/objections.
- iii) The Committee shall be competent to take final decision in such matters.

CHAPTER – 10

Certification of Accounts of PRIs & ULBs

It is an important function of audit to test the accuracy of the monthly and annual accounts of an institution. Audit has to verify and certify the Annual Accounts of the institutions and append the audited Annual Accounts duly certified with the Audit Report. An Auditor is not expected merely to confine himself to the routine audit work. He should avail himself of the opportunity of assisting the Executive authority and accountants with his advice in matters affecting accounts, budget, etc. An examination of the authorized Schedules of Rates, or a comparative study may show that the data adopted for preparation of estimates for work, the cost arrived at are in order. He may observe any peculiar features of the revenue receipts or expenditures which may be suggestive of possible leakage of revenue, of untapped sources of revenues, or of want of attention to financial considerations. An auditor is concerned primarily with the accuracy of accounts and regularity of the financial procedure and not with matters relating to administration.

10.1 Accounts of Urban Local Bodies:

Urban Local Bodies had been maintaining their accounts on single entry cash basis in which the cash flow of Money received and spent during a financial year only is exhibited in the receipt and charges statement. In order to exhibit the true financial status of the Urban Local Bodies, a new system viz. the Double Entry System on Accrual Basis conforming to the Generally Accepted Accounting Principles was introduced w.e.f. 1-4-2009 in the Urban Local Bodies of Himachal Pradesh (*Letter*

No. UD-H(C)-15-49/2003-III-3332-3379 Dt. 25.03.2009, UD-H(c)-15-49/2003-III-9337-9385 Dt. 07.09.2009 and UD-H(C)-49/2003-IV-5215-63 Dt. 19.07.2010)

As per the Himachal Pradesh Municipal Accounts Manual, under the new system of accounts, the account books hitherto maintained viz. Cash Book, Register of Receipts, Register of Expenditure, Posting Register etc. have been dispensed with and preparation of monthly / annual Trial Balance, Income and Expenditure Statement and Balance Sheet have been introduced. Receipts Books and Payment Books have been introduced and each transaction is exhibited in the Journal register and General Ledger.

Opening Balance Sheet was prepared as on 1-4-2009 with the available data in each ULB and necessary particulars were incorporated in the prescribed schedules head wise. Verification of annual accounts is done based on the opening balance sheet and with schedules updated every year with addition & deletions there on by the ULBs.

10.2 Accounts of Panchayati Raj Institutions and other institutions:

In Panchayati Raj Institutions and other institutions cash based accounting system is being followed. The accounts of these institutions have to be verified with reference to the Cash Book, Posting Register and the related subsidiary registers during the course of audit. The correctness should be ensured, and the accounts have to be certified by the auditor and a certificate in the prescribed form has to be appended to the Audit Report.

10.3 Certification of accounts:

The verification and certification of annual accounts of the auditable institution forms a major part of the annual audit. The annual Trial Balance, Income and Expenditure and Balance Sheet are verified during the annual audit. The correctness of the postings in the ledger is to be verified with reference to the related subsidiary registers. Minor and major defects, if any, noticed by the audit staff should be taken to the knowledge of the Executive authorities by way of issuing Audit Requisitions, reply obtained and suitably drafted in his audit report under a suitable heading. The auditor should satisfy that the annual accounts exhibit a true and fair financial status of the institution. After thorough scrutiny and verification, the accounts are to be certified by the auditor and a certificate to the effect has to be appended with the Audit Report in the prescribed format.

10.4 Types of Audit Certificates

Unqualified Certificate

If the Auditor is satisfied in all the material respects of the Annual Financial Statement an Unqualified Certificate is given. In this case the account will definitely be prepared according to the Acts and Rules and as per the accepted accounting methods, so that the accounts will be reasonably reliable.

Qualified Certificate

If there are serious mistakes in the Annual Financial Statement, a Qualified Certificate is given. This may be of two types:

- (1) If there is uncertainty with the amounts.
- (2) If the auditor has disagreement with the amounts.

This difference will be of material nature and serious. But this mistake will not be fundamental in understanding the accounts.

Disclaimer Certificate

If it is not possible for the audit to give an opinion about the Annual Financial Statement, a Disclaimer Certificate is given. There may be uncertainty even in the fundamental aspects of the Annual Financial Statement.

Adverse Certificate

If the auditor cannot agree with the fundamental aspects of the Annual Financial Statement, an Adverse Certificate is given. The auditor makes it clear that the Annual Financial Statement is not acceptable.

10.5 Format of Audit Certificate with appended report

Final Accounts of (Name of ULB) Certificate of the (designation of auditor)

- (i) I have audited the attached Annual Final Accounts i.e Balance Sheet, Income & Expenditure A/c with supporting forms, of the ----- (Name of ULB) for the year ended on March as per the provisions of (the relevant authority i.e. Act/ Rules under which the audit is being conducted may be quoted). Preparation of these accounts is the responsibility of the ULB's management. My responsibility is to express an opinion on these accounts based on my audit.
- (ii) I have conducted my audit in accordance with the auditing standards and guidelines issued by the C&AG of India. These standards/guidelines require that I plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements. An audit includes examining, on a test basis,

evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall presentation of accounts. I believe that my audit provides a reasonable basis for my opinion.

- (iii) On the basis of the information and explanations that I required and have obtained, and according to the best of my information as a result of test audit of the accounts and on consideration of explanations given, I certify that,

(the auditor can use one of the four options below depending upon the nature of opinion he wants to express).

subject to my observations in the appended report, the Annual Final Accounts i.e Balance Sheet, Income & Expenditure A/c with supporting forms give a true and fair view of the State of affair of the (name of ULB) ... for the year..... **(Unqualified opinion)**

Or

except for the matters described in the basis for qualified opinion in the appended report and subject to other observations therein, the Annual Final Accounts i.e Balance Sheet, Income & Expenditure A/c with supporting forms give a true and fair view of the State of affair of the (name of ULB) ...for the year..... **(Qualified opinion)**

Or

due to the material and pervasive misstatements pointed out in the appended report, the Annual Final Accounts i.e Balance Sheet, Income & Expenditure A/c with supporting forms do not give a true and fair view of the (name of PRI) ...for the year..... (**Adverse opinion**)

Or

due to the material and pervasive insufficiencies in obtaining audit evidence, attributable to the faulty maintenance of accounting records, as pointed out in the appended report, it is not possible to express an opinion whether the Annual Final Accounts i.e Balance Sheet, Income & Expenditure A/c with supporting forms give a true and fair view of the (name of ULB) ...for the year.....(**Disclaimer opinion**)

Place:

Date:

Signature of Certifying Authority

Format of appended Report
Audit Report appended to the Audit Certificate of (ULB name)
for the Year

1. Major observations

Basis for Qualified Opinion (where applicable, for giving qualified opinion)

Or

Material and Pervasive Misstatements (where applicable, for giving adverse opinion)

Or

Material and pervasive insufficiencies in obtaining audit evidence, attributable to the faulty maintenance of accounting records (where applicable, for giving disclaimer of opinion)

Or

This part will be excluded in case the auditor is giving unqualified statement

2. Other observations

The auditor will record significant observations arising from the audit of the accounts

- (i) Comments relating to Income & Expenditure.
- (ii) Comments relating to Receipt Vouchers.
- (iii) Comments relating to Payment Vouchers.
- (iv) Comments relating to Bank Reconciliation Statement
- (v) Comments relating to Register of Immovable Property
- (vi) Comments relating to Register of Movable Property
- (vii) Comments relating to Inventory Register

(viii) Comments relating to Demand Collection and Balance Register

10.6 Format of Audit Certificate with appended report

Receipt and Payment Accounts of (Name of PRI) Certificate of the (designation of auditor).

- (i) I have audited the attached Annual Receipt and Payment Accounts, with supporting forms, of the -----(Name of PRI) for the year ended on March as per provisions of (the relevant authority i.e. Act/ Rules under which the audit is being conducted may be quoted). Preparation of these accounts is the responsibility of the PRI's/ULB's management. My responsibility is to express an opinion on these accounts based on my audit.
- (ii) I have conducted my audit in accordance with auditing standards issued by C&AG of India and Guidelines for Financial Audit of PRIs issued by C&AG. These standards/guidelines require that I plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements. An audit includes examining, on a test basis, evidences supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall presentation of accounts. I believe that my audit provides a reasonable basis for my opinion.
- (iii) On the basis of the information and explanations that I required and have obtained, and according to the best of my information as a result

of test audit of the accounts and on consideration of explanations given, I certify that,

(the auditor can use one of the four options below depending upon the nature of opinion he wants to express).

subject to my observations in the appended report, the Annual Receipt and Payment Accounts give a true and fair view of the receipts and payments of the (name of PRI) ...for the year.....
(Unqualified opinion)

Or

except for the matters described in the basis for qualified opinion in the appended report and subject to other observations therein, the Annual Receipt and Payment Accounts give a true and fair view of the receipts and payments of the (name of PRI) ...for the year.....
(Qualified opinion)

Or

due to the material and pervasive misstatements pointed out in the appended report, the Annual Receipt and Payment Accounts do not give a true and fair view of the receipts and payments of the (name of PRI) ...for the year..... **(Adverse opinion)**

Or

due to the material and pervasive insufficiencies in obtaining audit evidence, attributable to the faulty maintenance of accounting records, as pointed out in the appended report, it is not possible to express an opinion

whether the Annual Receipt and Payment Accounts give a true and fair view of the receipts and payments of the (name of PRI) ...for the year.....(**Disclaimer opinion**).

Place:

Date:

Signature of Certifying Authority

Format of appended Report

Audit Report appended to the Audit Certificate of (PRI name)
for the Year

1. Major observations

Basis for Qualified Opinion (where applicable, for giving qualified opinion)

Or

Material and Pervasive Misstatements (where applicable, for giving adverse opinion)

Or

Material and pervasive insufficiencies in obtaining audit evidence, attributable to the faulty maintenance of accounting records (where applicable, for giving disclaimer of opinion)

Or

This part will be excluded in case the auditor is giving unqualified statement.

2. Other observations:

The auditor will record significant observations arising from the audit of the accounts:-

- (i) Comments relating to Receipt and Payment Account.
- (ii) Comments relating to Receipt Vouchers.
- (iii) Comments relating to Payment Vouchers.
- (iv) Comments relating to Bank Reconciliation Statement.
- (v) Comments relating to Register of Immovable Property.
- (vi) Comments relating to Register of Movable Property.
- (vii) Comments relating to Inventory Register.
- (viii) Comments relating to Demand Collection and Balance Register.

Annexure- ‘A’

Audit conducted by the State Audit Department under the provisions of Acts/Rules/Notifications and instructions of the Government.

S.N.	Name of Institutions/ Funds	Act/Letter No./Notification/Instructions
1.	H.P. University, Shimla.	Under Section 29(1) of the H.P. University Act, 1970.
2.	Ch. Sarwan Kumar H.P. Krishi Vishav Vidyalya, Palampur.	Under Section 45(3) of the H.P. Universities of Agriculture Hort. & Forestry Act read with the provisions relating to audit contained in University's Statutes framed thereunder
3.	Dr. Y.S. Parmar University of Horticulture & Forestry Nauni, Solan	Section 45(3) of the H.P. Universities of Agriculture Hort. & Forestry Act read with the provision contained under section 13.2 of the University's Statutes framed there under
4.	Sardar Patel University Mandi, District Mandi.	Vide Notification No. 1-77/70-Fin(LA)-Vol-7-part,- 8121-8129 dated 19-12-2019.
5.	Atal Medical & Research University Ner-Chowk, Mandi	Vide Notification No. 1-77/70-Fin(LA)-Vol-7-part,- 8121-8129 dated 19-12-2019.
6.	Himachal Pradesh Technical University Hamirpur.	Vide Notification No. 1-77/70-Fin(LA)-Vol-7-part,- 8121-8129 dated 19-12-2019.
7.	H.P. Board of School Education.	Under Section 48(2)-A of the H.P. Board of School Education Act, 1968.
8.	H.P. Marketing Board.	U/S 48(2) Himachal Pradesh Agricultural And Horticultural Produce Marketing (Development And Regulation) Act, 2005.
9.	Market Committees.	U/S 48(2) Himachal Pradesh Agricultural And Horticultural Produce Marketing (Development And Regulation) Act, 2005.
10.	Govt Educational Institutions(Pupil Funds)	Under Rule 4.9(b) of H.P. Education Code, 2012.
11	The Himachal Pradesh Hindu Public Religious Institutions And Charitable Endowments	Under Section 23(2)C(ii) of The Himachal Pradesh Hindu Public Religious Institutions And Charitable Endowments Act, 1984 as amended by notification No. Bhasha-A(D)-3/85-II, dated 17-1-1989 F/B(P-173)
12.	HIMUDA	Notification No.H SG-4(d)1/92-II dated 13-9-04(under Sub Section 3 of Section 28 of H.P. Housing & Urban Development Authority Act, 2004(Act No.9 of 2004)
13.	Municipal Corporation Shimla/Dharamshala	Sub Section 3 of Section 161 MC Act, 1994 amended made vide Act No. -19. of 2007 - Notification No.1-376/81-Fin(LA)-Vol-4] Date 16.10.2008

14.	Nagar Parishads /Panchayats	Sub Section 1 of Section 255 of Municipal Act, 1994-Notification No.1-376/81–Fin(LA)–Vol-4] Date 16.10.2008
15.	H.P. Poly technical and ITI's student fund	Vide Rule 7 of notification No.STV(I.T)F(5)-5/85 dated 16-10-1986
16.	H.P. Technical Education Board.	Under Section 20 of the H.P. Takniki Shiksha Board Act, 1986
17.	The H.P. State Legal Services Authority.	H.P. State Legal Services Authority & Regulation 1996 under section 8(5)
18.	Tourism Development Board	Under Section 14(2) of the H.P. Tourism Development and Registration Act, 2002
19.	Fish and Farmer's Development Agency	GIA Rules No.5 (3) notified vide No. Fish-F (5)-1/82-Vol-1 dated 29-3-86.
20.	H.P. Homeopathic Council	Under Rule 26 of the H.P. Homeopathic Practitioner Rules, 1983
21.	H.P. Academy of Arts Cultural & Language.	Under Section 20 of Constitution notified vide Govt. Deptt. of Languages & Cultural affairs vide No. LCA(9)-2/84, dated 10-12-1984
22.	CM Relief Fund/Distt Relief Fund.	Vide instruction No. 8 of the Fund
23.	CM's Sainik Welfare Fund.	Vide Govt. of the HP(GAD-E-Section) Commissioner-cum-Secretary (GAD) to the Govt. of H.P. Notification No. GAD-E(C)8-1/99 dt.2-11-99
24.	H.P. Secretariat Canteen	Vide Commissioner-cum-Secretary (SA) to the Govt. of H.P. Order No. Per(SAS-I)F(6)-1/84, dated 18-3-88, 8-5-1998, 16-10-99
25.	Fair and Festivals	Vide Under Secretary (Language), to the Govt. of H.P. letter No. Language-C(13)-2/92-loose, dated 11-5-99.
26.	H.P. Veterinary Council	Notified in GIA Rules of HP Veterinary Council vide notification No. AHY-A(5)5/86 dated 3-1-94
27.	Board of Ayurveda and Unani System of Medicine.	Vide Deputy Secretary (H&FW), to the Govt. of H.P. letter No. H & FW(c)(1)-21/76 dated 22-6-1977.
28.	H.P. Defence Forces Benevolent Fund Flag Day Fund	Vide Rule no.9 of the Rules for utilization of the fund notified vide notification No.11-58/66-GAD"A" Section dated 19-10-1977
29.	Rajya Sainik Board Special Fund for R.R. and Sainik Rest House Fund.	Under rule No.9. the H.P. Defence Security Relief Fund / National Security Relief Fund amended rules vide notification number 11-58/66/GAD(A)Section dated 19-10-1977.

30.	District Sports Cultural Educational Library & Other Development Fund.	Letter No. Fin(C) 15-25/77(W & M) dated 29-12-1978
31.	e-Governance Societies	Vide Principal Secretary (Transport) to the Govt. of H.P. Notification no.-TPT-F(1)2/2000–E-Governance Date -03-09.2005
32.	Indira Gandhi Sports Complex Shimla .	Director Youth Services and Sports, vide letter no. -4-31/83 Y.S.S. 4388 Date -09/07/2003 .
33.	Atal Bihari Vajpayee Institute of Mountaineering and Allied Sports, Manali.	Notification GAD -3 –C (4) -13/76 Date -18.03.1978
34.	The Shimla Road Users and Pedestrians (Public Safety and Convenience) Act, 2007	Under Section 16(7) of the Shimla Road Users and Pedestrians (Public Safety and Convenience) Act, 2007.
35.	HIMCOPS, Shimla	Vide Directorate Police Communication and Technical Services H.P. Letter no. 4142 date - 25.03.2011 as decided in meeting of Governing body of HIMCOPS on 11.03.2011.
36.	Panchayati Raj Institutions.	Consequent upon amendment in the Panchayati Raj Act 1994, Section 118(4) & Vide the Joint Director and Deputy Secretary, Panchayati Raj Department's office letter No. PCH-HC-(5)C(15)LAD/2006-12669, dated 07.04.2016.
37.	Special Audit as assigned by the H.P. Govt.	---

Annexure- 'B'

As per Office Order No.15(100)/81-Fin(L.A.)-part-98 dated 03-01-2014, the Audit Circles of H.P. State Audit Department are as Under:-

Sr. No.	Circle	Headquarters
1	Dehra Circle (Sub Division Dehra, Jawali, Jaisinghpur & area falling on Sujanpur Maranda Road.	Jawalamukhi
2	Kangra Circle (Baijnath, Palampur excluding area of Sujanpur Maranda Road, Dharamshala, Kangra, Nurpur Sub-Division and Indora Tehsil.)	Dharamshala
3	Una Circle (Una District)	Una
4	Hamirpur Circle (Hamirpur District and Sarkaghat Sub-Division of Mandi District.)	Hamirpur
5	Shimla-I Circle	Shimla
6	Shimla-II Circle (Including Kinnaur District)	Shimla
7	Mandi Circle (Excluding Sarkaghat Sub-Division of Mandi District.)	Mandi
8	Kullu Circle (Kullu District and Lahaul & Spiti District)	Kullu
9	Bilaspur Circle (Bilaspur District)	Bilaspur
10	Chamba Circle (Chamba District)	Chamba
11	Sirmour Circle (Sirmour District excluding Rajgarh Tehsil)	Nahan
12	Solan Circle (Solan District including Rajgarh Tehsil of the Sirmour District)	Solan

IMPORTANT CONTACT DETAILS

<u>Sr. NO.</u>	<u>Designation</u>	<u>Telephone number/Email ID</u>
<u>1.</u>	Chief Minister	0177-2625400 cm-hp@nic.in
<u>2.</u>	Chief Secretary	0177-2621022 cs-hp@nic.in
<u>3.</u>	Additional Chief Secretary(Finance)	0177-2624538 finsecy-hp@nic.in
<u>4.</u>	Director	0177-2620881 stateaudit-hp@gov.in
<u>5.</u>	Additional/Joint Director(H.Q.)	0177-2620046 additionaldirectorlad@gmail.com
<u>6.</u>	Joint Director(Local Bodies)	0177-2620046 jointdirectorlad@gmail.com
<u>7.</u>	Deputy Directors	0177-2620046 deputydirectorlad@gmail.com
<u>8.</u>	Assistant Directors	0177-2620046