

**CHAPTER – II**  
**Technical Guidance and Supervision Role**



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### Technical Guidance and Supervision Role

#### 2.1 Entrustment of TGS

Consequent upon entrustment (October 2012) of audit of accounts of PRIs and ULBs to the CAG of India and providing suitable TGS to the primary external auditors of PRIs and ULBs, viz Director LFA&P several steps have been taken by the AG (Audit) as envisaged under Sections 152 to 154 of Regulations on Audit and Accounts, 2007 issued by the CAG under Section 23 of the CAG's (DPC) Act, 1971. The guidance and supervision provided by the AG (Audit) and results obtained are summarized as under:

#### 2.2 Audit Coverage for 2014-15

During the year 2014-15, against 70 ULBs planned for audit, Director LFA&P had conducted audit of 66 ULBs. Four ULBs had remained unaudited due to various reasons<sup>1</sup> against which audit of two<sup>2</sup> ULBs, not planned for audit during the year, was taken up by the Director, LFA&P.

#### 2.3 Preparation of Audit plan for 2015-16

In accordance with the provisions contained under Section 152 (1) of the Regulations on Audit and Accounts, 2007, the Director, LFA&P is required to prepare by the end of March every year, an annual Audit Plan for the ensuing financial year and submit the same to AG (Audit). The annual Audit Plan for the year 2015-16 was submitted to the AG (Audit) within the stipulated time and suitable technical guidance in this regard was provided by AG (Audit) to the Director LFA&P. Out of 80 ULBs,<sup>3</sup> audit of 66 had been planned during 2015-16.

- The ULBs had not been categorised as A, B, C and D on the basis of relevant parameters. Instead revenue/expenditure figures of first two quarters of previous year had been taken into consideration while formulating the audit plan.
- Neither working days of audit parties nor requirement of manpower was mentioned for implementation of the audit plan.

#### 2.4 Preparation of Audit Manual

In order to carry out the audit activity effectively, Director LFA&P was advised (September 2013) by the AG (Audit) to prepare an Audit Manual which had not been prepared (February 2016).

<sup>1</sup> Kishtwar and Thathri: Road blockade, Sumbal: Deferred at the request of EO and Katra: Due to non cooperation

<sup>2</sup> Jammu Municipal Corporation and Municipal Committee Watergam

<sup>3</sup> Including two ULBs of Tangmarg and Pahalgam denotified by the Government but still operating as per stay order of the Court over the denotification orders

## **2.5 Review of Audit Inspection Reports (AIRs)**

In compliance to instructions contained in Section 152 (3) of the Regulations on Audit and Accounts, 2007, Audit Inspection Reports (AIRs) of ten ULBs issued by Director, LFA&P were reviewed by AG (Audit). Suggestions for improving the quality of the AIRs with regard to review of old outstanding paras for their subsequent settlement and/or updating of paras in the current report, better editing, reflecting of monetary values in the paras, basis for calculation of values included in a particular para and issuance of Test Audit Note for minor omissions/irregularities which may not merit inclusion in AIR were communicated (April 2015) to the Director LFA&P.

## **2.6 Presentation of audit findings in Annual Report**

During the period 2012-13 to 2014-15, audit of 185<sup>4</sup> ULBs was conducted by the Director, LFA&P. 65 AIRs made available to the AG (Audit) were further analysed by the AG (Audit) and Director LFA&P advised to collate these audit findings issue-wise for presentation in the Annual Report for publication in Government Gazette.

The Annual Report although prepared by the Director LFA&P had not been published (December 2015) for want of suggestions from the Administrative Department.

## **2.7 Internal Control System**

In compliance to Section 152 (7) of Regulations on Audit and Accounts, 2007, the Director LFA&P was advised to devise a strong Internal Control System for bringing effectiveness in the working of the organization like maintenance of proper books of accounts, compliance to the acts, rules and regulations, maintenance of records of stores, regular conducting of physical verifications, etc.

No such mechanism had been evolved so far which consequentially resulted in improper maintenance of records, non-furnishing of accounts by the ULBs besides non-adherence to the provisions of the Act, rules and bye-laws as detailed in the succeeding chapter.

## **2.8 Training and capacity building of the local fund audit staff**

In pursuance to Section 152 (8) of Regulations on Audit and Accounts, 2007, AG (Audit) imparted training on subjects relating to drafting of AIRs and maintenance of Objection Book items during the month of December 2015 to 36 staff members of the Director LFA&P.

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<sup>4</sup> 2012-13: 50; 2013-14: 67; 2014-15: 68