

Training Module On Audit Of Zilla Parishad & Panchayat Samiti

Updated in November 2015



Regional Training Institute, Kolkata
Indian Audit And Accounts Department

FOREWORD

The Regional Training Institute (RTI), Kolkata was designated in December 2003 by the Office of the Comptroller and Auditor General of India, as the nodal centre for training in the audit of local bodies.

It was decided to undertake preparation of training modules on the audit of local bodies commencing with Panchayati Raj Institutions (PRIs), in the first phase. The modules were sought to be prepared on the basis of the shared experience of relevant agencies. Hence, besides collaboration with the Office of the Accountant General (Local Bodies Audit), West Bengal, emphasis was also placed on a consultative process involving, among others, the Department of Panchayats and Rural Development, Government of West Bengal, the State Institute of Panchayats and Rural Development (SIPRD), Kalyani and the Internal Audit Department (Finance) of the Government of West Bengal.

Subsequently, feedback and comments were received on the design and contents of the training module on the *Audit of Zila Parishad and Panchayat Samiti* and inputs were also obtained from non-governmental organizations, such as, the Mazhdoor Kisan Shakti Sangathan, Rajasthan. Accordingly, a series of further modifications to the module were carried out. Furthermore, a component each on the indices of the satisfactory organizational set up of a Zila Parishad/Panchayat Samiti as well as on the ongoing process of social audit, were also incorporated in the training module.

The module on the *Audit of Zila Parishad and Panchayat Samiti* is broadly designed in the context of West Bengal keeping in view its performance in supporting the panchayats, almost two decades prior to the 73rd Amendment to the Constitution (through the enactment of the West Bengal Panchayat Act, 1973 and the holding of panchayat elections with regularity every fifth year since 1978), and since the PRIs in the State are widely considered to be a success story. However, as the wider framework of local governance falls within the purview of the 73rd Amendment, the common aspects of organizational apparatuses and the key thrust areas of audit analysis remain the overall focus.

We gratefully acknowledge the contribution and assistance of the participatory offices and especially the support and advice received from the Local Bodies Division, Office of the C&AG of India, in finalizing the training module. This is an initial effort, made possible by the collective endeavours of the core faculty of the RTI, Kolkata. We welcome feedback and suggestions from user offices and agencies, to delineate further areas for gaining a holistic perspective on the entire area of grassroots-level decentralization, at rtiercal@vsnl.net.

Sarit Jafa¹

¹ Principal Director, Regional Training Institute, Kolkata

List of Abbreviations and Acronyms

Sl. No	Abbreviated form	Full form	Sl. No	Abbreviated form	Full form
1	a/c	Account	49	NSAP	National Social Assistance Programme
2	AG	Accountant General	50	NSAAC	National Social Assistance Advisory Committee
3	BDO	Block Development Officer	51	OB	Opening Balance
4	BPL	Below Poverty Line	52	P&RD	Panchayati & Rural Development
5	CB	Cash Book	53	PESA	Provisions for Extension to Scheduled Areas
6	C&AG	Comptroller And Auditor General Of India	54	PIA	Project Implementation Agencies
7	DCB	Daily Collection Book	55	PIO	Public Information Officer
8	CDP	Community Development Programme	56	PO	Programme Officer
9	CEGC	Central Employment Guarantee Council	57	PRI	Panchayati Raj Institution
10	CFT	Cluster-Level Facilitation Teams	58	PRIASoft	Panchayati Raj Institutions Accounting Software
11	CSO	Civil Society Organizations	59	PS	Panchayat Samiti
12	DLFA	Director, Local Fund Audit	60	PWD	Public Works Department
13	DPCs	District Planning Committees	61	R/P	Receipts & Payments Accounts
14	DPC	District Programme Coordinator	62	Rs.	Rupees
15	DPC Act	Duties, Powers and Conditions of Services Act	63	RTI	Right to Information
16	Dy.	Deputy	64	SAU	Social Audit Units
17	EFC	Eleventh Finance Commission	65	SEGC	State Employment Guarantee Council
18	EO	Executive Officer	66	SC	Scheduled Caste
19	EOP	Extension Officer	67	SDO	Sub-Divisional Office / Offices
20	Ex. Asstt.	Executive Assistant	68	SECC	Socio Economic Caste Census
21	Ex. Eng.	Executive Engineer	69	SFC	State Finance Commission
22	FIR	First Information Report	70	SHG	Self Help Groups
23	FFC	Fourteenth Finance Commission	71	ST	Scheduled Tribe
24	Govt.	Government	72	TA	Travelling Allowance
25	GP	Gram Panchayat	73	TFC	Thirteenth Finance Commission
26	GPF	Gram Panchayat Fund	74	TGS	Technical guidance and supervision
27	IAY	Indira Awas Yojana	75	UT	Union Territory
28	I/E	Income & Expenditure Accounts	76	VRP	Village Resource Person
29	IEC	Information Education and Communication	77	W.B.	West Bengal
30	IGNOAPS	Indira Gandhi National Old Age Pension Scheme	78	WBP	West Bengal Panchayat
31	IGNWPS	Indira Gandhi National Widow Pension Scheme	79	WBPA	West Bengal Panchayat Act
32	IGNDPS	Indira Gandhi National Disability Pension Scheme	80	XEN	Executive Engineer
33	LBA	Local Body Audit	81	ZP	Zilla Parishad
34	LB	Local Body			
35	LTI	Left Thumb Impression			
36	MB	Measurement Book			
37	Mins.	Minutes			
38	MIS	Management Information System			
39	MPAM	'Model Panchayat Accounting Manual'			
40	MR	Muster Roll			
41	NFBS	National Family Benefit Scheme			
42	No.	Number			
43	NGO	Non-Government Organisation			
44	LB	Labour Budget			
45	MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act			
46	MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme			
47	MORD	Ministry of Rural Development			
48	NRHM	National Rural Health Mission			

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Regional Training Institute, Kolkata

Course Module on Audit of Audit of Zilla Parishad (ZP) and Panchayat Samiti (PS)

Training Objective: Familiarisation with the concept of PRIs, its evolution and its importance in the developmental process vis-a vis enabling the participants to

- (i) understand ZP and PS accounting system in particular;
- (ii) form objective assessment of working of ZP and PS; and
- (iii) derive audit conclusions

Training Method: Interactive lectures, PowerPoint Presentations and exercises

Sessions at a glance

Day 1

Session	Time	Topic
1.1	10.15 hrs. to 11.30 hrs.	Historical perspective of PRI: Enactment of constitutional provisions, status of devolution of functions and funds to PRIs.
1.2	11.45 hrs. to 13.00 hrs.	Constitution of ZP and PS: Concept & definitions of ZP and PS and their organisation, election, establishment, duties & functions etc.
2.1	14.00 hrs. to 15.15 hrs.	ZP and PS Fund: Credits of funds showing <i>inter alia</i> different contributions and loans from Central / State Government / ZP, earnings of ZP and PS through different sources, provisions for withdrawal from ZP and PS Fund, audit points/exercise.
2.2	15.30 hrs. to 16.45 hrs.	Audit of ZP and PS Budget: Preparation, consideration, adoption and publication of draft budget, final approval of budget, re-appropriation of fund in the budget, supplementary and revised estimate, audit points/exercise.

Day 2

Session	Time	Topic
3	10.15 hrs. to 11.30 hrs.	Audit of ZP and PS Accounts and relevant registers: Model Accounting System, Accounting Code, Accounting Procedure, PRIASoft, accounting of revenues, accounting of Advances and Deposits, accounting of Properties and Stores, Establishment Accounts, office expenses, audit points/exercise.
	11.45 hrs. to 13.00 hrs.	Contd.
	14.00 hrs. to 15.15 hrs.	Contd.
	15.30 hrs. to 16.45 hrs.	Contd.

Day 3

Session	Time	Topic
4.1:	10.15 hrs. to 11.30 hrs.	Audit of ZP and PS Works Accounts: Procedure for works executed by ZP and PS, Tender/Contract process, Measurement Book etc., audit points/exercise
	11.45 hrs. to 13.00 hrs.	Contd.
	14.00 hrs. to 15.15 hrs.	Contd.
4.2:	15.30 hrs. to 16.45 hrs.	Audit of Stores and Stock Procedure for maintenance of Stores and Stock, audit Points

Day 4

Session	Time	Topic
5.1	10.15 hrs. to 11.30 hrs.	Audit of Central / State schemes implemented through ZP and PS and relevant formats; audit points / exercise.
	11.45 hrs. to 13.00 hrs.	Contd.
	14.00 hrs. to 15.15 hrs.	Contd.
5.2	15.30 hrs. to 16.45 hrs.	Monitoring of ZP and PS

Day 5

Session	Time	Topic
6	10.15 hrs. to 11.30 hrs.	Duties & Powers of auditors: Duties and Powers of auditors, Authority to Audit, Standards of Audit (general & field), Certification audit of annual accounts, drafting and follow up of Audit Inspection Reports.
	11.45 hrs. to 13.00 hrs.	Contd.
7	14.00 hrs. to 15.15 hrs.	Right to Information Act and Social Audit Movie Show on 'Right to Information'
	15.30 hrs. to 16.45 hrs.	Contd.

Day 6

Session	Time	Topic
8.1	10.15 hrs. to 11.30 hrs.	Audit observations in respect of some states: Group discussions on miscellaneous audit issues.
8.2	11.45 hrs. to 13.00 hrs.	Indices of satisfactory organisational set up of ZP/PS.
9	14.00 hrs. to 15.15 hrs.	Evaluation Test Submission of Feedback by participants.
	15.30 hrs. to 16.45 hrs.	Valediction

Session 1

Session 1.1 Title:

Evolution Of PRI

Session 1.2 Title:

Constitution ZP and PS



- **Instructor's Guide**
- **PowerPoint Slides**
- **Participants' Note**

Session Title: Evolution of Panchayati Raj Institutions (PRIs) and constitution of Zilla Parishad(ZP) and Panchayat Samiti(PS).		Session Guide
Instructor's Guide	Reference	Participants' Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of each session.		
Learning Objective		
Inform: By the end of this session, we will acquire the basic concept of PRIs, the constitutional provision for PRIs, inter-relationships in the three-tier Panchayati Raj system, organisational structure of ZP and PS, their prime duties and functions, establishment etc. which will enable us to understand the system of PRIs and constitution of ZP and PS.		
Basic Concepts		
Highlight: The historical perspective of PRIs. Begin with the concept of Panchayat in ancient India. Discuss: (i)The evolution of PRIs in the British Phase and in Post- Independence phase (ii)The constitutionalisation of Panchayats, position of panchayats in West Bengal and enactment of WB Panchayat Act. Explain: The importance of the PRIs in the West Bengal State Budget.	Slide: SESSION 1 EVOLUTION OF PRIs and SESSION 1 W.B. Panchayat Act	
Constitution of ZP and PS.		
Delineate: The constitution of ZP and PS, their functions and duties, establishment of ZP and PS, Annual Report on the work of ZP and PS. Encourage them to make the session interactive.	Slide: SESSION1 CONSTITUTION OF ZP PS Slide: SESSION1 DUTIES POWERS of ZP PS Slide: SESSION1 ESTABLISHMENT OF ZP PS	
Distribute Participants' Note	SESSION 1 P. NOTE	
Summarise: Run down: During the session, we discussed the evolution of PRIs and the organisational structure, duties, functions and establishment of ZP & PS. Thank the participants for their active participation and bring the session to a close.		

Evolution of PRIs

Slide 1

Historical perspective of local government since independence


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Slide 4

Constitutionalisation of Panchayati Raj

1989	64th Constitutional Amendment Bill is introduced in Parliament on 15 May but was not passed.
1990	74th Constitution Amendment Bills are introduced in Parliament on 7 September; lapses on dissolution of Lok Sabha.
1991	72nd (Panchayats) and 73rd (Municipality) Amendment Bills are introduced in Parliament referred to the Parliament's Joint Select Committee in September.




AUDIT OF ZP AND PS 4

Slide 2

Towards first generation Panchayats

1948-49	Constituent Assembly debates on the role of Panchayati Raj in Indian politics.
1950	The Constitution of India comes into force on 26 January; Directive Principles of State Policy mention village Panchayats as 'units of self-government (Art.40)
1957	Balwantrai Mehta Committee, appointed in January, submits its report on 24 November.




AUDIT OF ZP AND PS 2

Slide 5

Constitutionalisation of Panchayati Raj contd.

1992	Lok Sabha passes both the bills on 22 December; Rajya Sabha passes them on 23 December.
1993	73rd Amendment Act, 1992 comes into force on 24 April. 74th Amendment Act, 1992 comes into force on 1 June.
1993-94	All State governments pass Conformity Acts between 30 May 1993 and 23 April 1994



AUDIT OF ZP AND PS 5


Slide 3

Towards first generation Panchayats contd.

1958-60	Several state governments enact new Panchayat Acts bringing in three-tier Panchayat system.
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Growth and decline of second generation Panchayats

1958-60	Several state governments enact new Panchayat Acts bringing in three-tier Panchayat system.
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AUDIT OF ZP AND PS 3

Slide 6

Constitutionalisation of Panchayati Raj contd.

1996	Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996, extending 73rd Amendment Act to Scheduled Areas, comes into force on 24 December.
2001	83rd Constitution Amendment Act, 2000 amends Art. 243-M to dispense with reservations for Scheduled Castes in Arunachal Pradesh – paving way for Panchayat elections in the only state yet to hold them under the new dispensation.




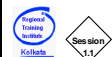
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Evolution of PRIs

Slide 1

Evolution of Panchayat Concept

Post -Independence Period


Slide 4

Flow of Funds

In 2002-03 total budget provision for PRI in W. Bengal was as follows:

Zilla Parishad	Rs.2496 crores
Panchayat Samiti	Rs.3163 crores
Gram Panchayat	Rs. 6753 crores
Total	Rs.12412 crores

Items	ZP	PS	GP	Total
Salary and Allowance	74	76	548	698
Schematic Fund	2202	2955	5450	10607
Other Grants	220	132	755	1107
Grand Total	2496	3163	6753	12412



Slide 2

CONSTITUTIONAL PROVISIONS ON COMPOSITION OF PANCHAYAT


Article 40 of the Directive Principles of the Constitution of India states:

The State should organise Village panchayats and endow them with necessary powers

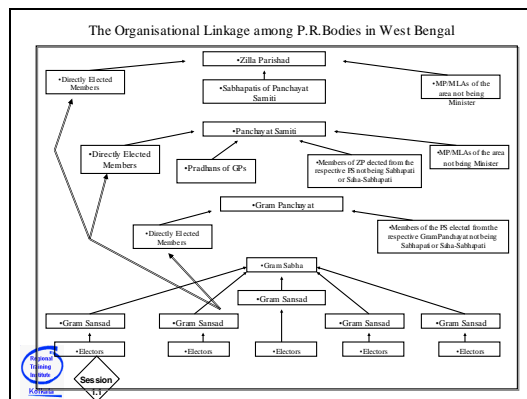
Article 243 B & 243 C of the Constitution of India provides:

Panchayat at the village (Gram Panchayat), intermediate (Panchayat Samiti) and district levels (Zilla Parishad) are to be constituted

The State Legislatures will make provisions for composition of Panchayats



Slide 5

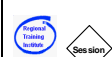


Slide 3

Enactment

The W.B. Panchayat Act, 1957 (prepared on the authority of Article 40 of the Directive Principles of the Constitution of India) was repealed by the W.B. Panchayat Act, 1973 (even before the 73rd Constitutional Amendment in 1992).

Accordingly in W.B the three-tier system is termed as Gram Panchayat, Panchayat Samiti and Zilla Parishad




Slide 6

Object of the Act

To strengthen the self-governed local body in West Bengal.



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Constitution of ZP and PS

Slide 1

**Constitution Of
Zilla Parishad & Panchayat Samiti**

AUDIT OF ZP & PS

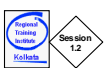
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Slide 4

Constitution of Panchayat Samiti

The Panchayat Samiti shall consist of the following members:

- Pradhan of the Gram Panchayats within the Block, ex-officio;
- Maximum three persons, (whose names are included in the electoral roll pertaining to the area comprised in the Block), elected by secret ballot from each Gram within the Block.



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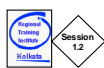
AUDIT OF ZP & PS

4

Slide 2

Constitution of Panchayat Samiti

- A district may be divided into Blocks, comprising of such contiguous Grams as may be specified in the notification by the state government .
- For every Block the state government shall constitute a Panchayat Samiti bearing the name of the Block.



NEXT

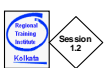
AUDIT OF ZP & PS

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Slide 5

Constitution of Panchayat Samiti

- MP and MLA, not being Ministers, from a constituency comprising the Block or any part thereof;
- Members of the Council of States, not being Ministers, whose names are registered as electors within the area of the Block;
- Members of the concerned Zilla Parishad, not being Sabhadhipati or Sahakari Sabhadhipati;



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AUDIT OF ZP & PS


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Slide 3

Organisational structure of Panchayat Samiti

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    graph TD
      PS[Panchayat Samiti] --> EM[Elected Members]
      PS --> SP[Staff of Panchayat Samiti]
      EM --> S[Sabhapati]
      EM --> SS[Sahakari Sabhapati]
      EM --> AKS[All Karmadhyakshas of Sthayee Samiti]
      EM --> MPS[Members of Panchayat Samiti]
      SP --> S
      SP --> SS
      SP --> AKS
      SP --> MPS
    
```



NEXT

AUDIT OF ZP & PS


3

Slide 6

Constitution of Panchayat Samiti

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    graph TD
      PGP[Pradhan/ Gram Panchayats] --> MPS[Members of Panchayat Samiti]
      EG[Electd members (Max. 3) from each Gram] --> MPS
      MLA --> MPS
      MP --> MPS
      ZP[Members of Zilla Parishad (max. 3) elected from the Block concerned, not being Sabhadhipati, Sahakaori Sabhadhipati] --> MPS
    
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NEXT

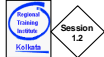
AUDIT OF ZP & PS

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Slide 7

Constitution of Panchayat Samiti


- Each Panchayat Samiti also has 10 Sthayee Samitis. As the functions of these Sthayee Samitis are same as in the Zilla Parishad, the functions will be covered under 'Constitution of Zilla Parishad'.




AUDIT OF ZP & PS 7

Slide 10

Report on the work of Panchayat Samiti



- Panchayat Samiti shall prepare in the prescribed manner a report on the work done during the previous year and the work proposed to be done during the following year and submit it to the prescribed authority and to the Zilla Parishad concerned within the prescribed time.

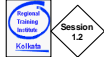


AUDIT OF ZP & PS 10

Slide 8

Establishment of Panchayat Samiti

[Click](#)
[SKIP](#)





AUDIT OF ZP & PS 8

Slide 11

Block Sansad

- Every Panchayat Samiti shall have a Block Sansad consisting of all members of the Gram Panchayats pertaining to the Block and all members of that Panchayat Samiti.


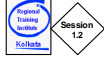
AUDIT OF ZP & PS 11

Slide 9

Meetings of a Panchayat Samiti

- Every Panchayat Samiti shall hold a meeting in its office at least once in every 3 months on such date and at such hour the Panchayat Samiti may fix at the immediately preceding meeting;
 - Provided that the first meeting of a newly-constituted Panchayat Samiti shall be held as the prescribed authority may fix.

The BDO shall attend meetings of the Panchayat Samiti and shall participate in the deliberations thereof.





AUDIT OF ZP & PS 9

Slide 12

Meeting of Block Sansad

- Every Panchayat Samiti shall hold an annual and an half-yearly meeting of such Block Sansad
- One-tenth of the total number of members shall form a quorum for a meeting of Block Sansad
- Meeting shall be presided over by the Sabhapati
- Block Sansad shall guide and advise the Panchayat Samiti on all matters relating to development including preparation of annual plan and budget, implementation of development programmes, schemes or projects.




AUDIT OF ZP & PS 12

Slide 13

Constitution of Zilla Parishad

- For every district, except the district of Darjeeling, the state government shall constitute a Zilla Parishad bearing the name of the district.
- The Zilla Parishad shall consist of the following members:
 - Sabhapatis of the Panchayat Samiti within the district, ex-officio
 - Maximum three persons, elected by secret ballot from block
 - MLA and MP not being Ministers, from a constituency comprising the district or any part thereof may be added, and
 - Members of Council of State as members of ZP.




Session 1.2

AUDIT OF ZP & PS 13

Slide 16

Meeting of Zilla Sansad

- Every Zilla Sansad shall hold an annual and a half-yearly meeting of Sansad
- One-tenth of the total number of members shall form a quorum for a meeting of Zilla Sansad
- Meeting shall be presided over by the Sabhadhipati, and
- Zilla Sansad shall guide and advise the Zilla Parishad for all matters relating to development including preparation of annual plan and budget, implementation of development programmes, schemes or projects.

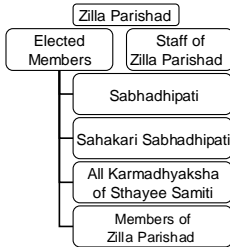



Session 1.2

AUDIT OF ZP & PS 16

Slide 14

Organisational structure of Zilla Parishad

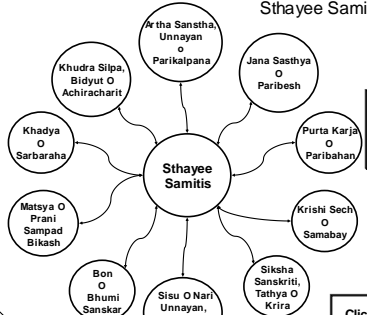



Session 1.2

AUDIT OF ZP & PS 14


Slide 17

Sthayee Samitis



Click Each Circle For details

Click For Next Point




Session 1.2

AUDIT OF ZP & PS 17

Slide 15

Zilla Sansad

- Zilla Sansad in every Zilla Parishad shall comprise:
 - Pradhan of all Gram Panchayats
 - Sabhapatis, Sahakari Sabhapatis, Karmadhyakshas of all Panchayat Samitis
 - All members of Zilla Parishad




Session 1.2

AUDIT OF ZP & PS 15

Slide 18

Artha Sansthan, Unnayan o Paikalpana Sthayee Samiti looks after-

▶ All financial matters	▶ Plan making / implementation
▶ Budgeting	▶ Small Savings
▶ Accounts	▶ Managing Rural Development Programme
▶ Audit	▶ Coordinates the other Sthayee Samitis
▶ Resource mobilisation	
▶ Panchayat/Parisad administration	





Session 1.2

AUDIT OF ZP & PS 18

Slide 19

*Jana Sasthya o Paribesh
Sthayee Samiti looks after-*

- ▶ Health System
- ▶ Community health
- ▶ Sanitation
- ▶ Nutrition
- ▶ Family Welfare
- ▶ Rural Water Supply
- ▶ Pollution Control
- ▶ Rural Health Centre






AUDIT OF ZP & PS 19

Slide 22

*Siksha Sanskriti Tathya o Krira
Sthayee Samiti looks after....*

- ▶ Primary / Secondary Education
- ▶ Adult/Non-formal Education
- ▶ Sishu Kamasuchi
- ▶ Sarba shiksha Abhijan
- ▶ Mass Communication
- ▶ Youth welfare and Sports
- ▶ Information & Cultural Affairs
- ▶ Data Bank






AUDIT OF ZP & PS 22

Slide 20

*Purta Karja o Paribahan
Sthayee Samiti looks after-*

- ▶ Construction works like -
- ▶ Roads
- ▶ Culverts
- ▶ Rural housing
- ▶ Rural communication
- ▶ Indra Awas Yojana,
- ▶ PM Gram Sarak Yojana






AUDIT OF ZP & PS 20

Slide 23

*Sishu o Nari Unnayan, Janakalyan o Tran
Sthayee Samiti looks after-*

- ▶ Issues relating to Women & Children
- ▶ Child Labour
- ▶ Social Welfare
- ▶ Welfare of Handicapped persons / Old people / Backward Classes
- ▶ Social security Schemes
- ▶ Disaster Management & Relief






AUDIT OF ZP & PS 23

Slide 21

*Krishi Sech o Samabay
Sthayee Samiti looks after-*

- ▶ Agriculture
- ▶ Agri-marketing
- ▶ Agro-industry
- ▶ Soil Conservation
- ▶ Horticulture
- ▶ Marketing
- ▶ Water Shed
- ▶ Irrigation
- ▶ Agri-loan
- ▶ Agri-Pension
- ▶ Provident Fund for Landless Agricultural Labour
- ▶ Co-operative Movement






AUDIT OF ZP & PS 21

Slide 24

*Ban o Bhumi Sanskar
Sthayee Samiti looks after-*

- ▶ Distribution of vested Land
- ▶ Land Reforms
- ▶ Social Forestry
- ▶ Fuel & Fodder Cultivation
- ▶ Environment Conservation

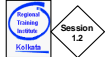



AUDIT OF ZP & PS 24

Slide 25

*Matsya o Prani Sampad Bikash
Sthayee Samiti Looks after-*

- ▶ Fishery
- ▶ Animal Resources Development
- ▶ Medical Treatment
- ▶ Veterinary Services




AUDIT OF ZP & PS 25

Slide 28

Composition of Sthayee Samiti

- Sabhapati/Sabhadhipati ex-officio
- Sahakari Sabhapati/Sabhadhipati, ex-officio
- Min.3 Max.5 elected members
- Karmadhyaksha
- Secretary
- Officer appointed by State Govt..
- One member from recognized political party in opposition



AUDIT OF ZP & PS 28

1. No person, other than the Sabhadhipati or S. Sabhadhipati shall be a member of more than two Sthayee Samitis for ZP or three Sthayee Samitis for PS.


2. A Sthayee Samiti shall exercise such powers, perform such functions and duties as may be prescribed by the Zilla Parishad.

Click For Next Point

Slide 26

*Khadya o Sarbaraha
Sthayee Samiti Looks after....*

- ▶ Rationing system
- ▶ MR Dealer appointment
- ▶ Ration Cards distribution & Checking
- ▶ Mid-day Meal distribution
- ▶ Annapurna Yojana
- ▶ Antyodaya Anna Yojana

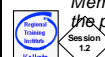


AUDIT OF ZP & PS 26

Slide 29

Karmadhyaksha of Sthayee Samiti

- Members of Sthayee Samiti shall elect a Chairman called Karmadhyaksha from among themselves
 - provided that Sabhapati and Sabhadhipati shall be the ex-officio Karmadhyaksha of the 'Artha, Sanstha, Unnayan O Parikalpana Sthayee Samiti' of PS & ZP respectively
 - provided that Pradhans of GPs and MP/ MLA, members of council of States and member of council of state not being minister shall not be eligible for the post of Karmadhyaksha of PS
 - provided that Sabhapatis of PS or MP/MLA and Members of Council of State shall not be eligible for the post of Karmadhyaksha in ZP.

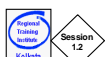


AUDIT OF ZP & PS 29

Slide 27

*Khudra Silpa Bidyut o Achiracharit
Sthayee Samiti Looks after....*

- ▶ Small & Cottage Industry
- ▶ Handloom
- ▶ Rural Industry
- ▶ Sick Industry
- ▶ Khadi & Village Industry
- ▶ Self-employment & Technical Training
- ▶ Non-conventional Energy




AUDIT OF ZP & PS 27

Slide 30

Secretary of Sthayee Samiti

- The Panchayat Development Officer of the Panchayat Samiti shall act as the Secretary to the Artha, Sanstha, Unnayan o Parikalpana Sthayee Samiti
- The Secretary of Zilla Parishad shall act as the Secretary to the Artha, Sanstha, Unnayan O Parikalpana Sthayee Samiti of Zilla Parishad




AUDIT OF ZP & PS 30

Slide 31

Duties & Functions of Karmadhyaksha

Karmadhyaksha shall be


- Responsible for the financial and executive administration in respect of the schemes and programmes under the purview and control of the Sthayee Samiti.
- Entitled, in respect of the work of the Sthayee Samiti, to call for any information, return, statement, account or report from the office of the Panchayat Samiti or to inspect any work in progress



Slide 34

The District Council is made up of:


- Chairperson- the leader of the largest opposition party in the Zilla Parishad
- Vice Chairman- Elected from among members of Zilla Parishad not being the Sabhadhipati, Sahakari Sabhadhipati or Karmadhyaksha
- Five members- Elected by the members of the Zilla Parishad from amongst themselves
- Three officers (besides the elected members)- Nominated as members by the state government.
- Member Secretary- the Addl. Executive Officer of the Zilla Parishad.



Slide 32

District Council

- The West Bengal Panchayat (amendment) Act, 1994 constituted a new body called District Council for Panchayats in each district headed by the leader of the recognized political party in opposition having largest number of members in the Zilla Parishad who is called Adhyaksha.
- It is duty of the District Council to examine –
 - the accounts of the panchayats within its territorial jurisdiction in relation to the budget approved by the panchayat concerned for expenditure to be incurred by such panchayats.




Slide 35

District Planning Committee

- The District Planning Committees (DPCs) have been constituted as per Article 243ZD of the Constitution for integrating rural and urban plans prepared by panchayats and municipalities.
- Functions:
 - to take into consideration spatial planning, sharing of water and other physical and natural resources, integrated development of infrastructure and environment conservation in the district. These important functions of the committee could have facilitated interface between municipalities and panchayats.


[Home](#)



Slide 33

District Council contd.

- the annual reports and such other books of accounts of such Panchayats as the District Council may think fit.
- This body seeks to inject an in-built audit mechanism and is to some extent considered similar to the Public Accounts Committee of the Legislative Assembly.
- The council is empowered to ensure that the Panchayat Bodies within the district maintain financial propriety and discipline in their transactions and for this purpose may examine the records of accounts in the Panchayats.



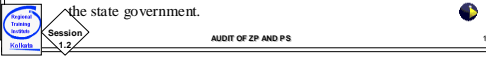
Duties of ZP and PS

Slide 1

Duties and Powers of ZP & PS

Functions as a unit of self-Government to achieve economic development, and secure social justice for all-





- Prepares a development plan for the five-year term of the office members
- Prepares an annual plan for each year by the month of January of the preceding year
- Undertakes schemes for adopting measures, including extension of financial assistance relating to development of agriculture, fisheries etc.
- Undertakes execution of any scheme, performance of any act, or management of any institution or organisation entrusted to it by the state government.



Slide 2

Duties and Powers of ZP and PS contd.





- Makes grants-in-aid of any school, public institution or public welfare organisation within the Block (for PS) and within the district (for ZP)
- Makes grants to the Panchayat Samiti (for ZP) or to the Gram Panchayat (for PS)
- Contributes with the approval of state government such sum or sums as it may decide, towards the cost of water-supply or anti-epidemic measures undertaken by a municipality within the Block (for PS) and within the district (for ZP).

Slide 5

Duties and Powers of ZP and PS contd.





- A ZP or PS shall exercise general powers of supervision over PS and GP in the district or GP in the Block respectively and it shall be the duty of these authorities to give effect to the directions of ZP or PS, as the case may be.

Slide 3

Duties and Powers of ZP and PS contd.





- Adopts measures for the relief of distress
- Co-ordinates and integrates the development plans and schemes prepared by Gram Panchayats in the Blocks (for PS) or by Panchayat Samiti in the district (for ZP), if and when necessary
- A Zilla Parishad shall have the power to advise the state government on all the matters relating to the development work among Gram Panchayats and Panchayat Samitis

Slide 6

Duties and Powers of ZP and PS contd.


- A Panchayat Samiti or a Gram Panchayat, for the purpose of inspection or examination, requires to -
 - produce any book, record, correspondence or other documents, or
 - furnish any return, plan, estimate, statement of accounts or statistics, or
 - furnish or obtain any report or information.





   

Establishment of ZP and PS

Slide 1

Establishment Of Panchayat Samiti







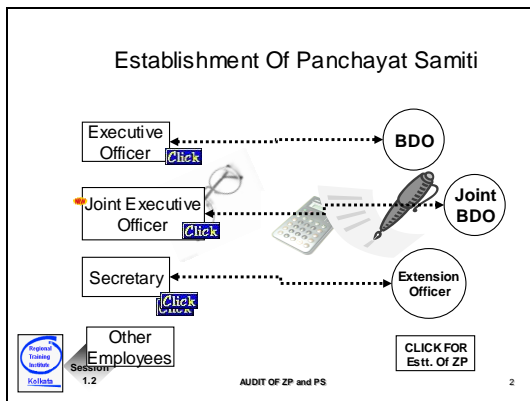
Slide 4

Duties and Powers of ZP and PS contd.

- A PS shall not undertake or execute any scheme confined to an area over which a GP has jurisdiction unless the GP is of opinion that the implementation of such a scheme is beyond its competence financially or otherwise and passes a resolution to that effect
- A ZP also shall not undertake or execute any scheme confined to a block unless the implementation of such a scheme is beyond the competence of the Panchayat Samiti financially or otherwise
- A Zilla Parishad or Panchayat Samiti may undertake or execute any scheme if it extends to more than one block or one Gram respectively

Slide 2



Slide 5

Secretary / Panchayat Samiti

There shall be a Secretary for every Panchayat Samiti and the Extension Officer, Panchayats shall be the ex-officio Secretary.

Session 1.2

AUDIT OF ZP and PS

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Slide 3

Executive Officer / Panchayat Samiti

There shall be an Executive Officer for every Panchayat Samiti and the BDO shall be the ex-officio Executive Officer.

Session 1.2

AUDIT OF ZP and PS

3

Slide 6

Other Employees / Panchayat Samiti

Subject to such rules as may be made by the state government, a PS shall have such other employees in its establishments as may be prescribed and they shall be appointed by the EO of ZP having jurisdiction.

– Provided that no post shall be created or abolished and no revision of pay of any post shall be made by the Panchayat Samiti without the prior approval of the state government.

Session 1.2

AUDIT OF ZP and PS

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Slide 4

Joint Executive Officer/Panchayat Samiti

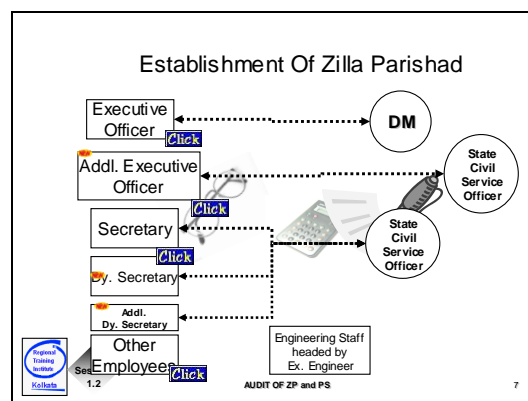
There shall be one or more Joint Executive Officer for every Panchayat Samiti and the Joint BDO shall be the ex-officio joint Executive Officer.

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AUDIT OF ZP and PS

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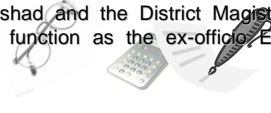

Slide 7



Slide 8

Executive Officer / Zilla Parishad

There shall be an Executive Officer for every Zilla Parishad and the District Magistrate will generally function as the ex-officio Executive Officer.

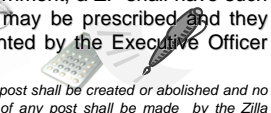




Session 1.2 AUDIT OF ZP and PS 8

Slide 11

Other Employees / Zilla Parishad

- Subject to such rules as may be made by the State Government, a ZP shall have such employees as may be prescribed and they shall be appointed by the Executive Officer of the ZP;
 - Provided that no post shall be created or abolished and no revision of pay of any post shall be made by the Zilla Parishad without the prior approval of the State Govt.

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Session 1.2 AUDIT OF ZP and PS 11

(This slide to be adopted as per state specific scenario)

Slide 9

Additional Executive Officer / Zilla Parishad

- There shall be one or more Additional Executive Officer for every Zilla Parishad and a senior State Civil Service officer acts as Additional Executive Officer.



Session 1.2 AUDIT OF ZP and PS 9



Slide 10

Secretary / Zilla Parishad

- There shall be a Secretary for every Zilla Parishad. A senior State Civil Service officer acts as Secretary.
- There shall be a Deputy Secretary, Additional Deputy Secretary, Financial Controller and Chief Accounts Officer, Executive Engineer, Parishad Public Health Officer and other officers for ZPs distributed among few Zilla Parishads.

Session 1.2 AUDIT OF ZP and PS 10

Session Title

Evolution of Panchayati Raj Institutions (PRIs) & Constitution of Zilla Parishad (ZP) and Panchayat Samiti (PS).

Session Overview

In this session we will discuss-

(i) Evolution of PRI in the pre- and post-independence phase including enactment of constitutional provisions and significance of devolution of funds, vis-à-vis, audit thereof and concept, definition, organisation & ZP and PS.

By the end of this session, we will acquire the basic concept of PRI, constitutional provisions for PRI, organizational inter-relationship in the three-tier Panchayati Raj, organizational structure of ZP & PS, its prime duties and functions, its establishment etc. which will enable us to understand the PRI system and constitution of ZP & PS.

Historical perspective



Let us see what history says

The pre-independence period

India has a long legacy of Panchayats, an important feature of these institutions being that they were largely self-governing.

During the Vedic period, the village Panchayat, called '*Samiti*' was the basic unit of administration and the head of a Samiti was called *Gramin*. Kautilya's "*Arthashastra*", depicting the system of governance of the Maurayan age, indicates the significance of these institutions particularly for revenue and economic purposes and mentions the various functions to be performed by *Gramika*, the village headman. The historical records of the Gupta era also show the existence of a *Gram Sabha* consisting of all adult residents of a village, controlled by an executive body or council popularly known as *Panchayat*, which managed village affairs.

The growth of Panchayats had, through the ancient, medieval and modern periods, ups and downs. It is only from the year 1870 that India saw the dawn of representative institutions with Lord Mayo's resolution proclaiming the need for local interest, local supervision and local care on issues like education, sanitation, medical relief and public works.

Following the footsteps of Mayo, Lord Ripon in 1882 provided the much needed democratic framework to these institutions. All boards (then existing) had to have a two-thirds majority of the non-officials who had to be elected; the chairmen of these bodies had to be from among the elected non-officials. Local self-government institutions received a boost with the setting up of the Royal Commission on

Decentralisation in 1907 which viewed that local government should start from the village level rather than the district level.

The years that followed after the First World War, saw the advent of leaders like Mahatma Gandhi on the national political scene. He set the tone of the nationalist point on the Panchayat. He viewed the Panchayat as a *Swadeshi* institution and visualized the advent of a free nation in India marked by village self-rule and all-round development at the grass root level in the rural areas, which he frequently termed as *Gram Swaraj*.

The development of local self-government institutions got a further fillip with the introduction of the Montague-Chelmsford Report which made local self government a transferred subject under the scheme of Dyarchy. By 1925 eight provinces had passed Panchayat Acts and by 1926, six native states had also passed Panchayat laws. The Government of India Act of 1935 led to the formation of popular Ministries in 1937 and they undertook legislations to make the local bodies truly representative of the people. However, the initial zeal of the Ministries to make these institutions popular received a setback between 1939-46 due to the outbreak of the Second World War and events thereafter.

The post-independence period

After India got independence, an important question which came up was the nature of the

role the Panchayats should have in the new Constitution. Ultimately, the overall feeling of the members of the Constituent Assembly was for the inclusion of village Panchayats in Article 40 under the Directive Principles of State Policy which reads as follows:

"The State shall take steps to organize village Panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of local self-government". The Directive Principles were, thus, only persuasive and did not compel the States to take steps to promote Panchayats.

The post-independence phase of Panchayati Raj is marked with significant developments. In an attempt to usher in socio-economic and cultural transformation in the country side, in 1952, the Government of India had launched a comprehensive programme of Community Development Programme (popularly known as CDP) encompassing almost all activities of rural development; however the programme could not make much headway in fulfilling the dreams of the rural masses. In order to examine the causes for its failure, the Government of India constituted a high power study team headed by Balwantrai Mehta, a Member of Parliament. The Team observed that the failure of the CDP was due to the conspicuous absence of people's participation. In order to secure participation, the Team suggested that 'a set of institutional arrangements' would have to be created to

make participation meaningful and effective. This resulted in the creation of a 'three-tier' system of PRIs to organize and manage the rural development activities. Thus began a new experiment in the sphere of rural development through the participation of people. The recommendation favoring democratic decentralization accelerated the pace of constituting PRIs in the States. By 1959, most States had passed Panchayat Acts and by mid 1960s, Panchayats had reached all the parts of the country. The framework of the new institutional arrangement comprised 'Village Panchayats' at the base, 'Panchayat Samitis' at the middle and 'Zilla Parishads' at the apex level.

PRIs were, thus, made an institutional component of India's development administration. However, although the ideals and basic objectives of these institutions were identical in nature, their powers, mode of representation of the people and the nature of inter-relationship among them were not uniform.

Since the Balwantraji Mehta Committee did not make provisions for fiscal decentralization, the K. Santhanam Committee was set up in 1963 to look into Panchayat finances. Key recommendations included powers to levy a special tax on land revenues and homes; consolidation of all grants at the state level and devolution to PRIs; and the establishment of a Panchayat Raj Finance

Corporation to look into the financial resources of PRIs and provide loans and financial assistance to grassroots level governments.

Since the recommendations of earlier committees were not fully implemented, the Ashoka Mehta Committee (1978) was appointed to again examine measures to strengthen PRIs.

It recommended *inter-alia* the following:

- The district as the key administrative unit for planning, coordination and resource allocation, and the management of the rural and urban continuum.
- Population based representation of Scheduled Castes (SCs) and Scheduled Tribes (STs) in the election to PRIs.
- Participation of political parties in elections.
- Financial devolution consistent with the devolution of developmental functions to the district level.

Thus the thrust shifted from the Panchayat as a development organization to the Panchayat as a political institution. Building on the recommendations of the Ashoka Mehta Committee, the states of Karnataka, Andhra Pradesh, West Bengal and Jammu and Kashmir either revised their existing Panchayat Acts or passed new legislation. For the first time in India, local body elections in West Bengal in 1978 saw the participation of political parties.

Constitutionalising the PRI system

A wave of decentralization of service delivery to local governments gathered momentum in the 1990s, including countries like Albania, Bolivia, Bosnia, Brazil, Ethiopia, Malawi, Madagascar, Philippines, South Africa, Uzbekistan, Uganda and Zambia.

India also implemented a countrywide experiment with decentralization to local governments, since the passage of the 73rd and 74th Constitutional Amendments in the early 1990s.

In order to implement Article 40 of the Constitution, the 73rd Constitution Amendment Act, 1992 inserted Articles 243 to 243-O which tried to address some of the problems encountered by PRIs in previous years by

- a) Granting PRIs constitutional status;
- b) Empowering socially and economically disadvantaged groups such as dalits, adivasis and women;
- c) Ensuring free, fair and regular elections;
- d) Keeping terms fixed;
- e) Identifying a list of subjects to come under the jurisdiction of PRIs;
- f) Addressing the issue of PRI finances; and
- g) Establishing the Gram Sabha (village assembly) as the electorate body to which the Panchayat would be accountable.

The main features of the 73rd Amendment may be seen at Annexure - I.

Thus the 73rd Constitutional Amendment consolidated many of the gains achieved in establishing PRIs, and imposed a political uniformity on the structure and working of the third tier. The Amendment perceived popular participation as the key in decision-making and service delivery. This goal of reclaiming the state by the citizen had become particularly important with weaknesses in the state's delivery mechanisms becoming evident. The Ninth Five Year Plan (1997-2000) stated: "Past experience has shown that many development projects and programmes, having laudable objectives, have failed to deliver the result because of the inadequacies of design and implementation. Time and cost overruns have become widespread and substantial in public sector infrastructure and investment projects. It is common knowledge that the benefits intended to be delivered to the people through development programmes in the social sectors have not fully reached the beneficiaries because of the weakness in administrative planning and delivery mechanism."

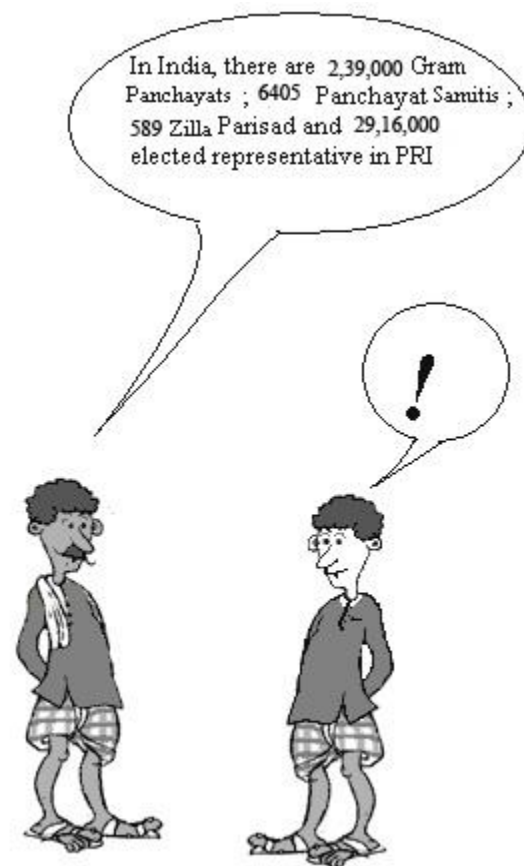
Including the adivasis

The Constitutional Amendment, however, excluded the adivasis or indigenous people, except for reservations, and the Scheduled Areas (Areas with a majority tribal/indigenous population). Subsequent to

the Bhuria Committee (1994) extending the provisions to the Scheduled Areas and suggesting modifications to strengthen institutions of local self government, the Adivasi Act, or the Provisions for Extension to Scheduled Areas (PESA) came into effect in 1996. This Act is remarkable in the Indian context since it recognizes the vulnerability of the adivasis to any action against their interests by state representatives such as the lower officials of the police, excise, forest and revenue departments. It endorses the communitarian nature of adivasi life with respect to the resource base. Moreover, it recognizes the priority of community rights with respect to individuals, especially in the case of property. On the basis of these principles, the Act placed the Gram Sabha at the centre of the Panchayat system of self-rule for the adivasis, going beyond the functions and powers of the 'Gram Sabha' in non-Scheduled Areas. Thus the 'Gram Sabha' in Scheduled Areas has been entrusted with preserving popular customs and cultural identity; the traditions and customs of the people; safeguarding the community in the management of community resources; ensuring the customary mode of conflict resolution; and being consulted in land acquisition matters.

Following the mandate of the 73rd Amendment to the Constitution, which gave a constitutional status to the Panchayats as a

third tier in India's federal structure in rural areas, there are now 2.39 lakhs Gram Panchayats, 6405 Block Panchayats or Panchayat Samities, 589 District Panchayats or Zilla Parishads and 29.16 lakh elected representatives, making this the single largest experiment in decentralization of governance attempted anywhere in the world.



TIME LINE

Milestones in the Evolution of Local Government since independence

Towards first generation Panchayats	
1948-49 ↓	Constituent Assembly debates on the role of Panchayati Raj in Indian politics.
1950 ↓	The Constitution of India comes into force on 26 January; Directive Principles of State Policy mention village Panchayats as 'units of self-government (Art.40)
1952 ↓	Community Development Programme starts off on 2 October.
1957 ↓	Balwantrai Mehta Committee, appointed in January, submits its report on 24 November.
1958-60 ↓	Several state governments enact new Panchayat Acts bringing in three-tier Panchayat system.
1964-77 ↓	Decline of first generation Panchayat Raj Institutions.

1992 ↓	Lok Sabha passes both the bills on 22 December; Rajya Sabha passes them on 23 December.
1993 ↓	73 rd Amendment Act, 1992 comes into force on 24 April. 74 th Amendment Act, 1992 comes into force on 1 June.
1993-94 ↓	All state governments pass conformity Acts between 30 May 1993 and 23 April.
1996	Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996, extending 73 rd Amendment Act to Scheduled Areas, comes into force on 24 December.

Source: Panchayati Raj Update, October 2002

Growth and decline of second generation Panchayats

1978 ↓	Panchayat elections are held in West Bengal on Party basis on 4 June – marking the beginning of second generation of Panchayat Raj. Ashoka Mehta Committee on working of Panchayats, appointed on 21 August.
Constitutionalisation of Panchayati Raj	
1989 ↓	64 th Constitutional Amendment Bill is introduced in Parliament on 15 May; is defeated in Rajya Sabha on 15 October
1991 ↓	72 nd (Panchayats) and 73 rd (Municipality) Amendment Bills are introduced in Parliament, referred to the Parliament's Joint Select Committee in September.

Devolution of Departments / Subjects to PRIs

The Constitution (73rd Amendment) Act, 1992 was a watershed in the history of decentralised governance, planning and development.

One of the salient features of this act is - 'Devolution of powers and responsibilities by the state in preparation and implementation of plans for economic development and social justice including implementation of schemes relating to the subjects listed in the 11th schedule of the Act'.

It is clear from the Article 243-G of the Constitution that the legislature of a state may, by law, endow the Panchayats with such powers and authority as may also contain provisions for the devolution of powers and responsibilities upon Panchayats at the appropriate level, subject to such conditions as may be specified therein, with respect to (a) the preparation of plans for economic development and social justice (b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the 11th Schedule.

It is, however, not mandatory on the part of the state government to implement this because the word 'may' is used in this article. It implies that power sharing with Panchayats depends on the political leadership at the state level. As a result, decentralisation to rural governments has, in reality, tended to

be a patch-work of de-concentration, delegation and devolution.

As per the Constitution (73rd Amendment) Act, 1992, the state governments were supposed to transfer to Panchayats functions pertaining to 29 subjects listed in the 11th Schedule of the Constitution (Annexure - II). Annexure - III shows the state-wise Status of Devolution of Departments / Subjects to PRIs.

It may also be seen from Annexure - III that only Andaman and Nicobar Island, Arunachal Pradesh, Karnataka, Kerala, Rajasthan, Sikkim, Tamil Nadu, have transferred all 29 subjects. States like, Jharkhand, Chandigarh and Jammu & Kashmir have not devolved any functions. It is also evident from Annexure III that although several states have given a number of responsibilities to the Panchayats, these have not been accompanied by the requisite devolution of funds and functionaries to the PRIs. In other words, in varying degrees devolution remains *de jure* rather than *de facto*.



Position in West Bengal

Statutorily constituted

Panchayats were established in Bengal in 1870 when the Bengal Village Chowkidari Act was passed. The Bengal Local Self-Government Act of 1885, provided for a three-tier structure for rural Bengal. At the top, there was to be a district; at the middle level,

a local board covering a sub-division; and at the lowest level the union committee with jurisdiction over a union or a group of villages. The Bengal Village Self-Government Act of 1919 provided for the creation of union boards consisting of a group of villages. The electorate was to consist of all adult males having residence within the union and paying local tax, that is, union rates or cess. Each union board had a president and a vice-president elected by its members. The union boards were given a variety of functions. There were normal municipal functions, such as sanitation, water supply, maintenance of roads or drains, or regulatory functions, such as control on construction of buildings. There were some development functions as well, such as, promotion of cottage industry, or establishment of primary schools or libraries. The boards could exercise control over the rural police (Chowkidars and Dafadars¹). By 1936-37, the number of elected boards rose to nearly five thousand. A new class of officers, known as circle officers, was appointed by the government to supervise functioning of a group of boards and to act as a link between the government and the self-governing institutions.

The West Bengal Panchayat Act of 1957 replaced the Village Self-Government Act of 1919 and restructured local self-government

¹ At present this post has been abolished. A new post 'Gram Panchayat Karmees' has been introduced.

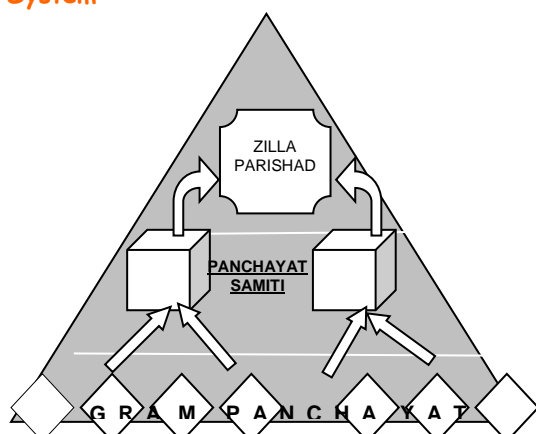
in villages by introducing two-tier Gram Panchayats and Anchal Panchayats in place of the union boards. Besides, a new concept called the Gram Sabha was introduced. The Gram Sabha consisted of all persons whose names were in the electoral rolls of the West Bengal Legislative Assembly. Each Gram Sabha covered a population of seven hundred to 1,200 persons, residing in one or two villages. The executive arm of the Gram Sabha was the Gram Panchayat which consisted of nine to fifteen members elected by the members of the Gram Sabha. The Panchayat was given functions but not the authority to raise funds. Power to levy and collect rates and fees was given to another body known as the Anchal Panchayat. For every eight to nine Gram Panchayats there was an Anchal Panchayat. The area of operation of the Anchal Panchayat was more or less coterminous with its predecessor, the union board. Thus, through the Act of 1957, West Bengal tried to implement the directive contained in Article 40 of the Constitution of India for establishing village Panchayats without disturbing radically the traditions of the firmly rooted institution of union boards. In 1963, the West Bengal Zilla Parishads Act was passed to provide for the remodelling of local government with a view to associating local authorities with development activities and bringing about democratic decentralization and people's participation in

planning and development. Under this Act, two corporate bodies were created - Anchalik Parishads at the block level and Zilla Parishads at the district level. There was no provision for direct election to any of these bodies. The Anchalik Parishad consisted of all the Pradhans of the Anchal Panchayat within the area.

The 1957 Act providing for Gram and Anchal Panchayats and the 1963 Act providing for Anchalik and Zilla Parishads formed the basis of the Panchayati Raj structure of the state. It was a four-tier system instead of the three-tier system recommended by the Balwantrao Mehta Committee. Except for the Gram Panchayat, none of the other tiers had any directly elected member.

The West Bengal Panchayat Act was passed towards the end of 1973, with amendments made from time to time, remained effective in the decades that followed. With this act, the state's Panchayat system fell in line with the all-India pattern of the three-tier system as illustrated below:

Structure of Three-tier Panchayati Raj System



In June 1977, the Left Front led by the Communist Party of India (Marxist) was voted into office. Immediately thereafter, the new government embarked upon a programme of rural development based on land reform and decentralization of power through the Panchayats. After making some amendments to the 1973 Act, the government held elections on 4 June 1978 to all the three tiers of Panchayats. Thus began a new chapter for Panchayati Raj Institutions in the state. Indeed, when one considers the all-India scenario, West Bengal's performance in supporting the institution of Panchayat appears to be commendable. By holding Panchayat elections with regularity every fifth year since 1978, West Bengal set an example to all other states.

West Bengal Panchayats at a Glance (Elected Members)*

	Nos.	Total Members
Gram Panchayats	3342	48800
Panchayat Samitis	341	9240
Zilla Parishads	19	825

It is widely held that West Bengal's Panchayati Raj is a success story. PRIs have been given substantial responsibility in rural development works, particularly in the implementation of poverty alleviation programmes. As a result, these local bodies are today an indispensable part of the delivery system of the state government in

* Position as per specific state scenario.

the rural area. Now, no target-group oriented development programme, nor programmes that call for mobilization of rural people, such as, mass literacy, are undertaken by the state government without involving these bodies.

Flow of Funds*

In 2014-15, total budget provision in West Bengal meant for PR Bodies was of Rs.7691.345 crores out of which Rs. 706.467 crores were earmarked for salary and allowance grant, Rs.4914.197 crores was for schematic expenditure and Rs. 2070.68 crores for other compensatory grants to PR Bodies and grants for development of civic amenities etc. This provision does not include the flow of funds from the Government of India directly to the PR Bodies.

Against total budgetary allocation of Rs. 7691.345 crores (Annexure - IV), a total amount of Rs. 6607.069 crores was released to the PR Bodies® by the State Government. Also Central Government Grant of Rs.5805.07 crore was released. The details of Grants released are given below:

Release of Funds to PR Bodies in 2014-15 (Rs. in crores)

Items	ZP	PS	GP	Total
Salary Allowance	73.55	75.35	547.6	696
Schematic Fund	2202.4	2955	5450	10608*
Other Grants	220.50	132.2	755.1	1108
Grand Total	2496	3163	6753	12412

© Source :Deptt. of Panchayat & Rural Development, Government of West Bengal.

*Position as per specific state scenario.

Total release of Rs.12412 crores includes Central Government grants of Rs.5805.07 crore

It is pertinent to note the fact that for the rural population, Panchayats are the first and foremost and the only relevant, interface with the Government. It is at the level of local government that public goods with a spatial reach limited to the immediate neighborhood, ranging from local road connectivity to sanitation, to watershed management, needs to be provided. These are the very goods that determine the potential for sustainable growth and poverty reduction. It is in this context that the audit of GP assumes critical significance.

Annexure - I**The main features of the 73rd amendment**

- The centrality of the Gram Sabha to decentralise governance.
- Uniform three-tier PRI structure with village, block and district levels.
- Direct election to all seats for all members of all levels.
- Proportionate reservation of Panchayat seats and offices of chairpersons at all levels for SC and ST, with one third reserved for SC/ST women.
- One third of total seats and chairperson offices reserved for women.
- Ability of the state legislature to provide seat and office reservations to backward classes.
- Uniform five-year term for Panchayats, with elections before the expiry of term; elections within six months if Panchayat dissolved.
- Protection against dissolution by amendment before the expiry of Panchayat term.
- Disqualification from Panchayat membership for those disqualified from election to state legislature.
- Independent State Election Commission to supervise preparation of

electoral rolls and control electoral process.

- Twenty-nine subjects eligible for devolution to Panchayats
- Powers to states regarding which subjects to devolve.
- Setting up a State Finance Commission (SFC) once in five years to review PRI financial position and make suitable recommendations for fund distribution to Panchayats.

Annexure – II**List of 29 subjects in the 11th schedule of the Constitution**

1. Agriculture, including agricultural extension
2. Land improvement, implementation of land reforms, land consolidation and soil conservation
3. Minor irrigation, water management and watershed development
4. Animal husbandry, dairy and poultry
5. Fisheries
6. Social forestry and farm forestry
7. Minor forest produce
8. Small scale industries, including food processing industries
9. Khadi (homespun cloth), village and cottage industries
10. Rural housing
11. Drinking water
12. Fuel and fodder
13. Roads, culverts, bridges, ferries, waterways and other means of communication
14. Rural electrification, including distribution of electricity
15. Non-conventional energy sources
16. Poverty alleviation programmes
17. Educational including primary and secondary schools
18. Technical training and vocational education
19. Audit and non-formal education
20. Libraries
21. Cultural activities
22. Markets and fairs
23. Health and sanitation, including hospitals, primary health centres and dispensaries
24. Family welfare
25. Women and child development
26. Social welfare, including welfare of the handicapped and mentally retarded
27. Welfare of the weaker sections and in particular of the scheduled castes and the scheduled tribes
28. Public distribution system
29. Maintenance of community assets.

Annexure – III

Status of devolution of departments/subjects with funds, functions and functionaries to the Panchayati Raj Institutions for Major States/UTs.

State/UT	No. and Names of the Departments/subjects transferred to Panchayats with respect to		
	Funds	Functions	Functionaries
Andhra Pradesh	Only Gram Panchayats (GPs) are empowered to collect taxes. Governments Orders (GOs) issued for devolving funds of 10 departments	22 GOs issued during 1997-2002. Further, 10 line departments have devolved certain powers to PRIs	Functionaries are under the administrative control of their respective line departments but they are partially accountable to PRIs
Andaman & Nicobar Islands	Grant-in-aid is released to PRIs to discharge their functions	All the functions (29 subjects) have been transferred to the PRIs	639 functionaries of various departments have been transferred to the PRIs
Arunachal Pradesh	PRIs do not collect taxes. Transfer of funds by departments has not taken place.	29 subjects have been devolved. GOs covering 20 departments have been issued, but not yet implemented.	Functionaries have not been transferred.
Assam	PRIs are empowered to collect taxes but cannot enforce. Main source of revenue is lease rent from markets, river banks and ponds.	Activity-mapping done for 23 subjects. But GOs have been issued only for 7 subjects by 6 departments.	There has been very minimal devolution of functionaries. Officials continue to report to departments.
Bihar	No taxes are collected by PRIs but a proposal regarding the same is under consideration of State Government.	Activity mapping has been conducted. 20 line deptts. have issued GOs.	Departmental staff are answerable to departments. Angandwadi workers, teachers and health workers are appointed by PRIs
Chhattisgarh	GP is authorized to collect various types of taxes. Funds for 12 departments have been devolved.	Activity Mapping of 27 matters has been undertaken. GOs not issued.	Panchayat make recruitments for 9 departments.
Goa	Panchayats levy 11 types of taxes. Untied funds are given to Panchayats.	18 matters are devolved to GPs, while 6 are devolved to ZPs.	PRIs have their own core staff for the execution of works.
Gujarat	8 major taxes are collected by PRIs. In 2008-09, 13 departments allocated funds to PRIs	14 functions have been completely devolved and 5 are partially devolved.	14 functions have been completely devolved and 5 are partially devolved.
Haryana	GPs generate revenue from lease of Panchayat land, liquor cess and rental of Panchayat premises.	Panchayati Raj Act devolves 29 functions. GOs have been issued for 10 deptts.	There is no significant devolution of functionaries.
Himachal Pradesh	Only GP is empowered to levy taxes. Funds have not been transferred.	27 out of 29 subjects have been devolved to PRIs.	Functionaries have not been transferred to PRIs.

J&K	State Govt. has issued GO notifying activity mapping. Funds have been devolved in a limited sense. Functionaries have been identified in the Activity Mapping document which will assist Panchayats in carrying out assigned functions but have not been transferred.		
Jharkhand	Elections to PRIs were held in November- December 2010 for the first time since 73rd CAA came into force. Activity Mapping has not been done so far.		
Karnataka	PRIs collect 7 types of taxes. Panchayati Raj Act provides the mandatory transfer for untied funds to PRIs.	Karnataka has delegated all 29 subjects to PRI by notifying Activity Mapping.	All Panchayat employees function under dual control of the Deptts. concerned and the PRIs.
Kerala	GPs have tax domain of 9 types of taxes. Untied funds and funds for specific purposes by deptts are given to PRIs.	Activity mapping for all 29 functions done and activities devolved to Panchayats.	PRIs have full managerial and part disciplinary control over transferred functionaries.
Madhya Pradesh	GPs are empowered to collect taxes. Funds for 13 departments covering 19 matters are released to PRIs.	GOs containing the Activity Mapping in respect of 25 matters pertaining to 22 deptts. have been issued.	Functionaries for 13 departments have been transferred to the PRIs. There is a State Panchayat Service
Maharashtra	ZP and GP collect taxes. Grants for 11 departments are transferred to PRIs.	11 subjects have been fully devolved. For 18 subjects, schemes are implemented by PRIs.	Class III and Class IV employees at all levels are Zilla Parishad employees.
Manipur	Five Departments have issued GOs transferring funds to PRIs.	GOs have been issued devolving functions related to 22 departments.	5 Departments have issued GOs transferring functionaries to PRIs.
Orissa	PRIs collect 6 types of taxes. There is no clear devolution of untied funds.	11 departments have devolved 21 subjects.	Officials of 11 departments are accountable to PRIs.
Punjab	Main source of income of GP is from auction of Panchayat land. There is no clear devolution of funds.	The devolution of 7 key departments relating to 13 subjects approved.	No functionaries have been transferred to PRI by line departments.
Rajasthan	5 departments have issued GOs transferring funds to PRIs up to district level. 10% untied fund to PRIs.	Five Departments have transferred all functions up to district level to PRIs. Fresh Activity Mapping of above 5 Departments has been done.	5 departments have transferred all functionaries upto district level to PRIs.
Sikkim	PRIs do not collect taxes. Funds are being transferred by 17 departments. 10% of total fund of each department is given to Panchayats. Untied funds are given to PRIs.	All 29 subjects are devolved as per legislation. Activity Mapping has been conducted for 20 subjects covering 16 departments.	Employees are under the control of PRIs, but Panchayats exercise limited control over them.
Tamil Nadu	Only village Panchayats have the power to levy taxes. 9% of the States own tax revenue devolved to Local Bodies, of which rural local	Government of Tamil Nadu has delegated supervision and monitoring powers of 29 subject to PRIs	There is no significant devolution of functionaries.

	bodies will receive 58% share.		
Tripura	Part funds related to PWD Department, primary schools and Social Welfare and social education department and pension funds have been transferred to the Panchayats. Untied funds are also transferred to PRIs.	So far GOs have been issued devolving irrigation schemes, primary schools and activities related to adult and non-formal education, women and child development and social welfare.	Functionaries of 5 subjects for which functions have devolved, have been transferred to Panchayats.
Uttar Pradesh	All 3 tiers have the power to collect taxes.	16 subjects relating to 12 departments have been devolved to PRIs.	PRIs do not have control over functionaries.
Uttarakhand	Only ZPs collect taxes. Funds are made available to PRIs for activities for only 3 functions.	Master GO on transferring financial and administrative powers on 14 subjects has been issued in 2003.	Supervisory role over functionaries related to 14 subjects.
West Bengal	GPs can impose and realize taxes. Untied funds are allocated under the TFC grant as well as SFC grant. 5 departments have opened Panchayat Window in their budgets.	State Govt. agrees with transfer of these 28 subjects. 14 departments have so far issued matching GOs transferring 27 subjects.	The Panchayat employees have been made into different district cadres. Other than the posts created in the Panchayat bodies, 7 departments of the State Govt. have devolved functionaries
Daman & Diu	Not available	12 subjects are fully devolved and 10 subjects are partially devolved.	Functionaries for 13 departments have been transferred to PRIs.
Puducherry	Panchayats collect taxes and receive funds from the state budget under the community development sector.	22 functions have been devolved to the PRI.	Devolution of functionaries has not been done yet.
Lakshadweep	Entire Plan and Non Plan budget required for Schemes and Programs being implemented by 5 departments viz Education, Medical & Health Services, Fisheries, Animal Husbandry, and Agriculture is transferred to the District Panchayat and Village (Dweep) Panchayats.	All Schemes and programmes being implemented by five major departments, viz. Education, Medical & Health Services, Fisheries, Animal Husbandry, and Agriculture have been transferred to the PRIs w.e.f.1st April 2010.	Entire establishments of five major departments, viz Education, Medical & Health Services, Fisheries, Animal Husbandry, and Agriculture except Director and few staff have been transferred to District Panchayat and Village (Dweep) Panchayats
Chandigarh		A committee constituted by the Chandigarh Administration recommended transfer of some functions of 12 Departments. However, the State Govt. felt that such an exercise of	

		devolving the functions to PRIs would only be an interim measure because fast urbanization would result in villages becoming part of Municipal Corporation in near future.	
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Note: Mizoram, Meghalaya and Nagaland are exempted.

Delhi has no Panchayats.

Information is not available for UT of Dadra & Nagar Haveli.

Source: Website of MOPR's.

Annexure - IV
Fund Released towards PR Bodies in 2014-15

(Rs. in lakhs)

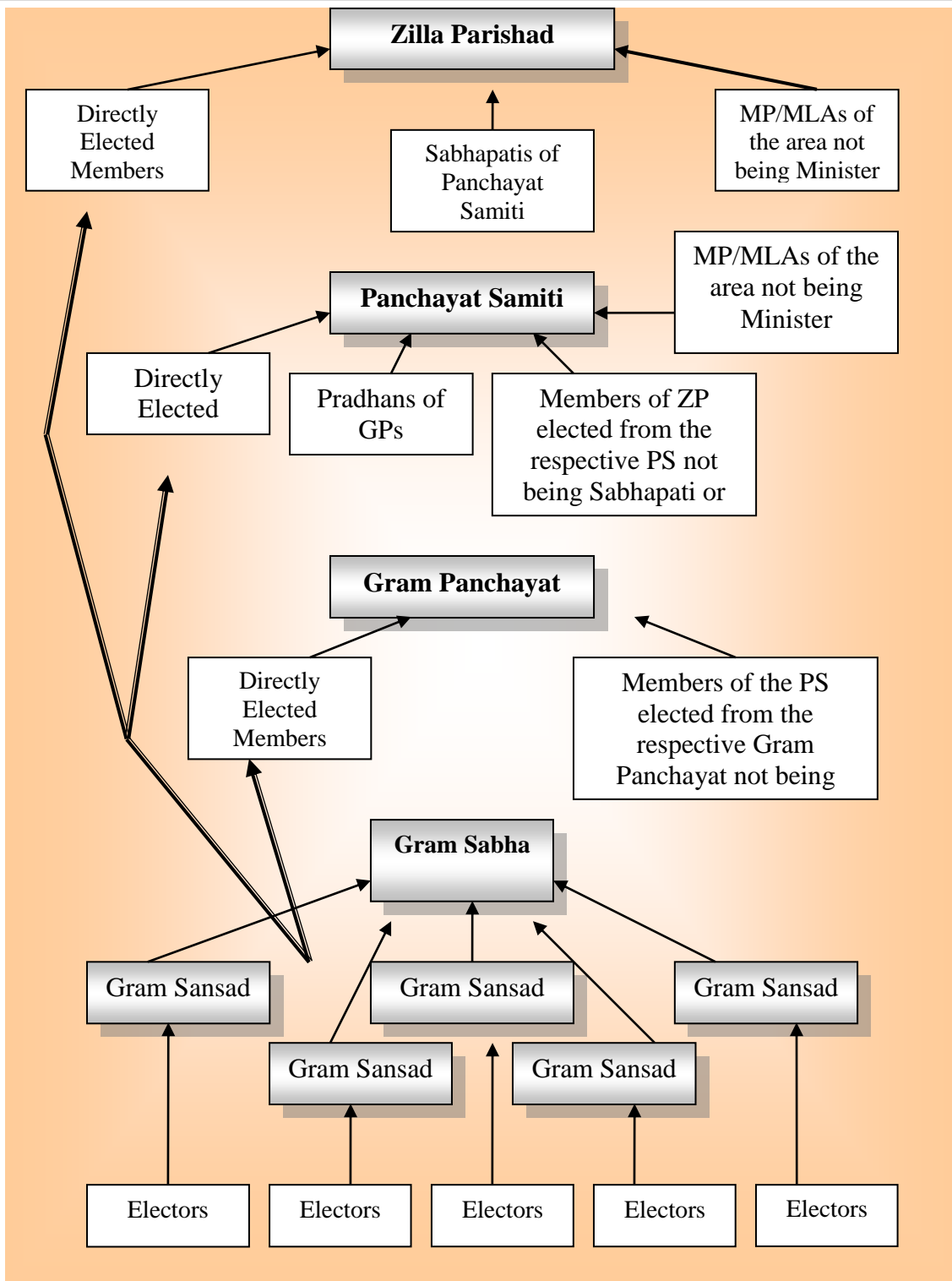
Schemes	State Budget provision	Fund released		To be available to		
		Central to DRDC	State and Central	ZP	PS	GP
Salary & Allowance Grants						
GP Salary	50600.00		51287.32			51287.32
PS Salary	6252.10		6392.30		6392.30	
ZP Salary	6616.60		6622.46	6622.46		
ZP RWP Sal & Other Grants	683.20		525.80	525.80		
Allowance to Tax collecting Sarkars	359.70		237.83			237.83
GP TADA	4335.42		3237.14			3237.14
PS TADA	1523.61		1142.71		1142.71	
ZP TADA	276.10		207.08	207.08		
Total Salaries & Allowances	70646.73		69652.64	7355.34	7535.01	54762.29
Schematic Fund						
NRLM	2117.00	5693.72	1985.26 + 5693.72*	7678.98		
SGSY (Admn)	450.00	785.79	261.93 + 785.79*	1047.72		
SHG Movement	440.00		351.00	351.00		
IAY	59299.00	210429.29	70143.09 + 210429.29*		280572.38	
SGRY/NFFWP Transportation	2.00					
NREGS	51125.00	354495.29	50615.45 + 354495.29*			405110.74
BRGF	31952.00	9103.00	21273.00 + 9103.00*	30376.00		
IWDP	50.00		0.00			
Watershed Development(DPAP)	50.00		0.00			
Constn./extension of Panchayat Ghar	32.00		12.00		12.00	
Rural Sanitation	4067.00		1593.85		1593.85	
SSK	7000.00		8172.00		8172.00	
RIDF	25000.00		22169.66	22169.66		
Madhya Siksha Karmasuchi (MSK)	600.00		402.00		402.00	
NOAPS	68059.80		68554.37			68554.37
ACA NOAPS	68059.80		67777.91			67777.91
ACA NFBS	8245.17		4755.99		4755.99	
Housing under BRGF Central share*						
SAHAY	1474.77		1106.08			1106.08
ISGP*	27246.25		2465.68			2465.68
ZP grant for implementation of	136150.00		158620.00	158620.00		

PMGSY						
Total Schematic Fund	491419.79	580507.09	480259.27	220243.36	295508.22	545014.78
Other Grants						
Incentive grants for PRIs	770.00					
State Finance Commission Grants (3 rd)	51203.80		69826.42	8971.83	7521.41	53333.18
SFC Grant for DGHC (GLB)	596.20					
13 TH FC Basic Grant	73530.00		31773.77	3883.25	5704.88	22185.64
13 th FC Performance Grant	50095.00		72.71	72.71		
LR Collection Grant(ZP)	15.00					
Cess Grant(ZP)	330.00					
Grants Profession & Callings(GP)	20.05					
Panchyat Fund (Entertainment Tax Grant)	2161.00		1620.75	1620.75		
Grants to ZPs for backward rural area development	13206.60		5704.88	5704.88		
Lump grant to ZPs for various devlp. work	20.38					
Entry Tax Fund for Infrastructure Dev.	15000.00		1706.59	1706.59		
Assistance to PRBs for CHCMI	120.00		89.89	89.89		
Total Other Grants	207068.03		110795.01	22049.90	13226.29	75518.82
GRAND TOTAL	769134.55	580507.09	1241214.01	249648.60	316269.52	675295.89

*Central Fund



The organisational linkage among PR Bodies in West Bengal



Constitution of Panchayat Samiti (PS) and Zilla Parishad (ZP) *

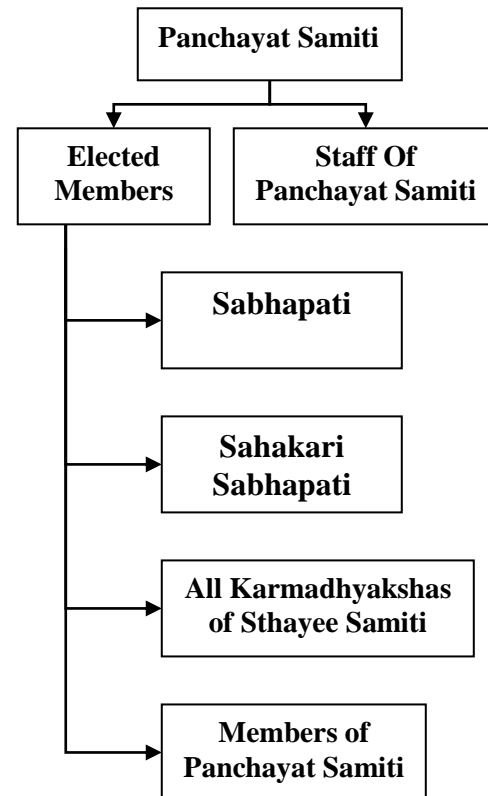
Constitution of PS

- The state government may divide a district into Blocks, comprising such contiguous Grams as may be specified in the notification
- May specify the name of the Block
- May specify the limits of such Block
- For every Block the state government shall constitute a PS bearing the name of the Block.

Organisational structure of PS

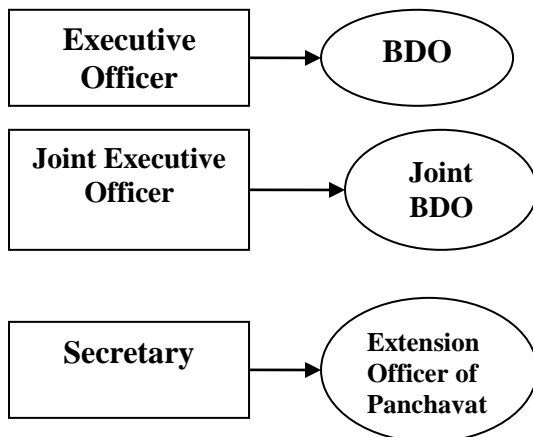
At the PS level, under the Chairmanship of the Sabhapati, the Block Development Officer (BDO) acts as the Executive Officer and the Joint Block Development Officer is the Joint Executive Officer. The Extension Officer for Panchayats (EOP) is the Secretary of the PS while most of the officers and other employees of the block set up have been placed at the disposal of the PS. Since the functions and the responsibilities of the office of the BDO and that of the PS are interdependent and complimentary to each other, they are lodged in the same premises and, except for a few regulatory functions, decisions are taken as the single unit of delivery system. Each of the PS also has 10 Sthayee Samitis. As the functions of these

Sthayee Samitis are the same as in the ZP, the functions will be covered under 'Constitution of ZP'.



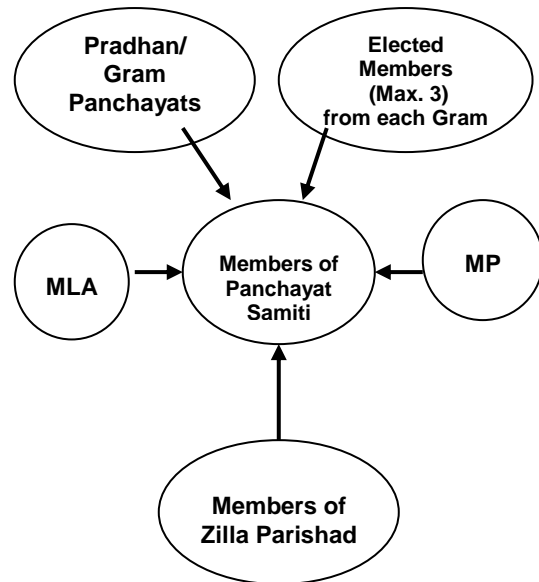
* Position as per specific state scenario.

Organisational linkage among state government officers and PS



The PS shall consist of the following members:

- Pradhan of the GPs within the Block ex-officio
- Maximum three persons, whose names are included in the electoral roll pertaining to the area comprised in the Block, elected by secret ballot from each Gram within the Block
- MP and MLA, not being Ministers, from a constituency comprising the Block or any part thereof
- Members of the Council of States, not being Ministers, whose names are registered as electors within the area of the Block and
- Members of the concerned ZP, not being Sabhadhipati or Sahakari Sabhadhipati.



Meetings of a PS

Every PS shall hold a meeting in its office at least once in every 3 months on such date and at such hour the PS may fix at the immediately preceding meeting; provided that the first meeting of a newly-constituted PS shall be held as the authority may fix.

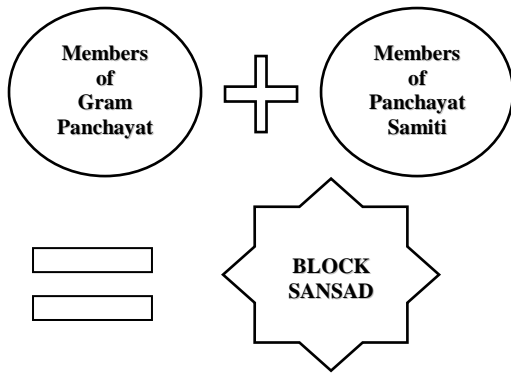
The BDO shall attend meetings of the PS and shall participate in the deliberations thereof.

Report on the work PS

PS shall prepare in the prescribed manner a report on the work done during the previous year and the work proposed to be done during the following year and submit it to the prescribed authority and to the ZP concerned within the prescribed time.

Block Sansad

Every PS shall have a Block Sansad consisting of all members of the GPs pertaining to the Block and all members of that PS.



Meeting of Block Sansad

Every PS shall hold an annual and a half-yearly meeting of such Block Sansad;

One-tenth of the total number of members shall form a quorum for a meeting of Block Sansad which shall be presided over by the Sabhapati.

Block sansad shall guide and advise the PS in all matters relating to development including preparation of annual plan and budget, implementation of development programmes, schemes or projects.

Constitution of Zilla Parishad (ZP)

For every district, except the district of Darjeeling, the State Government shall constitute a ZP bearing the name of the district.

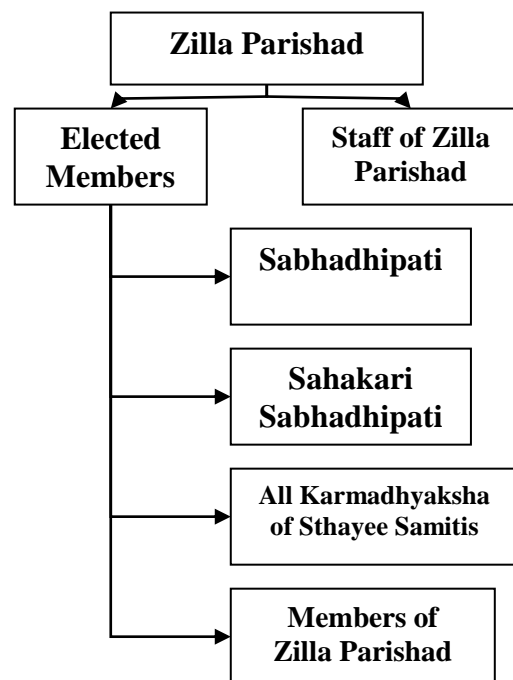
The ZP shall consist of the following members:

- Sabhapatis of the PS within the district, ex-officio;
- Maximum three persons, elected by secret ballot from block;
- MLA and MP; and,

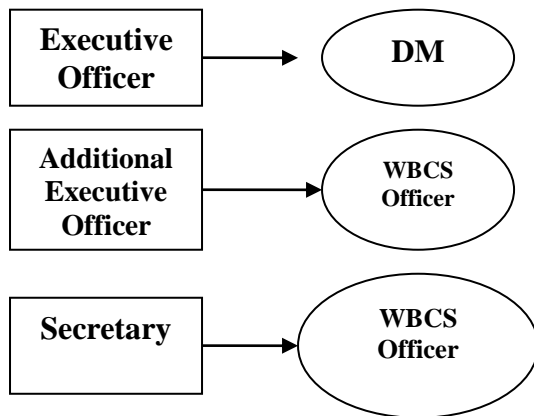
- Members of Council of States as members of ZP.

Organisational structure of ZP

A ZP under the chairmanship of the Sabhadhipati is the key organisation at the district level and has the District Magistrate as the Executive Officer assisted by an Additional Executive Officer and a Secretary. A post of Deputy Secretary has also been created recently. The formal association of the District Magistrate with the ZP provides a strong linkage with other Government departments. A ZP functions through different Sthayee Samitis consisting of elected representatives and nominated Government officers. Karmadhyakshas are the head of these Sthayee Samitis, assisted by Secretaries who are Government officers.



Organisational linkage among state government officers and Zilla Parishad



Zilla Sansad

Zilla Sansad in every ZP shall comprise of:

- Pradhan of all GPs;
- Sabhapatis, Sahakari Sabhapatis, Karmadhyakshas of all PS; and,
- All members of ZP

Meeting of Zilla Sansad

Every Zilla Sansad shall hold an annual and a half-yearly meeting of such Sansad

One-tenth of the total number of members shall form a quorum for a meeting of Zilla Sansad which shall be presided over by the Sabhadhipati;

Zilla Sansad shall guide and advise the ZP in all matters relating to development including preparation of annual plan and budget, implementation of development programmes, schemes or projects.

Powers, duties and functions of ZP

- Functions as a unit of self-Government;
- Strives to achieve economic development and secure social justice for all;

- Prepares a development plan for the five-year term of the office members;
- Prepares an annual plan for each year by the month of January of the preceding year;
- Undertakes schemes for adopting measures, including financial assistance, relating to development of agriculture, fisheries etc;
- Undertakes execution of any scheme, performance of any act, or management of any institution or organisation entrusted to it by the state government;
- Makes grants in aid of any school, public institution or public welfare organisation within the Block (for PS) and within the district (for ZP);
- Makes grants to the PS (for ZP) or to the GP (for PS);
- Contributes with the approval of State Government such sum or sums as it may decide, towards the cost of water-supply or anti-epidemic measures undertaken by a municipality within the Block (for PS) and within the district (for ZP);
- Adopts measures for the relief of distressed;
- Co-ordinates and integrates the development plans and schemes prepared by GPs in the Blocks (for PS) or by PS in the district (for ZP), if and when necessary;
- A ZP shall have the power to advise the state government on all the matters relating to the development work among GP and PS;

- A PS shall not undertake or execute any scheme confined to an area over which a GP has jurisdiction unless the GP is of opinion that the implementation of such a scheme is beyond its competence financially or otherwise and passes a resolution to that effect;
- A ZP also shall not undertake or execute any scheme confined to a block unless the implementation of such a scheme is beyond the competence of the PS financially or otherwise;
- A ZP or PS may undertake or execute any scheme if it extends to more than one block or one Gram respectively;
- A ZP or PS shall exercise general powers of supervision over PS and GP in the district or GP in the Block respectively and it shall be the duty of these authorities to give effect to the directions of ZP or PS, as the case may be; and,
- A PS or a GP, for the purpose of inspection or examination, requires to
 - produce any book, record, correspondence or other documents
 - or
 - furnish any return, plan, estimate, statement of accounts or statistics
 - or
 - furnish or obtain any report or information.

Establishment of ZP and PS

- There shall be an EO for every PS and the BDO shall be the ex-officio Executive Officer, provided that:
 - There shall be one or more joint Executive Officer for every PS and the Joint BDO shall be the ex-officio joint Executive Officer
 - There shall be a Secretary for every PS and the Panchayats Development Officer, shall be the ex-officio Secretary
 - Subject to such rules as may be made by the state government, a PS shall have such other employees in its establishment as may be prescribed and they shall be appointed by the EO of ZP having jurisdiction, provided that no post shall be created or abolished and no revision of pay of any post shall be made by the EO of ZP without the prior approval of the state government
- There shall be an EO for every ZP and the District Magistrate will generally function as the ex-officio EO
- There shall be one or more Additional Executive Officer for every ZP and a Senior State Civil Service officer acts as Additional Executive Officer
- There shall be a Secretary for every ZP. A Senior State Civil Service officer acts as Secretary
- There shall be a Deputy Secretary, Additional Deputy Secretary, Financial Controller and Chief Accounts Officer,

Executive Engineer, Parishad Public Health Officer and other officers for ZPs

• Subject to such rules as may be made by the State Government, a ZP shall have such employees as may be prescribed and they shall be appointed by the Executive Officer of the ZP. Provided that no post shall be created or abolished and no revision of pay of any post shall be made by the EO without the prior approval of the State Government.

Sthayee Samitis and their functions

1. Artha Sansthan, Unnayan \bar{o} Parikalpana

- *All financial matters*
- *Budgeting*
- *Accounts*
- *Audit*
- *Resource mobilisation*
- *Panchayat/Parishad administration*

2. Jana Sasthya \bar{o} Paribesh

- *Health System*
- *Community health*
- *Sanitation*
- *Nutrition*

3. Purta Karja \bar{o} Paribahan

- *Construction works like - Roads, Culverts; Rural housing Rural communication*

4. Krishi Sech \bar{o} Samabaya

- *Agriculture*
- *Agri-marketing*
- *Agro-industry*
- *Soil Conservation*

5. Shiksha Sanskriti Tathya \bar{o} Krira

- *Primary / Secondary Education*
- *Adult/Non-formal Education*
- *Sishu Siksha Avijan*

6. Sishu \bar{o} Nari Unnayan, Janakalyan \bar{o} Tran

- *Issues relating to women & children*

- *Child labour*
- *Social Welfare*

7. Ban \bar{o} Bhumi Sanskar

- *Distribution of vested land*
- *Land Reforms,*
- *Social forestry,*

8. Matsya \bar{o} Prani Sampad Bikash

- *Fishery*
- *Animal resources development*
- *Medical Treatment*
- *Veterinary Service*

9. Khadya \bar{o} Sarabaraha

- *Rationing system*
- *MR Dealer appointment*
- *Ration Cards distribution & Checking*
- *Mid day meal distribution*
- *Annapurna Yojana*
- *Antyodaya Anna Yojana*

10. Khudra Silpa Bidyut \bar{o} Achiracharit Shakti

- *Small & Cottage Industry*
- *Handloom*
- *Rural Industry*
- *Sick Industry*
- *Khadi & Village Industry*
- *Self-employment & technical Training*
- *Non-conventional energy.*

Composition of Sthayee Samiti

- Sabhapati/Sabhadhipati ex-officio
- Sahakari Sabhapati/Sabhadhipati, ex-officio
- Elected members (minimum 3, maximum 5)
- One member from recognized political party in opposition
- Karmadhyaksha
- Secretary
- officer appointed by state government

No person, other than the Sabhadhipati/Sabhapati or Sahakari Sabhadhipati/Sahakari Sabhapati shall be a

member of more than two Sthayee Samitis for ZP or three Sthayee Samitis for PS.

A Sthayee Samiti shall exercise such powers, perform such functions and duties as may be prescribed by the PS or ZP.

Karmadhyaksha of Sthayee Samiti

Members of Sthayee Samiti shall elect a Chairman called Karmadhyaksha from amongst them

- provided that Sabhapati and Sabhadhipati shall be the ex-officio Karmadhyaksha of the 'Artha, Sansthan, Unnayan o Parikalpana Sthayee Samiti' of PS & ZP respectively
- provided that Pradhans of GPs, MP/ MLA, and Members of Council of States not being minister shall not be eligible for the post of Karmadhyaksha of PS
- Provided that Sabhapatis of PS/MP/MLA and members of council of state shall not be eligible for the post of Karmadhyaksha for ZP.

Secretary of Sthayee Samiti -

The Panchayat Development Officer of the PS shall act as the Secretary to the Artha, Sansthan, Unnayan o Parikalpana Sthayee Samiti of PS.

The Secretary of ZP shall act as the Secretary to the Artha, Sansthan, Unnayan o Parikalpana Sthayee Samitis of ZP.

Duties & functions of Karmadhyaksha

Karmadhyaksha shall be

- responsible for the financial and executive administration in respect of the schemes and programmes under the purview and control of the Sthayee Samiti; and,
- entitled, in respect of the work of the Sthayee Samiti, to call for any information, return, statement, account or report from the office of the PS or to inspect any work in progress.

District Council

The West Bengal Panchayat (amendment) Act, 1994 constituted a new body called District Council for panchayats in each district headed by the Leader of the recognised political party in opposition having largest number of members the ZP who is called Adhyaksha to examine -

- the accounts of the panchayats within its territorial jurisdiction in relation to the budget approved by the panchayat concerned for expenditure to be incurred by such panchayats; and,
- the Annual Reports and such other books of accounts of such Panchayats as the District Council may think fit.

The Council has been empowered to satisfy itself that the amount of money shown in the accounts as having been disbursed is legally available for and applicable to the service or purpose to which they have been applied.

The District Council consists of the Chairperson, who will be the leader of the

recognised political party in opposition having the largest number of members directly elected with the reserved symbol of such recognised political party in the ZP or Mahakuma Parishad. Vice Chairman is elected from amongst the members of ZP or Mahakuma Parishad not being the Sabhadhipati, Sahakari Sabhadhipati or Karmadhyaksha. Five members are elected by the members of the ZP from amongst themselves. Besides the elected members, three officers are nominated as members by the state government and the Additional Executive Officer of the ZP or Mahakuma Parishad acts as the Member Secretary.

The District Council, in effect, seek to inject an in-built audit mechanism and is to some extent is considered similar to the Public Accounts Committee of the Legislative Assembly. The Council is empowered to ensure that the Panchayat Bodies within the district maintain financial propriety and discipline in their transactions and for this purpose may examine the records of accounts in the Panchayats.

District Planning Committee

The District Planning Committees (DPCs) are to be constituted as per Article 243-ZD of the Constitution for integrating rural and urban plans prepared by panchayats and municipalities and also to take into consideration spatial planning, sharing of water and other physical and natural

resources, integrated development of infrastructure and environment conservation in the district. These important functions of the committee could have facilitated interface between municipalities and panchayats. An attempt has thus been made to integrate rural and urban areas, which is essential for preparing a meaningful plan of the district as a whole. However, 20 states, namely, Andhra Pradesh, Assam, Bihar, Chattishgarh, Gujrat, Goa, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh, and West Bengal and three Union Territories, namely, Andaman & Nicobar Islands, Daman and Diu and Lakshadweep have taken action to constitute DPCs. In Jharkhand, Manipur and Uttarakhand though there are provision under the law for District Planning Committees (DPCs). DPCs have not been constituted.

Session 2.1

Session Title: **Audit of ZP and PS Fund**



- **Instructor's Guide**
- **PowerPoint Slides**
- **Exercise**
- **Solution**
- **Participants' Note**

Instructor's Guide
Session 2.1

Session Title: ZP and PS Fund		Session Guide
Instructor's Guide	Reference	Participants' Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of each session.		
Learning Objective		
Delineate: By the end of this session, we will acquire knowledge on different credits to the Fund, different contributions & loans from Central / State Government / ZP, revenue generation of ZP and PS through different sources, and provisions for withdrawal from ZP and PS Fund. These will enable us to draw audit conclusions during audit of ZP and PS Local Fund in practical job scenario.		
Basic Concepts		
Explain: What the ZP and PS Fund stands for, what are the items to be credited to it, who is the custodian, earnings of ZP and PS through different sources and how the payments are made out of it.	Slide : SESSION 2 AUDIT OF ZP PS FUND	
Audit of ZP and PS Fund		
Ask the participants what should the probable audit points regarding the audit of ZP and PS Fund. Advise them to jot down their points individually. Inform: The suggested audit points to be looked into audit of ZP and PS Fund.	Slide: SESSION 2 AUDIT OF ZP PS FUND	
Summarise:		
Sketch: During the session, we discussed the modalities in the constitution of ZP and PS Fund, the various sources of credit to the Fund, conditions for payment from the Fund, reconciliation of the postings with different ledgers & registers and the points to be looked into audit of ZP and PS Fund. Thank the participants and bring the session to a close.		


ZP PS Fund PPS


Session 2.1

ZP PS FUND

Slide 1

**Zilla Parishad
&
Panchayat Samiti Fund**





AUDIT OF ZP AND PS  2

Slide 2

Zilla Parishad & Panchayat Samiti Fund

- For every ZP or PS there shall be a Fund bearing the name of that ZP or PS
And there shall be placed to the credit thereof-
- Contribution and grants made by the Central / State Govt., Zilla Parishad (for PS) or any other local authority;
- Loans granted by the Central / State Govt. or raised by ZP or PS on security of its assets;
- All receipts on accounts of tolls, rates and fees levied by it;

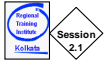



AUDIT OF ZP AND PS  2

Slide 3

Zilla Parishad & Panchayat Samiti Fund
Credit items *contd.*

- All receipts in respect of any schools, hospitals, buildings etc. constructed or placed under the control of ZP or PS;
- All sums received as gifts or contributions and all income from any trust made in favour of ZP or PS;
- Fines and penalties imposed or realised by ZP or PS;





AUDIT OF ZP AND PS  3

Slide 4

Explanation on loans or gifts

- A ZP or PS shall not receive to the credit of its fund-
- Any loans from any individual, severally or jointly, or any office bearer of ZP or PS, or
- Any gift or contribution from any individual, severally or jointly, or any office bearer save and except in pursuance of a resolution adopted in a meeting of the ZP or PS, as the case may be, accepting such gift or contribution and stating the purpose for which such gift or contribution is offered and accepted.





AUDIT OF ZP AND PS  4

Slide 5

Maintenance of
Zilla Parishad & Panchayat Samiti Fund

- Shall set apart and apply annually such sums as may be required to meet the cost of its own administration including the payment of salary, allowances etc. to the officers and employees
- Shall have the power to spend such sums as it thinks fit for carrying out the purpose of this act
- The balance of the fund shall be kept in such custody as the State Govt. may direct
- All orders and cheques for payments from the ZP or PS Fund shall be signed by the EO or if authorised by the EO, the secretary.




AUDIT OF ZP AND PS  5


Slide 6

Levy of tolls, rates and fees

Zilla Parishad & Panchayat Samiti may-

- Levy tolls on persons, vehicles or animals on any road other than a *kutchra* road, any bridge or any ferry vested in it or under its management.
- Levy the following fees and rates, namely-
- Fees on the registration of boats or vehicles
- Fees for licence for a *hat*, market
- A water rate, where arrangement for the supply of water for drinking, irrigation or any other purpose is made by the ZP or PS
- A lighting rate, where arrangement for lighting of public streets and places is made by the ZP or PS.



AUDIT OF ZP AND PS  6




ZP PS Fund PPS

Session 2.1

Slide 7

Power to raise loans



- ZP or PS may raise loans for the purposes of this Act with the approval of State Govt. and create sinking fund for the repayment of such loans.

  AUDIT OF ZP AND PS  7

Slide 8

Power to borrow money

- ZP or PS may borrow money from State Govt. or from Banks or from other financial institutions for furtherance of its objective on the basis of specific schemes as may be drawn up by the ZP or PS, as the case may be, for the purpose.

  AUDIT OF ZP AND PS [Home](#) 8

Exercise 1
Session 2.1

1. **Mention any three kinds of receipt that are credited to ZP / PS Fund:**

i.

ii.

iii.

2. **Mention any three tolls/fees that a ZP or PS may levy:**

i.

ii.

iii.

Tick 'yes' or 'no'

3. No loans can be received from an office-bearer of ZP / PS. **yes/no**

4. Gift or contribution from an office-bearer of a ZP/PS can be accepted, in pursuance of a resolution adopted in a meeting of the ZP/PS **yes/no**

5. All orders and cheques for payments from the ZP should be signed by the Sabhadhipati. **yes/no**

6. ZP/PS is not empowered to borrow money from Banks or financial institutions. **yes/no**

Solution 1
Session 2.1

Solution

1. Contribution and grants made by Central/State Govt., Loans granted by Central/State Govt., receipts of tolls, rates and fees, Gifts or contributions, fines and penalties etc.
2. Tolls on persons, vehicles, animals, tolls on bridge/ferry, registration fee on vehicles, license fee on market, water rate, lighting rate etc.
3. Yes
4. Yes
5. No
6. No

Session Title

ZP and PS Fund

Session Overview

We are now in the module wherein audit of ZP and PS Fund could be carried out.

In the last session, the evolution of PRI and constitution of ZP and PS were discussed.

In this session we will discuss audit of ZP and PS Fund, credits to Funds showing, inter alia, different contributions and loans from Central / State Government, earnings of ZP and PS through different sources, provisions for withdrawal from ZP and PS Fund, audit points/exercises

Learning Object

At the end of this session we will learn about ZP and PS Fund, different credits to funds and provisions for withdrawal from Funds, which will enable us to conduct the audit of ZP and PS Fund.

Basic Concept

(Section 132 & 179 of WB Panchayat Act, 1973)³

For every ZP or PS there shall be a Fund bearing the name of that ZP or PS and there shall be placed to the credit thereof the following:

- Contribution and grants made by the Central / State Government, Zilla Parishad (for PS) or any other local authority;

- Loans granted by the Central / State Government or raised by the ZP or PS on security of its assets;
- All receipts on accounts of tolls, rates and fees levied by it;
- All receipts in respect of schools, hospitals, buildings etc. constructed or placed under the control of ZP or PS;
- All sums received as gifts or contributions and all income from any trust made in favour of ZP or PS; and
- Fines and penalties imposed or realised by ZP or PS.

Explanation on loans or gifts

A ZP or PS shall not receive to the credit of its fund:

- Loan from any individual, severally or jointly, or from any office bearer of ZP or PS, or
- Any gift or contribution from any individual, severally or jointly, or from any office bearer save and except in pursuance of a resolution adopted in a meeting of the ZP or PS, as the case may be, accepting such gift or contribution and stating the purpose for which such gift or contribution is offered and accepted.

Maintenance of Zilla Parishad & Panchayat Samiti Fund

(Section 132 (2) & 179 (2) of WB Panchayat Act, 1973)

A Zilla Parishad or Panchayat Samiti-

³ As per state specific Act.

- Shall set apart and apply annually such sums as may be required to meet the cost of its own administration including the payment of salary, allowances etc. to the officers and employees and have the power to spend such sums as it thinks fit;
- The balance of the fund shall be kept in such custody as the state government may direct;
- All orders and cheques for payments from the ZP or PS Fund shall be signed by the Executive Officer.

Levy of tolls, rates and fees

(Section 133 & 181 of WB Panchayat Act, 1973)

Zilla Parishad & Panchayat Samiti may-

- Levy tolls on persons, vehicles or animals on any road other than a *kutchra* road, any bridge or any ferry vested in it or under its management.
- Levy the following fees and rates:
 - fees on the registration of vehicles;
 - fees for licence for a *hut*, market;
 - water rate, where arrangement for the supply of water for drinking, irrigation or any other purpose is made by the ZP or PS; and
 - lighting rate, where arrangement for lighting of public streets and places is made by the ZP or PS

Power to raise loans

(Section 135 & 182 of WB Panchayat Act, 1973)

ZP or PS may raise loans for the purposes of this Act with the approval of the state government and create a sinking fund for the repayment of such loans.

Power to borrow money

(Section 135A & 182A of WB Panchayat Act, 1973)

ZP or PS may borrow money from state government or from Banks or from other financial institutions for furtherance of its objective on the basis of specific schemes as may be drawn up by the ZP or PS, as the case may be, for the purpose.

Session 2.2

Session Title:

Audit of ZP and PS Budget



- **Instructor's Guide**
- **PowerPoint Slides**
- **Participants' Note**



Instructor's Guide
Session 2.2

Session Title: Zilla Parishad (ZP) and Panchayat Samiti (PS) Budget		Session Guide
Instructor's Guide	Reference	Participants' Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of each session.		
Learning Objective		
Delineate: By the end of this session, we will acquire knowledge on procedure of preparation, consideration, adoption and publication of draft budget, final approval of budget, re-appropriation of fund in the budget and the supplementary and revised estimate, which will enable us to draw audit conclusions during audit of ZP and PS Budget in practical job scenario.		
Basic Concepts		
Explain: The procedure of preparation, consideration, adoption and publication of draft budget, final approval of budget, re-appropriation of fund in the budget and the supplementary and revised estimate.	Slide : SESSION 2.2 AUDIT OF ZP PS BUDGET	
Audit of ZP and PS Budget		
Encourage the participants to think of the probable audit points regarding the audit of ZP and PS budget. Advise them to jot down their points individually. Inform: The suggested audit points regarding the audit of ZP and PS budget	Slide: SESSION 2.2 AUDIT OF ZP PS BUDGET	
Summarise:		
Sketch: During the session, we discussed the procedure of preparation, consideration, adoption and publication of draft budget, final approval of budget, re-appropriation of fund in the budget and the supplementary and revised estimate. Distribute the participants' note Thank the participants and bring the session to a close.	SESSION 2.2 PARTICIPANTS' NOTE	


ZP PS Budget PPS

Session 2.2


ZP AND PS BUDGET

Slide 1

Zilla Parishad & Panchayat Samiti
Budget




Session 2.2



Slide 4



Projection of allocation of fund
in Panchayat Samiti (contd.)

- The EO shall also assess the amount of the expected collection and accrual of funds out of the own resources of the PS for the following financial year on or before 10th September each year.



Session 2.2


AUDIT OF ZP AND PS



Slide 2


Zilla Parishad & Panchayat Samiti
Budget

The West Bengal Panchayat (PS & ZP)
Budget Rules, 2008



Session 2.2


AUDIT OF ZP AND PS



Slide 5


Preparation of budget of estimated receipts
and disbursement of Panchayat Samiti

On ascertaining the amount of probable grants Sabhapati shall convene meeting of the Sthayee Samities and priorities the activities and prepare the outline budgets in Form 1



Session 2.2


AUDIT OF ZP AND PS



Slide 3


Projection of allocation of fund
in Panchayat Samiti

- The Executive Officer (EO) shall take steps to obtain from the ZP, District Magistrate and the District Panchayat Officer, the information regarding the amount of probable grants, contributions and allotments of Fund that may be available from the Central/State Government through the ZP under plan and non-plan heads for the following financial year on or before the 10th September in each year.



Session 2.2


AUDIT OF ZP AND PS



Slide 6


Preparation of budget of estimated receipts and
disbursement of Panchayat Samiti

- On receiving the outline budget the Secretary shall, under the directions of the Sabhapati and the EO, draw up an outline budget (OB) in English and in vernacular of the district in Form 2 on or before the **1st October** in each year.
- The EO shall consult various Block level officers to modify the OB and place it before the Sabhapati for his consent on or before **15th October** in each year.



Session 2.2

AUDIT OF ZP AND PS



ZP PS Budget PPS

Session 2.2

Slide 7

Preparation of budget in Zilla Parishad

- On ascertaining the amount of probable grants, contributions and allotments of Fund from the Panchayat and Rural Development Department, other Departments of the State Government the Sabhapati shall convene meeting of the Sthayee Samities and priorities the activities and prepare the outline budgets in Form 1

Session 2.2
AUDIT OF ZP AND PS
7

Slide 10

Consideration of OB by Artha Sthayee Samiti and others in Zilla Parishad

- The OB shall be laid before the 'Artha, Sanstha, Unnayan o Parikalpana Sthayee Samiti' for consideration and modification on or before **25th December**.
- The outline budget shall be laid in a meeting of the ZP and considering the outline budget along with the objections and suggestions received or raised in the meeting the ZP adopt the outline budget as draft budget

Session 2.2
AUDIT OF ZP AND PS
9

Slide 8

Preparation of budget in Zilla Parishad

- On receipt the Secretary shall, under the directions of the Sabhadhipati and the EO, draw up an OB on or before the **15th October** in each year.
- The EO, having regards to the views of the District Planning Committee and in consultation with the district level heads of offices of state government, shall modify the OB and prepare it in English and in vernacular of the district in Form 2 and place them before Sabhadhipati on or before the **15th November** in each year for his consent and further course of action.

Session 2.2
AUDIT OF ZP AND PS
7

Slide 11

Publication of draft budget by Panchayat Samiti

- The draft budget shall be pasted in the
 - notice board of the office of PS
 - office of each GP
 - minimum three other prominent places within the Blockby **10th December** in each year.

Session 2.2
AUDIT OF ZP AND PS
10

Slide 9

Consideration of OB by Artha Sthayee Samiti and others in Panchayat Samiti

- The OB shall be laid before the 'Artha, Sanstha, Unnayan o Parikalpana Sthayee Samiti, for consideration on or before **15th November**.
- The outline budget shall be laid in a meeting of the PS and considering the outline budget along with the objections and suggestions received or raised in the meeting the PS adopt the outline budget as draft budget.

Session 2.2
AUDIT OF ZP AND PS
8

Slide 12

Publication of draft budget by Panchayat Samiti

- A notice in Form 3 shall be given along with the publication of draft budget inviting the electors of the Panchayat Samiti and other interested functionaries to submit their objections and suggestions within 20 days from the date of publication of the draft budget.
- A copy shall also be sent to the Zilla Parishad on or before **10th December**. The Zilla Parishad shall send its view within 15 days to the Panchayat Samiti

Session 2.2
AUDIT OF ZP AND PS
11


ZP PS Budget PPS

Session 2.2

Slide 13

Publication of draft budget by Zilla Parishad

1. The draft budget shall be hung up in the
 - notice board of the office of Zilla Parishad
 - office of each Panchayat Samiti
 - Sub-Divisional Offices
 - District offices of different departments of the State Government having financial relation with Zilla Parishad
 - Minimum three other prominent placesby **10th January** in each year.



Session 2.2


AUDIT OF ZP AND PS

12

Slide 16

Final approval of budget by Zilla Parishad

- On or before **15th February** in each year, the concerned Sthayee Samitis, after considering all objections and suggestions, shall draw up a modified budget for placing it to the Zilla Parishad for its approval.
- The Zilla Parishad shall, in a meeting to be held by **10th March**, finally approve the budget with such modifications as it may deem appropriate.
- The copy of the approved budget shall be forwarded to the Secretary to DPRD and the Treasury where Zilla Parishad Fund is lodged on or before the **31st March** in each year.



Session 2.2

AUDIT OF ZP AND PS


15

Slide 14

Publication of draft budget by Zilla Parishad (contd.)

2. A notice in Form 3 shall be given along with the publication of draft budget inviting the electors of the Zilla Parishad and other interested functionaries to submit their objections and suggestions within 20 days from the date of publication of the draft budget.
3. A copy shall also be sent to the Secretary, DPRD on or before **10th January**. The Secretary, DPRD shall send the view within 20 days to the Sabhadhipati.

Samiti.



Session 2.2


AUDIT OF ZP AND PS

13

Slide 17

Publication of final budget by Panchayat Samiti & Zilla Parishad.

The final budget shall be published in those places where the draft budget was published earlier.



Session 2.2


AUDIT OF ZP AND PS

16

Slide 15

Final approval of budget by Panchayat Samiti.

- On or before **15th January** in each year, the concerned Sthayee Samitis, after considering all objections and suggestions, shall draw up a modified budget for placing it to the Panchayat Samiti for its approval.
- The Panchayat Samiti shall, in a meeting to be held by **15th February**, finally approve the budget with such modifications as it may deem appropriate.
- The copy of the approved budget shall be forwarded to the Zilla Parishad and to the concerned District / Sub-Divisional Treasury where the Panchayat Samiti Fund is lodged on or before the **10th March** in each year.



Session 2.2


AUDIT OF ZP AND PS

14

Slide 18

Preparation of supplementary and revised budget by Panchayat Samiti

The EO shall review the approved budget for the current financial year on or before **10th January** in regard to actual and probable income and disbursement up to 31st March in the current financial year and, if revision is required, shall bring it to the notice of the Sabhapati proposing preparation of a draft supplementary and revised budget (each year).



Session 2.2

AUDIT OF ZP AND PS

17



ZP PS Budget PPS

Session 2.2

Slide 19

Preparation of supplementary and revised budget by Panchayat Samiti (contd.)



2. The Secretary shall, under the direction of Sabhapati and the EO, prepare a draft SRB in Form 2 on or before the **25th January**.
3. The SRB shall be laid before a meeting of the concerned Sthayee Samitis for consideration and revision on or before **10th February**.
4. The said Samitis shall effect such modification as deemed fit.

 Session 2.2  AUDIT OF ZP AND PS 18

Slide 22

Preparation of supplementary and revised budget by Zilla Parishad (contd.)



2. The Secretary shall, under the direction of Sabhadhipati and the EO, prepare a draft SRB in Form 2 on or before the **30th January**.
3. The SRB shall be laid before a meeting of the concerned Sthayee Samitis for consideration and revision on or before **15th February**.
4. The said Samitis shall effect such modification as deemed fit.

 Session 2.2  AUDIT OF ZP AND PS 22

Slide 20

Preparation of supplementary and revised budget by Panchayat Samiti (contd.)



5. The SRB as modified shall be laid before a meeting of the Panchayat Samiti on or before **1st March** of the current year for approval.
6. The SRB so approved with such modification as may be decided in the meeting, shall come into effect immediately.
7. A copy of the approved SR budget shall be forwarded to
 1. Zilla Parishad
 2. District/Sub-Divisional Treasury-on or before **10th March** of the current year.

 Session 2.2  AUDIT OF ZP AND PS 20

Slide 23

Preparation of supplementary and revised budget by Zilla Parishad (contd.)



4. The SRB as modified shall be laid before a meeting of the Zilla Parishad on or before **5th March** of the current year for approval.
5. The SRB so approved with such modification as may be decided in the meeting, shall come into effect immediately.
6. A copy of the approved SR budget shall be forwarded to the-
 1. Secretary to DPRD
 2. Treasury to which the fund is lodgedOn or before **10th March** of the current year.

 Session 2.2  AUDIT OF ZP AND PS 23

Slide 21

Preparation of supplementary and revised budget by Zilla Parishad



1. The EO shall review the approved budget for the current financial year on or before **15th January** in regard to actual and probable income and disbursement up to 31st March in the current financial year and, if revision is required, shall bring it to the notice of the Sabhadhipati proposing preparation of a draft supplementary and revised budget (SRB).

 Session 2.2  AUDIT OF ZP AND PS 21

Slide 24

Special provision for appropriation of fund of both Zilla Parishad & Panchayat Samiti

- When Panchayat Samiti receives any special allotment of funds, the estimates of which have not been included either in the budget or in the supplementary and revised budget estimates, the concerned Sthayee Samitis shall modify the SR budget accordingly and lay the same before the Zilla Parishad or Panchayat Samiti, as the case may be, for ratification.

 Session 2.2  AUDIT OF ZP AND PS 24


ZP PS Budget PPS

Session 2.2

Slide 25

Special provision for appropriation of fund of both Zilla Parishad & Panchayat Samiti


- The amount provided under any head of account in the budget of the ZP or PS may, by a resolution of the Artha, Sanstha, Unnayan o Parikalpana Sthayee Samiti, be transferred by reappropriation to any other head of account,
 - Provided that no reappropriation shall be made-
 - in respect of fund placed at the disposal of ZP or PS by any department, local authority or organisation without the prior approval of such department, local authority or organisation and
 - without adequate provision to discharge the obligatory liabilities of the ZP or PS.

 Session 2.2 AUDIT OF ZP AND PS 25

Slide 28

Audit points regarding ZP/PS Budget


- Did the EO of the ZP/PS *ibid* also assess information on the expected amount of collection and accrual of fund out of its own resources on or before the same date?

 Session 2.2 AUDIT OF ZP AND PS 29

Slide 26

Powers to vary dates by Zilla Parishad & Panchayat Samiti


When a ZP or PS fails to follow the prescribed time schedule, the concerned Sthayee Samitis shall, in a meeting, record the reasons for the failure and revise the dates by which the preparation and approval of the budget shall be completed. The Sabhapati or Sabhadhipati, as the case may be, and the Executive Officer shall take steps to adhere to the revised time schedule for the final adoption of the budget.

 Session 2.2 AUDIT OF ZP AND PS 26

Slide 29

Audit points regarding ZP/PS Budget


- Did the Secretary of the Z/PS draw up an Outline Budget of the ZP/PS under the directions of the Sabhapati / Sabhadhipati and EO of the ZP/PS on or before the scheduled date every year?

 Session 2.2 AUDIT OF ZP AND PS 30

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Audit points regarding ZP/ PS Budget


- Could the auditor ensure that the Executive Officer (EO) of the ZP/PS actually obtain all the necessary information from the appropriate authorities of the ZP and district level officers (for PS Budget) / P&RD and other State level officers (for ZP Budget) regarding the amount of probable grants, contributions and allotments under plan and non-plan heads from Central and State Governments for the following financial year on or before the schedule date each year?

 Session 2.2 AUDIT OF ZP AND PS 28

Slide 30

Audit points regarding ZP/PS Budget contd.

- Was there proper audit evidence to indicate that the EO actually place the Outline Budget to Sabhapati/ Sabhadhipati on or before the scheduled date for his consent after consultation with different block / district level officers for necessary modifications?
- Was the Outline Budget laid before the prescribed financial & planning committee of the ZP/PS on or before the scheduled date for its consideration? Were necessary modifications made accordingly just after the meeting of the committee *ibid*?


 Session 2.2 AUDIT OF ZP AND PS 31

ZP PS Budget PPS



Session 2.2

Slide

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Audit points regarding ZP/ PS Budget contd. 

- Was the Outline Budget laid before a meeting of the ZP/PS specially convened for this purpose on or before the scheduled date?
- Were the members of the ZP/PS furnished with a copy of the Outline Budget beforehand or at the time of serving the notice for the meeting? Were any suggestions received from the members?

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AUDIT OF ZP AND PS 32

**Exercise
Session 2.2**

Exercise

Time:15 minutes

Match the events of column 'A' with the dates in column 'B' and write the correct sequence of date in column 'C'

	Col. A		Col. B	Col. C
1.	The outline budget of Panchayat Samiti is laid before 'Artha, Sanstha, Unnayan O Parikalpana Sthayee Samiti' for consideration.	A	On or before 10 September	
2.	Budget is finally approved by Panchayat Samiti.	B	On or before 10 December	
3.	Supplementary and Revised Budget are approved by Panchayat Samiti	C	On or before 15 November	
4.	Panchayat Samiti adopts the outline budget as draft Budget.	D	Before 30th November	
5.	The draft budget adopted by PS is published and pasted in the notice board.	E	15 February	
6.	The Executive Officer of Panchayat Samiti obtains information about the probable grants, contributions, allotment of funds from various resources.	F	On or before 28 th February	

Solution
Session 2.2

Solution

COL A	COL C
1	C
2	E
3	F
4	D
5	B
6	A

Session Title

Zilla Parishad (ZP) & Panchayat Samiti (PS) Budget

Session Overview

We are now in the module wherein audit of ZP and PS Budget and relevant records could be carried out as an end in itself.

In the previous sessions, evolution of PRI, constitution of ZP and PS and Audit of ZP and PS Fund were discussed.

In this session we will discuss audit of ZP and PS budget which includes procedure of framing of budget, provision for revised budget, time schedule etc.

Learning Object

At the end of this session we will learn the procedure of framing of budget and provision for revised budget to the extent that during the audit of ZP and PS budget we will be able to draw the audit conclusions which indicate-

- Whether the procedure of framing/submitted budget is as per rules and
- Audit points are supported by evidence.

Basic Concept

Projection of allocation of fund in PS

*(Rule 3 of The West Bengal Panchayat (PS & ZP) Budget Rules, 2008)**

The EO of PS shall take steps to obtain from the ZP, District Magistrate and the District Panchayat and Rural Development officer, the information regarding the amount of probable grants, contributions and

allotments of Fund that may be available from the Central/State Government through the ZP under plan and non-plan heads for the following financial year on or before the 10th September in each year

The EO shall also assess the amount of the expected collection and accrual of funds out of the own resources of the PS for the following financial year on or before 10th September each year.

Preparation of annual budget of estimated receipts and expenditure of PS

(Rule 4 of The West Bengal Panchayat (PS & ZP) Budget Rules, 2008)

On ascertaining the amount of probable grants, contributions and allotments of Fund that may be available the Sabhapati shall convene meeting of the Sthayee Samities for the purpose of preparation of Sthayee Samiti wise budget. Sthayee Samities identify and priorities the activities that should be undertaken in the following year and shall prepare the outline budgets in Form 1 and place them before the Sabhapati on or before the 30th September in each year.

On receiving the Sthayee Samiti wise outline budget the Secretary shall under the directions of the Sabhapati and the EO draw up an outline budget in English and in vernacular in Form 2 on or before the 15th October in each year.

The EO shall consult various Block level officers to modify the outline Budget

* As per state specific Act.

and place it before the Sabhapati for his consent on or before **15th October** in each year.

Preparation of budget in ZP



(Rule 14 and 15 of The West Bengal Panchayat (PS & ZP) Budget Rules, 2008)

On ascertaining the amount of probable grants, contributions and allotments of Fund from the Panchayat and Rural Development Department, other Departments of the State Government the Sabhapati shall convene meeting of the Sthayee Samities for the purpose of preparation of Sthayee Samiti wise budget. Sthayee Samities identify and priorities the activities that should be undertaken in the following year and shall prepare the outline budgets in Form 1 and place them before the Sabhapati on or before the 30th September in each year.

On receiving the Sthayee Samiti wise outline budget the Secretary (ZP) shall under the directions of the Sabhadhipati and the EO, draw up an outline Budget on or before the 15th October in each year.

The EO, having regards to the views of the District Planning Committee and in consultation with the district level heads of offices of State Govt., shall modify the outline Budget and prepare it in English and in vernacular of the district in Form 2 and place them before Sabhadhipati on or before the

15th November in each year for its consent for further course of action.

Consideration of outline budget by Artha Sthayee Samiti and others in PS and Adoption as Draft Budget

(Rule 5 and 6 of The West Bengal Panchayat (PS & ZP) Budget Rules, 2008)

The outline Budget shall be laid before the 'Artha, Sanstha, Unnayan o Parikalpana Sthayee Samiti' for consideration on or before 15th November.

The outline budget shall be laid in a meeting of the PS on or before 30th November and considering the outline budget along with the objections and suggestions received or raised in the meeting the PS adopt the outline budget as draft budget

Consideration of outline Budget by Artha Sthayee Samiti and others in ZP and Adoption as Draft Budget

(Rule 16 and 17 of The West Bengal Panchayat (PS & ZP) Budget Rules, 2008)

The outline budget shall be laid before the 'Artha, Sanstha, Unnayan o Parikalpana Sthayee Samiti' for consideration and modification on or before 25th December.

The outline budget shall be laid in a meeting of the ZP and considering the outline budget along with the objections and suggestions received or raised in the meeting the PS adopt the outline budget as draft budget

Publication of draft budget by PS
(Rule 7 of The West Bengal Panchayat (PS & ZP) Budget Rules, 2008)

The draft budget shall be pasted in the

- Notice board of the office of PS;
 - Office of each GP;
 - Minimum three other prominent places within the Block.
- by 10th December in each year.

A notice in Form 3 shall be given along with the publication of draft budget inviting the electors of the PS and other interested functionaries to submit their objections and suggestions within 15 days from the date of publication of the draft budget.

A copy shall also be sent to the ZP on or before 10th December. The ZP shall send its view within 15 days to the PS.

Publication of draft budget by ZP
(Rule 18 of The West Bengal Panchayat (PS & ZP) Rule, 2008)

The draft budget shall be hung up in the

- Notice board of the office of ZP;
 - Office of each PS;
 - Sub-Divisional Offices; and,
 - District offices of different departments of the State Government having financial relations with ZP
 - Minimum three other prominent places within the District.
- by the following 10th January.

A notice in Form 3 shall be given along with the publication of draft budget inviting the electors of the ZP and other interested functionaries to submit their objections and

suggestions within 20 days from the date of publication of the draft budget.

A copy shall also be sent to the Secretary, DPRD on or before 10th January. The Secretary, DPRD shall send the views within 20 days to the Sabhadhipati.

Final approval of budget by PS

(Rule 8 of The West Bengal Panchayat (PS & ZP) Budget Rules, 2008)

On or before 15th January each year, the concerned Sthayee Samitis, after considering all objections and suggestions, shall draw up a modified budget, if necessary, for placing it to the PS for its approval.

The PS shall, in a meeting to be held by 15th February, finally approve the budget with such modifications, as it may deem appropriate.

The copy of the approved budget shall be forwarded to the ZP and to the concerned District Magistrate / Sub-Divisional Officer and to the concerned Treasury where PS Fund is lodged on or before the 10th March in each year.

Final approval of budget by ZP
(Rule 19 of The West Bengal Panchayat (PS & ZP) Budget Rules, 2008)

On or before 15th February in each year, the concerned Sthayee Samitis, after considering all objections and suggestions, shall draw up a modified budget for placing it to the ZP for its approval.

The ZP shall, in a meeting to be held by 10th March, finally approve the budget

with such modifications as it may deem appropriate.

The copy of the approved budget shall be forwarded to the Secretary to P&RD Department, other Departments of the State Government having contributions in the ZP fund and the treasury where ZP Fund is lodged on or before the 31st March in each year.



Publication of final budget by PS & ZP

(Rule 8(4) & 19(4) of The West Bengal Panchayat (PS & ZP) Budget Rules, 2008)

The final budget shall be published in those places where the draft budget was published earlier.

Preparation of supplementary and revised (SR) budget by PS

(Rule 9 of The West Bengal Panchayat (PS & ZP) Budget Rules, 2008)

The EO shall review the approved budget for the current financial year on or before 10th January in regard to actual and probable income and disbursement up to 31st March in the current financial year and, if revision is required, shall bring it to the notice of the Sabhapati proposing preparation of a draft supplementary and revised budget.

The Secretary shall, under the direction of Sabhapati and the EO, prepare a draft Supplementary and Revised Budget in Form 2 on or before the 25th January.

The draft Supplementary and Revised Budget shall be laid before a meeting of the concerned Sthayee Samitis for consideration and revision on or before 10th February.

The said Samitis shall effect such modification as it may deem fit.

The Supplementary and Revised Budget as modified shall be laid before a meeting of the PS on or before 28th February of the current year for approval.

The Supplementary and Revised Budget so approved with such modification as may be decided in the meeting shall come into effect immediately.

A copy of the approved supplementary budget shall be forwarded to the ZP, and District Magistrate/Sub-Divisional Officer and concerned Treasury on or before 10th March of the current year.

Preparation of supplementary and revised budget by ZP

(Rule 20 of The West Bengal Panchayat (PS & ZP) Budget Rules, 2008)

The EO shall review the approved budget for the current financial year on or before 15th January with regard to actual and probable income and disbursement up to 31st March in the current financial year and, if revision required, shall bring it to the notice of the Sabhadhipati proposing preparation of a draft supplementary and revised budget.

The Secretary shall, under the direction of Sabhadhipati and the EO, prepare a draft Supplementary and Revised

Budget in Form 2 on or before the 30th January.

The draft Supplementary and Revised Budget shall be laid before a meeting of the concerned Sthayee Samitis for consideration and revision on or before 15th February.

The said Samitis shall effect such modification as it may deem fit.

The draft Supplementary and Revised Budget as modified shall be laid before a meeting of the ZP on or before 5th March of the current year for approval.

The Supplementary and Revised Budget so approved with such modification as may be decided in the meeting shall come into effect immediately.

A copy of the approved Supplementary and Revised budget shall be forwarded to the Secretary, P&RD, other related Departments of the State Government and the Treasury to which the fund is lodged on or before 10th March of the current year.

Special Provision for appropriation fund of both ZP & PS

(Rule 10 & 21 of The West Bengal Panchayat (PS & ZP) Budget Rules, 2008)

When PS receives any special allotment of funds, the estimates of which have not been included either in the budget or in the supplementary and revised budget estimates, the concerned Sthayee Samitis shall modify the SR budget accordingly and

lay the same before the ZP or PS, as the case may be, for ratification.

Reappropriation of fund in the budget of both ZP & PS

(Rule 11 & 22 of The West Bengal Panchayat (PS & ZP) Budget Rules, 2008)

The amount provided under any head of account in the budget of the ZP or PS may, by a resolution of the Artha, Sanstha, Unnayan o Parikalpana Sthayee Samiti, be transferred by reappropriation to any other head of account; provided that no reappropriation shall be made-

- In respect of fund placed at the disposal of ZP or PS by any department, local authority or organisation without the prior approval of such department, local authority or organization; and
- without adequate provision to discharge the obligatory liabilities of the ZP or PS.

Powers to vary dates by ZP & PS

(Rule 12 & 23 of The West Bengal Panchayat (PS & ZP) Budget Rule, 2008)

When ZP or PS fails to follow the prescribed time schedule, the concerned Sthayee Samitis shall, in a meeting, record the reasons for the failure and revise the dates by which the preparation and approval of the budget shall be completed. The Sabhapati or Sabhadhipati, as the case may be, and the EO shall take steps to adhere to the revised time schedule for the final adoption of the budget.

Audit points

1. Could the auditor ensure that the EO of the ZP/PS actually obtain all the necessary information from the appropriate authorities of the ZP and district level officers (for PS Budget)/ P&RD and other State level officers (for ZP Budget) regarding the amount of probable grants, contributions and allotments under plan and non-plan heads from Central and State Governments for the following financial year on or before the scheduled date each year?

2. Did the EO of the ZP/PS *ibid* also assess information on the expected amount of collection and accrual of fund out of its own resources on or before the same date?

3. Did the Secretary of the ZP/PS draw up an Outline Budget of the ZP/PS under the directions of the Sabhapati/Sabhadhipati and EO of the ZP/PS on or before the scheduled date every year?

4. Was there proper audit evidence to indicate that the EO actually placed the Outline Budget to Sabhapati/Sabhadhipati on or before the scheduled date for his consent after consultation with different block /district level officers for necessary modifications?

5. Was the Outline Budget laid before the prescribed financial & planning committee of the ZP/PS on or before the scheduled date for its consideration? Were necessary

modifications made accordingly just after the meeting of the committee *ibid*?

6. Was the Outline Budget laid before a meeting of the ZP/PS specially convened for this purpose on or before the scheduled date?

7. Was a copy of the Outline Budget furnished to the members of the ZP/PS beforehand or at the time of serving the notice for the meeting? Were any suggestions received from the members?

Session 3

Session Title

Audit of ZP and PS Accounts



- **Instructor's Guide**
- **PowerPoint Slides**
- **Exercise**
- **Solution**
- **Participants' Note**

Instructor's Guide
Session 3

Session Title: Audit of ZP and PS Accounts		Session Guide
Instructor's Guide	Reference	Participants' Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of each session		
Learning Objective		
Delineate: By the end of this session, we will be familiar with the accounting system and relevant registers maintained in ZP and PS which will help us to draw audit conclusions during audit of ZP and PS accounts in a practical job scenario		
Basic Concepts		
<p>Explain:</p> <ul style="list-style-type: none"> • The Model Accounting System, classification of accounting heads, PRIYAsoft, maintenance of accounts by ZP and PS • The general procedure of keeping accounts and registers in ZP and PS <p>Encourage the participants to think of the probable audit points regarding the general procedure</p> <p>Ask them to jot down their points</p> <p>Discuss the suggested audit points</p> <p>Explain:</p> <ul style="list-style-type: none"> • Custody of ZP and PS Fund • Operation of ZP and PS Fund <p>Encourage the participants to think of the probable audit points regarding operation of ZP and PS Fund</p> <p>Ask them to jot down their points</p> <p>Discuss the suggested audit points</p> <p>Explain: Procedure of receipt of money and credit to the Treasury</p> <p>Encourage the participants to think of the probable audit points regarding procedure of receipts of money and credit to the treasury</p> <p>Ask them to jot down their points</p> <p>Discuss the suggested audit points</p> <p>Explain: Procedure of payment of money out of ZP and PS Fund</p> <p>Encourage the participants to think of the probable audit points regarding procedure of receipts of money and credit to the treasury</p> <p>Ask them to jot down their points</p> <p>Discuss the suggested audit points</p>	<p>Slide: SESSION 3 AUDIT OF ZP PS ACCOUNT S I & II</p>	

Instructor's Guide
Session 3

Explain:

- Use of fund raised through loans
- Pass Book of the Treasury
- Pass Book of Bank Account
- Withdrawal of money from the Fund

Encourage the participants to think of the probable audit points regarding the above mentioned items

Ask them to jot down their points

Discuss the suggested audit points

Explain: Procedure for maintenance of Cash Book and Subsidiary Cash Book

Encourage the participants to think of the probable audit points regarding Cash Book and Subsidiary Cash Book

Ask them to jot down their points

Discuss the suggested audit points

Explain: Procedure for maintenance of General Ledger

Encourage the participants to think of the probable audit points regarding the general ledgers

Ask them to jot down their points

Discuss the suggested audit points

Explain: Procedure for Cheques and destruction of records

Encourage the participants to think of the probable audit points regarding cheques/destruction of records

Ask them to jot down their points

Discuss the suggested audit points

Discuss: Procedure for accounting of revenues

Encourage the participants to think of the probable audit points regarding the accounting of revenues

Ask them to jot down their points

Discuss the suggested audit points

Explain: Procedure for accounting of Advances and Deposits

Encourage the participants to think of the probable audit points regarding accounting of Advances and Deposits

Ask them to jot down their points

Discuss the suggested audit points

Explain: Procedure for accounting of Properties and Stores

Encourage the participants to think of the probable audit points regarding accounting of Properties and Stores

Instructor's Guide
Session 3



<p>Ask them to jot down their points Discuss the suggested audit points</p> <p>Explain: Procedure for accounting of Establishment Explain the participants to think of the probable audit points regarding accounting of Establishment Ask them to jot down their points Discuss the suggested audit points</p>		
Application:		
<p>Issue instructions for Exercise 1, including time allowed for individual effort and for discussion on answers Distribute Exercise 1 Distribute suggested solution and discuss the answers</p>	<p>SESSION 3 Exercise SESSION 3 Solution</p>	
Summarise:		
<p>Highlight: During the session, we discussed MAS, PRIAsoft, the procedure of maintenance and operation of accounts under different heads, the concerned registers, ledgers, Cash Book and Pass Book along with the probable audit points regarding ZP and PS Accounts Distribute Participants' Note Thank the participants and bring the session to a close</p>	<p>SESSION 3 PARTICIPANTS' NOTE</p>	

ZP PS Accounts PPS Session 3

Accounting system in ZP PS PART I

Slide 1

**Audit of Accounting System
in
Zilla Parishad
&
Panchayat Samiti**





AUDIT OF ACCOUNTS OF ZP & PS

Slide 4

Recommendation of FFC

FFC recommended:

- eligibility of 10 per cent performance grant is to make available the reliable data through audited accounts
- improvement in own revenues according to audited accounts





AUDIT OF ACCOUNTS OF ZP & PS

Slide 2

Introduction

- Consequent on 73rd Constitutional Amendment Panchayats become an integral part of the national government structure with increasing functions, funds and functionaries which emphasised improvement in the area of financial accounting, reporting and accountability of panchayat.
- CFC recommended strengthening the accounting and financial systems of PRIs.





AUDIT OF ACCOUNTS OF ZP & PS

Slide 5

Recommendation of FFC

- books of accounts prepared by the local bodies should distinctly capture income on:
 - **account of own taxes, non-taxes and assigned taxes**
 - **devolution and grants from the State, grants from the Finance Commission**
 - **grants for any agency functions assigned by the Union and State Governments**





AUDIT OF ACCOUNTS OF ZP & PS

Slide 3

Introduction

- **C&AG prescribed standardized formats for preparation of budget and accounts by PRIs.**
- **TFC recommended that PRIs should adopt the Model Accounting System (MAS) from 1 April 2010.**
- **TFC & FFC linked Performance Grants of PRIs with maintenance of accounts and make available the reliable data**



AUDIT OF ACCOUNTS OF ZP & PS



Slide 6

Model Accounting System

Salient features of MAS –

The overall structure of the accounting code of 3 tiers

- **The first tier classification** represents the Major Head of nomenclature of functions enumerated in the Eleventh Schedule with four digit code . The first digit '0' or '1' indicates transaction Receipt Head, '2' or '3' indicates Revenue Expenditure Head and '4' or '5' indicates Capital Expenditure Head



AUDIT OF ACCOUNTS OF ZP & PS



ZP PS Accounts PPS


Session 3

Slide 7

Model Accounting System.

- Separate Major Head codes are prescribed for special transactions under Loans, Pension, Provident Fund etc..
- **The second tier** is Minor Heads, with a three digit code, which identifies the programme undertaken. Schemes have been given distinct two-digit sub-heads
- **The third tier** is Object Head with two-digit code which represent the object of receipts/expenditure.



AUDIT OF ACCOUNTS OF ZP & PS  7

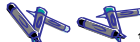
Slide 10

Model Accounting System

Accounting Procedure

- At the end of the month totals in Register of Receipts and Register of Payments can be struck.
- At the end of the year the progressive figure to the end of March can be worked out in the Annual Receipts and Payment Account

AUDIT OF ACCOUNTS OF ZP & PS  10

Slide 8



Model Accounting System


An illustrative example of the complete account head (payment) is:

2210-Health and Sanitation Major Head

101-Primary HC	Minor Head
15 - NRHM	Sub Head
26 -Maintenance	Object head
2210-101-15-26	Complete

Representing payment made from NRHM for maintenance of Primary Health Centers under the Health & Sanitation function of the PRI.



AUDIT OF ACCOUNTS OF ZP & PS  8


Slide 11

Model Accounting System

Accounting Procedure

- Bank/Treasury Reconciliation Statements, Register of Receivable and Payable, Register of Movable and Immovable property, Register of Inventory, Register of Demand, Collection and Balance form integral part of the annual accounts. Maintenance of these registers would help to switch over to the modified accrual system of accounting subsequently.



AUDIT OF ACCOUNTS OF ZP & PS  11


Slide 9

Model Accounting System

Accounting Procedure:

- The accounts are prepared on cash basis for a financial year ending 31st March.
- Daily transactions shall be recorded in Cash Book.
- Transactions recorded in the cash book should be transferred to either Register of Receipts or to Register of Payments as the case may be.







AUDIT OF ACCOUNTS OF ZP & PS  9

Slide 12

Model Accounting System

- **Procedures for Transfer Entries**
- To simplify, corrections can be carried out manually by striking down the wrong entry and inserting the correct entry in cash book and accounts.
- If mistakes noticed after closure of annual accounts no need to change annual accounts 'a note of error' to be made in the Annual Accounts against the Head error occurred.

AUDIT OF ACCOUNTS OF ZP & PS  12


ZP PS Accounts PPS

Session 3

Slide 13


Transfer Entries

- Where the number of transactions are less corrections can be carried out manually by striking down the wrong entry with red ink and inserting the correct entry.
- If mistakes noticed after closure of the monthly accounts and before closure of annual account.
 - Minus Credit under the Head where wrong entry done with a note indicating reasons and plus credit under the Head the transaction related with a note.



Session 3


AUDIT OF ACCOUNTS OF ZP & PS



Slide 16


Model Panchayat Accounting Manual (MPAM)

- Ministry of Panchayati Raj, Government of India has developed a 'Model Panchayat Accounting Manual' (MPAM) in 2012.
- MPAM to be used by state governments and PRIs to adopt standardized systems of accounts across the country.
- MPAM is based on the Model Accounting System and provides linkages to 'PRIASoft'



Session 3


AUDIT OF ACCOUNTS OF ZP & PS



Slide 14


Transfer Entries

- If mistakes are noticed after closure of annual accounts:
 - No need to change annual accounts
 - A 'note of error' to be made in the Annual Accounts against the Head where the error committed



Session 3

AUDIT OF ACCOUNTS OF ZP & PS




Slide 17

Model Panchayat Accounting Manual (MPAM)


MPAM stipulates financial statements of PRIs shall include:

- Receipts and Payments Account including comparison with budgets
- Income & Expenditure Account with receipts & payments of revenue nature
- Statement of Assets & Liabilities
- Accounting Policies and Notes to Accounts



Session 3


AUDIT OF ACCOUNTS OF ZP & PS



Slide 15


PRIASoft

- To facilitate computerized accounting Panchayati Raj Institutions Accounting Software (PRIASoft) developed by MOPR.
- PRIASoft is a centralized web based application
- PRIASoft captured three tier accounting classification and *accounting of* the scheme as a Sub-head under the respective Minor Head.
- After receipts and expenditure entries software automatically generate the reports in the formats prescribed by C&AG




Session 3

AUDIT OF ACCOUNTS OF ZP & PS




Slide 18

The West Bengal Panchayat (Zilla Parishad and Panchayat Samiti) Accounts & Financial Rules, 2003



Session 3

AUDIT OF ACCOUNTS OF ZP & PS




ZP PS Accounts PPS

Session 3

Slide 19

Financial Accounting-General procedure
Zilla Parishad & Panchayat Samiti Fund

- For every Panchayat Samiti (PS) there shall be one Panchayat Samiti Fund
- The Fund shall be lodged with the concerned Treasury
- The Fund is kept in the Local Fund Account constituted in terms of Rule 6.29 of the Treasury Rules, W.B .
- The account shall be governed by the provisions of the W.B. Treasury Rules
- Any part of the said Fund may be kept in such custody other than Treasury or invested in such a manner as the state government may direct from time to time




Session 3

AUDIT OF ACCOUNTS OF ZP & PS 19

Slide 22

Financial Accounting-General procedure
Zilla Parishad & Panchayat Samiti Fund contd.

- Donation, endowment and trust fund for special purposes, made or created by private person or group of persons or an institution, shall be initially lodged first in the ZP Fund or PS Fund as the case may be
- Loans received or raised by the ZP or PS, any sums received as gift or contribution and any income received from trust shall be deposited in ZP or PS Local Fund Account, as the case may be




Session 3

AUDIT OF ACCOUNTS OF ZP & PS 22

Slide 20

Financial Accounting-General procedure
Zilla Parishad & Panchayat Samiti Fund contd

- The Fund may be kept in the custody of Savings Bank A/Cs maintained in one or more Public Sector Banks, Co-operative Banks or Postal Savings Banks for any specific programme or schemes, if so directed by the competent authority
- All sums received by or on behalf of the ZP or PS
 - from the state government or
 - collected through its own resources
 shall be credited to the Local Fund Account and shall be vested with the ZP or PS as the case may be




Session 3

AUDIT OF ACCOUNTS OF ZP & PS 20

Slide 23

Financial Accounting-General procedure
Zilla Parishad & Panchayat Samiti Fund contd.

Provided that any loan received from sources other than state government or raised by the ZP or PS may be transferred from the Local Fund Account and placed in any Nationalised Bank or Post Office with the prior approval of state government




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Financial Accounting-General procedure
Zilla Parishad & Panchayat Samiti Fund contd

- The Executive Officer (EO) shall operate such Local Fund Account or Bank Account
- He is the Drawing & Disbursing Officer of this Fund
 - Provided that the EO of the ZP may authorise the Additional EO or the Secretary, or the Financial Controller and Chief Accounts Officer, in terms of sub section(5) of Section 179 of WBPA, to operate such account or accounts
 - Provided that the EO of ZP may extend, modify or revoke such order at any time as he may deem fit




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Audit points

1. Was the ZP/PS Fund kept in the Local Fund A/c constituted in terms of the Treasury Rules, West Bengal (W.B.) and the account governed by the provisions of the W.B. Treasury Rules?
2. Was the Fund kept in the custody of SB A/Cs maintained in one or more Public Sector Banks?
3. Were all the sums received by or on behalf of the ZP/PS credited to the Bank/s?



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AUDIT OF ACCOUNTS OF ZP & PS 24


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Financial Accounting-General procedure
Receipt of Money and Credit to the Treasury

- All sums receivable from any person by the ZP or PS or any other asset or property of the ZP PS collected by the authorised person shall be deposited in cash to the cashier on proper receipt, for crediting the same as quickly as possible to the appropriate account of the ZP or PS Fund, as the case may be
 - Provided that such authorised person shall not keep in his custody at any point of time any amount exceeding Rs.1000/- for more than one working day



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AUDIT OF ACCOUNTS OF ZP & PS




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Audit points regarding receipt of money.

1. Were all the receipts properly accounted for?
2. Was there a proper system of accounting and allocation of collections and the amounts collected were credited to the proper a/cs?
3. Was there any delay in deposit of collection to the bank?
4. Was at any point of time an amount exceeding Rs. 1000/- kept under the personal custody of an authorized person for more than a day?



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Financial Accounting-General procedure
Receipt of Money and Credit to the Treasury contd.

- All sums collected shall be remitted in full to the Fund and no portion thereof shall be appropriated directly towards expenditure of the ZP or PS, as the case may be
- When money is tendered at the office of the ZP or PS, the amount so tendered shall be received by the cashier by granting receipt in Form No.2
- The receipt for any sum exceeding Rs.5000/- shall be countersigned by the EO or an officer authorised by him



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AUDIT OF ACCOUNTS OF ZP & PS




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Audit points regarding receipt of money

5. Was any portion of collections directly appropriated towards expenditure of the ZP/PS?
6. Were all cashiers' receipts in Form No. 2 countersigned by the appropriate authority?
7. Were all cases of receipts exceeding Rs. 5000/- countersigned by the E.O or an officer authorized by him?
8. Was there any case of collection of money outside the office of the ZP/PS not made over to the authorized cashier on the same day? If so, under whose custody was such amount kept and how? When was the said money deposited to the Bank?



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AUDIT OF ACCOUNTS OF ZP & PS



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Financial Accounting-General procedure
Receipt of Money and Credit to the Treasury contd.

- Any sum received or collected outside the office of the ZP or PS shall be realised in cash or by cheque by granting receipt to the party in Form No.1


The amount so received by the collecting officer shall be given to the cashier upon receiving a receipt in Form No.2 from the cashier, for credit to the ZP or PS, as the case may be

If unavoidable, the money shall be kept in the office of the ZP or PS under double lock and proper guard and remitted to the Treasury link Bank in full on the following day



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AUDIT OF ACCOUNTS OF ZP & PS




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Audit points regarding receipt of money

9. Was there any case of retention of cheques in the office of the ZP/PS, and, if so, what were the reasons for not remitting the same to the Bank?
10. Were all sums accepted by cheques entered in the Cash Book on the date of receipt of the cheques?
11. Were all amounts of subscriptions and donations for special purposes recorded under the head "Subscriptions and Donations Received" in the ledger concerned?
12. Was a separate a/c maintained for subscriptions and donations in the Subscription Register



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AUDIT OF ACCOUNTS OF ZP & PS



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Audit points regarding receipt of money

15. Were the amounts collected against demand for specific purposes on specified terms recorded in Miscellaneous Demand and Collection Register in Form No. 5A?
16. Could the postings in the Subscription Register and Miscellaneous Demand and Collection Register be traced in the Cash Book?



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AUDIT OF ACCOUNTS OF ZP & PS



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Financial Accounting-General procedure
Payment of Money out of ZP /PS Fund....

- All cheques for payment out of the ZP or PS Fund shall be signed by the EO or by such other officer as may be authorised by him in this behalf
- All expenditure out of the ZP or PS Fund, by way of withdrawal, transfer, disbursement or deposit, shall be made under appropriate authorisation of ZP or PS or of the Sthayee Samiti having jurisdiction



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AUDIT OF ACCOUNTS OF ZP & PS



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Audit points regarding receipt of money

17. Were the arrears in collection on Miscellaneous Demand and Collection and the reasons thereof analysed, and measures taken for reducing arrears?
18. Were proper remarks recorded in the concerned register regarding number and date of agreement, recovery receipt number and nature and identification of property in respect of lease of land or other assets of the ZP/PS?



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AUDIT OF ACCOUNTS OF ZP & PS




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Financial Accounting-General procedure
Payment of Money out of ZP/PS Fund contd


- Payments of bills preferred by a contractor or a supplier shall be made through account payee cheque
 - Provided that payment of bills not exceeding Rs.500/- may be made in cash

All payments e.g. grants or contributions made to a ZP or a PS, as the case may be, other than recoupment of permanent advance or establishment cost including salaries and wages, shall be made through account payee cheques only



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AUDIT OF ACCOUNTS OF ZP & PS



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Audit points regarding receipt of money

19. In some cases, expenditure incurred is wrongly debited to the major head of accounts instead of the concerned minor head of accounts. This practice makes it difficult for the Panchayats to submit their 'utilisation certificates' in respect of the amounts utilized by them against different grant funds. Auditor may draw attention to such cases.



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AUDIT OF ACCOUNTS OF ZP & PS



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Financial Accounting-General procedure
Mode of Payment

- All sums paid into the Bank attached to the Treasury for credit to the Local Fund Account of the ZP or PS, by any person shall be accompanied by a Challan in Form No. 3. A copy of such receipted Challan shall be presented to the cashier for the purpose of accounting and record
- Any sum accepted by cheque shall be entered in the Cash Book on the date of receipt of the cheque



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AUDIT OF ACCOUNTS OF ZP & PS






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Audit points regarding payment of money out of Fund

1. Did all the items of expenditure have authorization of the competent authority of the ZP/PS or the concerned Sthayee Samiti?
2. Were all payments in excess of Rs. 500/- to contractors/suppliers made through cheques only?
3. .






AUDIT OF ACCOUNTS OF ZP & PS 33

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Audit points regarding payment of money out of Fund

9. Was there any case of overcharge or drawal of money more than the balance? If so, was any responsibility fixed for such unauthorized overcharge or withdrawal? What remedial measures were taken thereafter?
10. Was any expenditure made for any work which was not included in the priority list?
11. In case where prior sanction of the state government was necessary, was such sanction obtained before making payments?






AUDIT OF ACCOUNTS OF ZP & PS 33

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Audit points regarding payment of money out of Fund

3. Were all payments e.g. grants or contributions made to a PS/ZP other than recoupment of permanent advance or establishment cost including salaries and wages, made through a/c Payee cheques only?
4. Were all sums paid into the Bank attached to the Treasury for credit to the Local Fund. Account of the PS/ZP accompanied by a Challan in Form No. 3 ?
5. Were all the columns in Form No.3 duly filled in and the 14 digit code of Head of Allocation indicated in the challans in the appropriate columns?






AUDIT OF ACCOUNTS OF ZP & PS 33

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Financial Accounting-General procedure
Use of funds raised though loans...

- Provident Fund deposit, endowment and those raised by loans or contribution for special purpose shall, on no account, be used or appropriated for general purposes
- Funds raised by loan or received as special grant or contribution made for special purpose shall be entered in the register concerned and a separate account shall be maintained in this behalf






AUDIT OF ACCOUNTS OF ZP & PS 33

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Audit points regarding payment of money out of Fund

6. Were any portions of the funds of the PF deposit, endowment and those raised by loans or contributions for special purposes used or appropriated for general purposes? If so, under whose authority? Was such authority empowered to do so?
7. Were the funds raised by loan or received as special grant or contribution made for special purpose entered in a separate register and a separate a/c maintained in this behalf?
8. Was there any expenditure for which no provision was made in the budget estimate? If so, under whose authority? How was such expenditure regularized?






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Financial Accounting-General procedure
Use of funds raised though loans...

- No portion of such loan, special grant or contribution, as mentioned in the previous slides, shall be entered in the register concerned and a separate account shall be maintained in this behalf
- Subscriptions and donations for special purposes shall be recorded under the head "Subscriptions and Donations Received" in the ledger concerned. A separate account shall also be maintained in the Subscription Register in Form No. 4



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Financial Accounting-General procedure
Use of funds raised though loans. contd

- Amounts collected against demand for specific purposes on specified terms shall be recorded in Miscellaneous Demand and Collection Register in Form No. 5A




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AUDIT OF ACCOUNTS OF ZP & PS 33

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Financial Accounting - General Procedure
Pass Book of the Treasury.

- The Pass Book shall remain in the custody of the EO or other authorised officer
- It shall be sent to the Treasury by the 10th of the following month for updating the posting of entries up to the last working day of every month showing the balance of the Fund

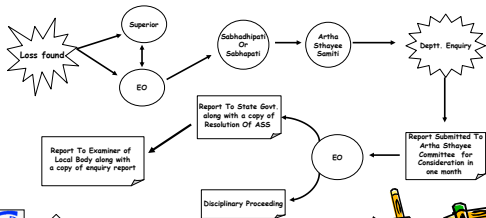


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AUDIT OF ACCOUNTS OF ZP & PS 38

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Financial Accounting - General Procedure
Loss of money & stores by embezzlement etc..




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Financial Accounting - General Procedure
Pass Book of the Treasury contd.

- EO shall reconcile and correct the entries made in the books of accounts
- If any error or discrepancy between the credits and debits is detected, EO shall immediately draw the attention of the Treasury Officer to such discrepancy




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AUDIT OF ACCOUNTS OF ZP & PS 39

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Financial Accounting - General Procedure
Loss of money & stores by embezzlement etc.
contd..

- Any loss of immovable property such as building or other works caused by fire, flood, cyclone or any other natural calamity or as a result of any civil commotion shall be reported at once to the Commissioner of Panchayats.




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AUDIT OF ACCOUNTS OF ZP & PS 37

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Financial Accounting - General Procedure
Pass Book of the Treasury contd.

- The verification and reconciliation of the balances of Pass Book along with scheme wise statement as received from the Treasury and those of the Cash Book shall be undertaken once in a month
- A verification certificate to that effect that the balance of the Cash Book agreed with that of the Pass Book shall be furnished by the EO to the Treasury Officer every month when the passbook is sent to the Treasury for updating of entries



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AUDIT OF ACCOUNTS OF ZP & PS 40


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Financial Accounting - General Procedure
Pass Book of Bank accounts.

- Same procedure shall be followed as in the case of Pass Book of Treasury
- Interest received on Funds shall be reflected in the Cash Book as accretion to the said Fund to which such interest relates
- Same procedure shall be followed for reconciliation of Bank Pass Book with the accounts maintained by EO



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AUDIT OF ACCOUNTS OF ZP & PS




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Audit points regarding withdrawal of money from Fund

1. Was there any case of loss, damage or destruction of immovable property due to fire, flood or any other natural calamity or civil commotion? If so, was any report sent to that effect sent to the Director of Panchayat forthwith?
2. Was the Pass Book of PS/ZP sent to the Treasury by the 10th of every month for updating and was the same actually updated regularly?
3. Was verification and reconciliation of balances of Pass Book along with scheme-wise statement received from Treasury done monthly?



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AUDIT OF ACCOUNTS OF ZP & PS




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Financial Accounting - General Procedure
Overdraw of balances.

- ZP & PS shall not draw more than the balance or overcharge any particular component of a Fund at its credit in the Local Fund Account or the Bank Account
- Expenditure for which no provision has been made in the budget estimate or when such provision though made has been exhausted, shall not be incurred without re-appropriation of Fund
- In case of any overcharge, the responsibility shall lie primarily on the drawer of the charge and the sanctioning authority of such overcharge



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AUDIT OF ACCOUNTS OF ZP & PS




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Audit points regarding withdrawal of money from fund

4. In case of detection of any error or discrepancy during verification and reconciliation, was attention of the Treasury drawn forthwith and the error or discrepancy rectified?
5. Was interest received on Funds reflected in the Cash Book as accretion to the said Fund?



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AUDIT OF ACCOUNTS OF ZP & PS




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Financial Accounting - General Procedure
Withdrawal of money from the Fund

- Except for expenditure for regular establishment, expenditure may be incurred for any purpose, only when-
 - a) Expenditure is within the budget provision
 - b) Sanction of the concerned authority has been obtained
 - c) The 'purpose' is included in the Annual Action Plan
 - d) The purpose is commensurate with the order of priority for taking up execution of scheme
 - e) If prior sanction of the state government is necessary for execution of the scheme or for the incurring such expenditure, such sanction has been obtained



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AUDIT OF ACCOUNTS OF ZP & PS




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Financial Accounting - General Procedure
Cash Book

- Cash Book shall be maintained in Form 9
- All sums received under section 179 or section 132 shall be entered in the debit side
- Similarly, all disbursements shall be entered in Credit side
- Following the double entry system of accounts, all the debit and credit entries in the Cash Book shall have a corresponding entry in the respective ledgers



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AUDIT OF ACCOUNTS OF ZP & PS



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Financial Accounting - General Procedure
Cash Book contd.

- All entries in the Cash Book shall be checked and verified by the Accountant at the end of each day and placed before the officer authorised by the EO, who shall authenticate each such entry by putting his initial against each
- It shall be closed and balanced each day and checked



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AUDIT OF ACCOUNTS OF ZP & PS




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Introduction of Contra entry system in maintenance of CB in ZP / PS

- Contra entry system has been introduced for maintenance of cash transaction between Cash Account and Bank Account of ZP & PS



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AUDIT OF ACCOUNTS OF ZP & PS




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Financial Accounting - General Procedure
Cash Book contd.

- The Cash Book shall indicate at the end of each day and on the closing day of each month, an analysis of cash balance head of account / scheme / purpose wise. The officer authorised in this behalf shall verify the total of the Cash Book, physical cash balance and the cash analysis and sign it certifying its correctness



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AUDIT OF ACCOUNTS OF ZP & PS




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Introduction of Contra entry system in maintenance of CB in ZP / PS contd.


In ZP / PS, this system is followed in case of following transactions:

- Cash deposited at Bank
- Cash withdrawn from Bank/Treasury Office for official purpose
- Cheque received from Debtors— deposited at Bank afterwards



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AUDIT OF ACCOUNTS OF ZP & PS




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Financial Accounting - General Procedure
Cash Book contd.

- Entries of expenditure shall be made day-to-day in the expenditure side from details of debit vouchers.
- Corresponding entry shall be made in the Cash Book on the day on which a cheque is signed by the officer concerned, keeping a note of delivery of the said cheque in the remarks column of the Cash Book as well as the relevant column of the cheque issue register in Form No. 10A, the same day.



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AUDIT OF ACCOUNTS OF ZP & PS




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Introduction of Contra entry system in maintenance of CB in ZP / PS contd.


The CB is maintained through contra entry system in case of following transactions:

- Cash deposited into Bank-Rs.500
- Cash withdrawn from Bank-Rs.200
- Rent deposited to Treasury L.F. a/c-Rs.700
- Cash withdrawn from Treasury L.F. a/c-Rs.900



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Introduction of Contra entry system in maintenance of CB in ZP / PS contd.

Dr.					Cr.				
Amount					Amount				
Dt.	Particulars	L.F.	Cash	Treasury Bank	Dt.	Particulars	L.F.	Cash	Treasury Bank
--	To Cash			500	--	By Bank		500	
**	To Bank		200		**	By Cash			200
##	To Cash			700	##	By Trea.		700	
++	To Trea		900		++	By Cash			900

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Financial Accounting - General Procedure
Cash Book contd.

- In case of direct remittance to the Bank or through the Treasury for payment against various dues or demands, entries shall be made on the receipt side on the basis of the documents of such deposit
- At the close of each month the Bank account and the Local Fund Account, as reflected in the Cash Book, shall be reconciled with Pass Book of the Bank and of the Treasury
- The statement of reconciliation shall be prepared in Form No. 11 and shall be preserved in a register

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Financial Accounting - General Procedure
Cash Book contd.

- In case of remittance to the Treasury or to a Bank for deposit, entries shall be made day to day, in the receipt side from the duplicate copies of challans received in case of the Treasury, or from the counterfoil of the Bank receipt, on the date of deposit, as the case may be

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Financial Accounting - General Procedure
Cash Book contd.

- If any difference or discrepancy is detected in the Reconciliation Statement, it shall immediately be set right in case the mistake occurred in the Panchayat body
- Otherwise, it shall immediately be brought to the notice of the Treasury Officer or the Bank Manager to reconcile the discrepancies
- If the discrepancies still persist, the matter shall be brought to the notice of the DM by the ZP or to the notice of the SDQ by PS immediately

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Financial Accounting - General Procedure
Cash Book contd.

- In case of grants received from state government, entry shall be made on the receipt of the bill by the Treasury for transfer credit to Local Fund Account, on the basis of the original copy of challan or cheque on the day of deposit
- In case of book adjustment by transfer credit of grants allotted to the ZP or PS, entries in Cash Book shall be made on the date of receipt of the information through the Pass Book or Treasury Challan with details of 'order number', date and nature of grants

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Financial Accounting - General Procedure
Cash Book contd.

- The Cash Book balance shall be analysed at the close of the month showing the following items (scheme-wise, head-wise or purpose-wise) available for utilisation:
 1. Balance of Fund
 2. Position of cash

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Financial Accounting - General Procedure
Subsidiary Cash Book.



- For any important scheme or programme, a Subsidiary Cash Book may be maintained in Form No. 12 when so directed by the Funding authority
- Provisions for maintenance shall be same as in the case of Principal Cash Book
- Total receipt and expenditure recorded in the Subsidiary Cash Book for every month shall be brought into the Principal Cash Book by recording such receipt or expenditure on the last working day of the month for the purpose of calculating the total Fund and for classification of the Fund scheme-wise and head-wise

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Audit points regarding Cash Book



5. Was there any case where any amount of money was drawn from the Treasury far in advance of requirements?
6. Was the auditor satisfied that moneys received were remitted in full to the Bank or Treasury without undue delay?
7. Were the details of unspent balances shown clearly at the time of drawing closing balances at the end of the month?
8. Was it evident that the total of the Cash Book was verified at the end of each month by the competent authority to see that cash-in-hand tallied with the total?

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Financial Accounting - General Procedure
General Ledger



- All financial transactions shall be recorded in the general ledger maintained as per Form No. 13 following the double entry system of book keeping
- Each account maintained in the general ledger shall be totalled every month to facilitate preparation of monthly and annual Receipts and Payment account

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Audit points regarding Cash Book



9. Were the entries of expenditure made daily in the expenditure side of the Cash Book from details of debit vouchers?
10. Were corresponding entries made in the Cash Book on the day on which cheques were signed by the officer concerned, keeping a note of delivery of such cheques in the remarks column of the Cash Book as well as the relevant columns of the cheque issue register in Form No. 10-A, on the same days?

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Audit points regarding Cash Book



1. Was the Cash Book maintained in the prescribed Form No. 9?
2. Were all sums received under section 179 or section 132 entered in the debit side and all disbursements thereon entered on the credit side?
3. Did all the debit and credit entries of a specific period, say a month, have corresponding entries in the respective ledgers and actual verification of the same could be made?
4. Were all the entries in the Cash Book checked and verified by the Accountant and authenticated by the competent authority, and cash balances verified and certified daily?

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Audit points regarding Cash Book

11. In the case of remittance to the Treasury/Bank for deposit in the ZP/PS Fund, were the entries made day to day in the receipt side from the duplicate copies of the challans received in case of the Treasury, or from the counterfoils of the Bank receipt, on the dates of deposit?

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Audit points regarding Cash Book

12. In the case of grants received, were the entries made on the receipt side of the bill by the Treasury for transfer credit to the Local Fund Account, on the basis of the original copy of the challans, cheque or any other communication which has the signature with official seal of the Treasury Officer or any other officer authorized by him in this behalf, on the Bill Transit Register on the day of deposit?



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AUDIT OF ACCOUNTS OF ZP & PS




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Audit points regarding Cash Book


16. How were the differences/discrepancies detected in the statements *ibid* during reconciliation set right? Was it necessary to refer the matter to the DM/SDO? If so, what was the result? Were there any cases lying outstanding for more than a month? If so, why?

17. Was the balance of Cash Book analysed at the close of the month showing balance of Fund and position of cash, scheme-wise, head-wise or purpose-wise, available for utilization?



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AUDIT OF ACCOUNTS OF ZP & PS




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Audit points regarding Cash Book


13. In case of direct remittance to the Bank or through Treasury for payment against various dues/demands, were the entries made on the receipt side on the basis of the documents of such deposits?

14. Did the authorized officer signing cheques authenticate the entries of such cheques in the payment side of the Cash Book?



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Audit points regarding Cash Book

18. Were there any instructions from the appropriate Funding authority or the PRI body to maintain Subsidiary Cash Book scheme-wise or programme-wise for the ZP/PS? If so, were the same actually maintained in the prescribed form (Form No. 12), and were all the instructions relating to the principal Cash Book followed in respect of the Subsidiary Cash Books *mutatis mutandis*?



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Audit Points regarding Cash Book

15. Were the Bank account and the Local Fund Account in the Cash Book, reconciled with the Pass Book of the Bank and of the Treasury, and the statements on such reconciliations prepared accordingly in Form No. 11 and preserved in prescribed register?



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AUDIT OF ACCOUNTS OF ZP & PS




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Audit points regarding Cash Book

19. Could it be ensured that the particulars of total receipt and expenditure recorded in the Subsidiary Cash Book for every month were brought into the Principal Cash Book by recording such receipt and expenditure on the last working day of the month for the purpose of calculating the total Fund and for classification of the Fund scheme-wise and head-wise?



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AUDIT OF ACCOUNTS OF ZP & PS



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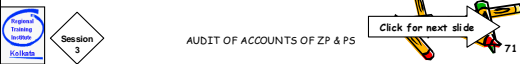
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Audit Points regarding Cash Book

20. Was the cash drawn through self-cheques, if not immediately disbursed, recorded in the Liquid Cash Book by the cashier in Form No. 31, and was the same balanced, closed and physically verified at the close of a day's transaction by the Drawing & Disbursing Officer?



AUDIT OF ACCOUNTS OF ZP & PS




Accounting system in ZP PS PART II

Slide 1

Accounting of Revenues
Revenue from fixed demand

- Sources of revenue such as revenue from assets or property owned or under control are usually leased out for fixed revenue
- The recoveries for such leased out properties are to be considered as fixed demand and shall be maintained in the Demand & Collection Register in Form No. 5
- A separate page of the Demand & Collection Register shall be set apart for each separate kind of revenue for which there is a fixed monthly, quarterly or annual demand




AUDIT OF ACCOUNTS OF ZP & PS

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Accounting of Revenues
Revenue from fixed demand contd.

- The Register in Form No. 5 shall be opened by bringing forward all arrears due from the lessees/tenants whose lease has terminated and has not been renewed
- The security deposit of lease shall be credited directly to the head of Security Deposit in the Cash Book
- When a lease agreement is cancelled for any reason and the pond, ferry or any other property is again leased out afresh, the up-to-date demand shall be worked out and reconciled with the up-to-date collection




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Accounting of Revenues
Revenue from miscellaneous demand

- For a demand other than the fixed demands, the ZP & PS shall maintain a Miscellaneous Demand and Collection Register in Form No. 5A
- Procedure for maintenance of this register is same as in the case of Demand and Collection Register



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Accounting of Revenues- Receipt Books

- All collections shall be effected by means of duplicate carbon receipt in Form No. 1 and Form No. 2, as the case may be
- Serial number to be printed on each duplicate carbon receipt book shall be pre-fixed with not less than six-digit number selected at random
- A Stock Register of Receipt Books shall be maintained in Form No. 14





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Accounting of Revenues
Grants from the State Govt. contd.

- When lump grant for different purposes including development work or for assigned schemes sanctioned by the state government is placed by means of a cheque, the ZP or PS as the case may be, shall deposit such cheque immediately in the Local Fund Account or the Bank Account where Fund for the said work or scheme is normally lodged





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Accounting of Revenues- Donations

- Gift and contributions for special purposes shall be recorded in Form No. 4
- No portion of such amount shall be appropriated for any purpose other than those laid down in the terms and conditions of such subscriptions and donations
- Donations accepted from private parties on condition that they are to be placed in fixed deposit in a Bank or invested in Government securities for proper execution of a programme or scheme, may be so placed, deposited or invested maintaining its proper account in the register in Form No. 4





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Accounting of Revenues
Grants from the state government contd.

- When such grants are sanctioned by various departments of the state government, the concerned EO shall draw the fund in grant-in-aid bill form from the Treasury along with a challan for transfer credit to the corresponding Local Fund Account, as the case may be
- Utilisation certificate in respect of grant-in-aid shall be furnished by the grantee to the authority sanctioning the Fund, within six months from the date of receipt of grant or before applying for further grant, whichever is earlier





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Accounting of Revenues
Grants from the state government

- Grants for general purpose, with or without any conditions like grants in lieu of cess, land revenue grant, incentive grant sanctioned by the state government may be allotted to the District Magistrate (DM) or any other officer in the District as may be specified in the order, who shall draw the amount from the Treasury and place the same by transfer credit to the ZP or PS Fund, as the case may be





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Audit points regarding accounting of Revenues

1. Were the demand, collection and refunds of revenues regularly accounted for?
2. Were the accounting and allocations of collections done correctly and credited to proper heads as prescribed?
3. Were the different sources of revenue from ponds, buildings and lands, produces of land, gardens and fisheries, tolls on bridges, roads and ferries or any other assets or property of the ZP/PS leased out for fixed revenue?



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Audit points regarding accounting of Revenues



4. Were there proper agreements for the lease?
5. Were there any cases of termination of lease and how were the interests of the ZP/PS safeguarded in such cases?
6. Were the recoveries for leased out properties maintained in the Demand and Collection Register in Form No. 5?
7. In case of modification of different columns in Form No. 5 to suit the local requirement, was such modification done by the *Artha Sanstha Unnayan o Parikalpana Sthayee Samiti* of the ZP/PS under intimation to the Director, Department of Panchayats?

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AUDIT OF ACCOUNTS OF ZP & PS  10

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Accounting of Advances and Deposits Permanent Advance



- A ZP or a PS may maintain a corpus of Permanent Advances as and when necessary subject to recoupment, of such advances on presentation of bills showing details of expenditure incurred with supporting vouchers, for the purpose of incurring petty office expenses on various heads of account to meet instant requirements
- For such purpose, a ZP shall place at the disposal of one or two officers such amounts which taken together shall not exceed Rs.10,000/-
- For a PS, the above amount shall be Rs.3000/-

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AUDIT OF ACCOUNTS OF ZP & PS  13

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Audit points regarding accounting of Revenues



8. Were there arrears in collection of revenues and were the reasons satisfactory?
9. In case of cancellation of lease, vis-à-vis, fresh leasing out of the same, were the particulars of up-to-date demand worked out and reconciled with those of the up-to-date collection?
10. How were the cases of applications for remission of revenue by the lessees dealt with, particularly when such applications were granted?

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AUDIT OF ACCOUNTS OF ZP & PS  11

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Accounting of Advances and Deposits Permanent Advance Contd.



- Payment shall be made in cash from the Permanent Advance against bills or sub-vouchers duly passed for payment by the authority competent to pass such payment order
- The statement of expenditure shall be encased or stamped as 'Paid in Cash out of Permanent Advance'
- The bills, sub-vouchers or statements shall be serially numbered and entered in an Imprest Cash Register in Form No. 18, the classification of charges being carefully entered in the columns provided for the purpose

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AUDIT OF ACCOUNTS OF ZP & PS  14

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Audit points regarding accounting of Revenues



11. In case of properties having been placed under the charge of PS by the ZP in exercise of powers under Section 159 of the Act, was there a proper agreement between the ZP and PS?
12. Could the particulars of collections be traced from the postings of Cash Book?
13. Was any outside agency engaged for printing of the duplicate carbon receipt books? In such case, was the printing undertaken by the agency in the presence of a senior officer of the ZP maintaining adequate secrecy?

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AUDIT OF ACCOUNTS OF ZP & PS  12

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Accounting of Advances and Deposits Permanent Advance Contd.

- The permanent advance, when first drawn, shall be charged in the Cash Book to the head 'Permanent Advances' with corresponding entries in the ledger
- If the amount originally fixed for permanent advance is subsequently increased or decreased by the ZP or the PS, the original advance shall be repaid first and a fresh advance shall be drawn

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AUDIT OF ACCOUNTS OF ZP & PS  15


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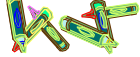
Accounting of Advances and Deposits
Other Advance & Advance Ledger

- All advances other than 'Permanent Advance' to the officers, employees or to the contractors shall be charged to the head 'Advance' in the Cash Book in Form No. 9
- A separate account shall be maintained in subsidiary Ledger of Advance in Form No. 19
- A quarterly statement of outstanding advance against each individual should be prepared
- Advance for execution of works to be carried out departmentally may be sanctioned to any person placed in charge of the work other than technical officer for any specified component of the work



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AUDIT OF ACCOUNTS OF ZP & PS




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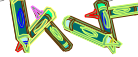
Accounting of Advances and Deposits
Other Advances & Advance Ledger contd.

- An advance, for execution of works, may be sanctioned only for such project or scheme under any programme when such project or scheme has been approved by the Sthayee Samiti
- The amount of advance shall not exceed the amount of security deposit made for the relevant scheme
- All advance payments shall be sanctioned by the Artha Sthayee Samiti on receipt of a written request supported by an estimate recommended by the Executive Engineer in case of the ZP or the Sub-Asst. Engineer in charge of the scheme in the PS



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AUDIT OF ACCOUNTS OF ZP & PS




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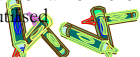
Accounting of Advances and Deposits
Other Advances & Advance Ledger contd.

- No amount shall be sanctioned as advance for the cost of any material
- Adjustment against an advance shall be realised from the person receiving the advance within the specified time, fixed by the advance sanctioning authority, not exceeding 30 days from the date of drawal of advance
- If the advance cannot be utilised within the specified time or 30 days whichever is earlier, the concerned person shall deposit the unutilised amount with adjustment vouchers, if any, along with a written explanation stating the circumstances under which the amount taken in advance could not be utilised



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AUDIT OF ACCOUNTS OF ZP & PS




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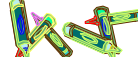
Accounting of Advances and Deposits
Other Advances & Advance Ledger contd.

- Any advance given to a contractor shall be adjusted proportionately against running bill
- In no case adjustment shall be made after 90 days from the date of drawal
- No advance out of ZP or PS Fund shall be sanctioned in favour of any member of the ZP or PS in connection with any scheme or programme



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AUDIT OF ACCOUNTS OF ZP & PS




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Accounting of Advances and Deposits
Other Advances & Advance Ledger contd.

- The written explanation referred to above shall be accepted by the sanctioning authority upon ensuring that the said person is not sanctioned any advance who fails to utilise Fund properly or utilise it at all on repeated occasions;
- When the previous advance is entirely or nearly exhausted or has not been utilised within the specified time, it may be adjusted by submitting detailed bills for the expenditure incurred or with cash or with both and fresh advance may be drawn, for execution of the work in progress
- Further advance shall not be sanctioned until the previous advance drawn has been fully adjusted.



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AUDIT OF ACCOUNTS OF ZP & PS




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Accounting of Advances and Deposits
Other Advances & Advance Ledger contd.

- If it becomes necessary to make advance payment for obtaining supply of a material from the manufacturer, distributor or authorised dealer, Artha Sthayee Samiti may, on the basis of resolution of Tender Committee, decide to make an advance payment recording the reason
- All such advance payments shall be recorded in the ledger to ensure that the supply is effected by the scheduled date and the refund, if any, has been credited in the ZP or PS Fund



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AUDIT OF ACCOUNTS OF ZP & PS



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Accounting of Advances & Deposits
Accounting and investment of deposit

- ◆ Security Deposit received in cash or Pay Order or Demand Draft shall at once be entered in the books of accounts and shall be placed to the credit of
 - (i) the Local Fund Account lying with the Treasury or
 - (ii) Security Fund Account lying with the Bank;
- ◆ All other forms of securities which can be pledged, issued by the Central Government or the State Government, Bond for immovable property and similar other instruments shall be recorded in the Register of Deposits of Valuable Securities for works in Form No. 20



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AUDIT OF ACCOUNTS OF ZP & PS




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Accounting of Advances & Deposits
Appropriation of loans, grants & contribution

- ◆ For proper recording on appropriation of Fund raised or received on loan or received as grants or subsidy or contributions from the state government for assigned schemes or projects, or contributions made by individuals or other bodies for special purposes, separate ledger account shall be maintained in Form No. 13 along with Appropriation Register in Form No. 13A



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AUDIT OF ACCOUNTS OF ZP & PS




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Accounting of Advances & Deposits
Accounting and investment of deposit contd.

- ◆ The total amount of securities which may have been made over to the local Treasury for safe custody shall be verified by the ZP and PS, as the case may be, every year and a certificate of verification shall be kept in record in the Register of Investment against the entry in respect of each such investment



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AUDIT OF ACCOUNTS OF ZP & PS




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Accounting of Advances & Deposits
Appropriation of loans, grants & contribution contd.

- ◆ The amount involved shall be credited to the Fund on the date of
 - Actual receipt of cash or cheque in the office or
 - Receipt of intimation or
 - Receipt of challan from the Treasury
- ◆ Separate heads of account shall be shown in the ledger before any further appropriation is made



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AUDIT OF ACCOUNTS OF ZP & PS




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Accounting of Advances & Deposits
Raising of loans.

- ◆ When a loan is raised by the ZP or the PS, it shall be the duty to guarantee repayment of principal and interest accrued on such loans within the stipulated time;
- ◆ Whenever a loan is taken or raised there shall be a 'Sinking Fund' for its repayment



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AUDIT OF ACCOUNTS OF ZP & PS




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Accounting of Advances & Deposits
Appropriation of loans, grants & contribution contd.

- ◆ Balance of each appropriation shall be shown in the ledger before any further appropriation is made.
- ◆ The ZP & PS shall maintain accounts of its own receipts as untied Fund augmented by way of license fees, rents, tolls, rates etc. and expenditure out of the said united fund item wise separately in Appropriation Register in Form No. 13B



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AUDIT OF ACCOUNTS OF ZP & PS



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ZP PS Accounts PPS


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Audit points regarding Accounting of Advances and Deposits

1. Was the Advance Register was reconciled with the Imprest Cash Register to see the following:
 - i. All the entries in the Advance register tallied with those in the Imprest Register
 - ii. Bills, sub-vouchers or statements were entered in the both
 - iii. Classification of charges was made properly
2. Were the amounts of permanent Advance properly charged in the Cash Book?





 Session 3
AUDIT OF ACCOUNTS OF ZP & PS 28

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Audit points regarding Accounting of Advances and Deposits

10. In case of advance payment for obtaining supply of materials, Was the supply effected by the scheduled date, and, refund, if any, properly credited?
11. Was the total amount of securities made over to the Treasury/Bank for safe custody verified by the ZP/PS every year and a record to that effect kept in the Register of Investment against the entry in respect of each such investment?
12. In the cases of other forms of securities pledged/issued by the Central/State Government, Bonds for immovable properties and similar other instruments, were the same properly recorded in the Register of Deposits of Valuable Securities for works in Form No. 20





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AUDIT OF ACCOUNTS OF ZP & PS 31

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Audit Points regarding Accounting of Advances and Deposits

3. Could the postings in the Cash Book (Form No. 9) be tallied with the entries in the Subsidiary Ledgers of Advance (Form No. 19)?
4. Were the amounts of advances were adjusted within 30 days from their drawal? If not, were the amounts of advance deposited by the defaulting parties explain the causes for non-utilisation?
5. Was the adjustment of advance made subsequently by submitting detailed bills?





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AUDIT OF ACCOUNTS OF ZP & PS 29

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Audit points regarding Accounting of Advances and Deposits

13. In case of raising of loans by the ZP/PS were there proper measures to guarantee repayment of principal and the interest accrued on such loans within the stipulated period?
14. Was there any Sinking Fund for repayment of loans?
15. Was there any case of failure by the ZP/PS for repayment of loans? Was it due to absence of any Sinking Fund? Was any responsibility fixed in such a case?
16. Was separate ledger account maintained in Form No. 13 along with Appropriation Register in Form No. 13A for proper recording of appropriation of fund raised or received on loan or received as grants or subsidy, or contribution from state government or other bodies for assigned schemes or projects?





 Session 3
AUDIT OF ACCOUNTS OF ZP & PS 32

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Audit points regarding Accounting of Advances and Deposits

6. Was there any case of sanction of further advance before adjustment of previous advance? If so, under what circumstances?
7. In case of advance given to a contractor, was the amount adjusted proportionately against running bills?
8. Were the amounts of Security Deposit received from the contractors duly accounted for in the different books of accounts and the amounts placed under the custody of the Treasury/Bank?
9. Was the amount of advance more than that of the security deposit/contractual value of the work or the material?





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AUDIT OF ACCOUNTS OF ZP & PS 30

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Audit points regarding Accounting of Advances and Deposits

17. Was the amount involved actually credited to the Fund on the date of receipt of cash or cheque etc.?
18. Did the relevant entries indicate the voucher number, date and the purpose?
19. Were separate heads of account maintained for each kind of loan, grant or contribution?
20. Was the balance of each appropriation shown in the ledger before making any further appropriation?
21. Did the ZP/PS maintain accounts of its own receipts as untied Fund augmented by way of license fees, rents, tolls, rates etc and keep proper records of expenditure out of the said untied Fund item-wise separately in Appropriation Register in Form No. 13B?



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AUDIT OF ACCOUNTS OF ZP & PS 33



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Accounting of Properties and Stores
Register of Immovable Properties


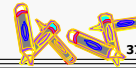
- Record of all lands, roads, sites of building, tanks etc. and any other property and interest in the possession of the ZP or the PS shall be kept in a Register of Immovable Properties in Form No. 22
- The valuation of properties shall be done by competent valuation authority and pending the assessment of valuation, the cost of purchase or acquisition of property shall be noted in the register

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Accounting of Properties and Stores
Stock Register of Movable Properties



- This register shall be maintained in Form No. 23 in respect of each kind of movable properties except for the articles for which separate stock register or ledger have been prescribed

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Accounting of Properties and Stores
Register of Immovable Properties contd.



- If any plot of land shown in the said register is sold, transferred or otherwise disposed of from the ownership and possession of the ZP or PS, the entry for it shall be struck off and the fact in connection with the dispossession shall be stated in the 'Remarks' column under the initial of the Executive Officer or any other officer authorised by him in this behalf

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Accounting of Properties and Stores
Annual verification of properties


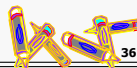
- All movable properties except stamps and stationery, shall be verified annually by such officer of the ZP or PS as may be specified by the Artha Sthayee Samiti for this purpose
- Movable properties in buildings away from office shall be verified at least once in two years or at any earlier time as may be considered necessary and as may be decided by the Artha Sthayee Samiti

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Accounting of Properties and Stores
Register of Immovable Properties contd.



- The EO shall periodically, but not less than once in a year, examine the register and satisfy himself that the record is correct and complete in all details and he shall take such steps, as he may deem fit to have the boundaries of immovable properties verified

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Accounting of Properties and Stores
Annual verification of Properties contd.

- The verifying officer shall satisfy himself that the balance in record are correct and shall sign the Stock Register of Movable Properties, with date and shall report the result to the EO who shall bring the fact to the notice of the Sabhadhipati or the Sabhapati, as the case may be, and on his advice, shall place it before the Sthayee Samiti concerned at the first available opportunity

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Accounting of Properties and Stores
Indent of Stores

- ◆ Purchase of stores shall be made in accordance with the definite requirements of the ZP/PS
- ◆ Periodical indents shall be prepared on the basis of six months requirements as far as stationery is concerned
- ◆ For purchase of forms and register annual indent may be prepared
- ◆ For purchases of periodical indents or forms and registers, orders for supply may be regulated in such manner that any unnecessary accumulation of stock or any wrongful loss is avoided



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AUDIT OF ACCOUNTS OF ZP & PS



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Audit points regarding
Accounting of Properties and Stores

1. Did the ZP/PS keep a record of all immovable properties like lands, roads, sites of buildings, fisheries etc. in the Register of Immovable Properties in Form No. 22?
2. Was the valuation of the properties done by the competent valuation authority and a record to that effect kept in the register?
3. Did the EO examine the register at least once a year and verify the correctness of the details of the register including the boundaries of the immovable properties?
4. Was any plot of land sold, transferred or otherwise disposed of from the ownership of the ZP/PS, and if so, was there a proper record of it in the register?



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AUDIT OF ACCOUNTS OF ZP & PS




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Accounting of Properties and Stores
Indent of Stores Contd.


- ◆ Orders for supplies required shall be issued by the EO or an officer authorised by him after the Artha Sthayee Samiti approves the indents
- ◆ The suppliers concerned may furnish bills for payments without unnecessary delay after completion of supplies in accordance with the supply order
- ◆ The date of completion of supplies, the date of receipt of the bill and the date of payment shall be noted on the office copy of the indent by the Accountant at each stage

No bill shall be entertained without any order for supply



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AUDIT OF ACCOUNTS OF ZP & PS



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Audit points regarding
Accounting of Properties and Stores

5. Was a Stock Register (Form No. 23) maintained in respect of each kind of movable properties except for the articles for which separate Stock Register or ledgers are maintained?
6. Were the movable properties verified periodically by the authorized officer?
7. Were indents of stores for stationery, forms and registers placed in accordance with the prescribed rules?
8. Was there any case of payment of a bill the claim for which was submitted after sixty days?



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AUDIT OF ACCOUNTS OF ZP & PS



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Accounting of Properties and Stores
Indent of Stores Contd.

- ◆ In case a supplier submits any bill for payment after sixty days, such claim shall not be entertained without the approval of the Artha Sthayee Samiti.
- ◆ All supplies of stationery shall be entered in Register of Stationery by an authorised employee in Form No. 26 showing
 - Date of supply
 - Challan number
 - Date
 - Item
 - Quantity
 - Amount and
 - Balance in stock



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AUDIT OF ACCOUNTS OF ZP & PS



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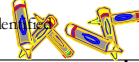
Establishment Accounts
Monthly pay bills and disbursement of salary

- Bills covering salary, wage, remuneration or honorarium shall be drawn with respect to the employees appointed against the sanctioned posts
- When prior approval is necessary, no bill shall be drawn unless approval is obtained
- The salary bill for each month shall cover the entire establishment and may be divided into 4 categories:
 - 1. General Establishment
 - 2. Engineering Establishment
 - 3. Medical Establishment and
 - 4. Any other Establishment that may be identified



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AUDIT OF ACCOUNTS OF ZP & PS




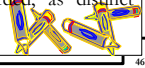
ZP PS Accounts PPS


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Establishment Accounts
Monthly pay bills and disbursement of salary contd.

- Salary bill shall be prepared in Form No. 24A
- Drawing and Disbursing Officer shall draw the bill and obtain the certificate duly signed by the EO
- Establishment Check Register shall be maintained in Form No. 24
-  Drawing and Disbursing Officer shall be either the EO or any other authorised officer
- For the purposes of proper adjustment of accounts, parts of an Establishment, which appertain to different major heads or minor heads, shall be regarded, as distinct Establishment





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AUDIT OF ACCOUNTS OF ZP & PS 46

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Establishment Account
Annual Establishment Return

- A detailed statement of regular establishment as on the 31st day of March, shall be prepared each year with reference to the pay bill for the preceding twelve months up to the last day of transaction in March
- For ZP, it shall be submitted to the Director, P&RD, by 15th May
- For PS, it shall be submitted to the District P&RD Officer, by 15th May

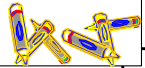



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AUDIT OF ACCOUNTS OF ZP & PS 49

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Establishment Accounts
Monthly pay bills and disbursement of salary contd.

- Name of the Establishment shall be recorded in the salary bill under that particular Establishment
- The Drawing and Disbursing Officer shall effect deductions from pay bill on account of statutory taxes and shall issue such returns and certificates as may be mandatory
- Salary not disbursed within 30 days of drawal shall be refunded to Local Fund Account and in no case shall be allowed to remain there as undisbursed cash beyond 30 days





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AUDIT OF ACCOUNTS OF ZP & PS 47

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Establishment Account
Security Deposit

- Every employee who is entrusted with the custody of cash or stores shall be required to furnish security and to execute a security bond setting forth the conditions by which the ZP or PS shall hold, refund or appropriate the security
- Employees who are required to furnish security shall deposit the amount of security on appointment to the post requiring such security

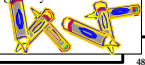



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AUDIT OF ACCOUNTS OF ZP & PS 50

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Establishment Accounts
Monthly pay bills and disbursement of salary contd.

- The disbursement on last admissible pay and allowance shall not be made to an employee on retirement, resignation, dismissal or otherwise until the Drawing and Disbursing Officer has satisfied himself that there is no outstanding against him
 - In this rule pay shall include remuneration, honorarium or any other dues to any office bearer or member
- All deductions and recoveries from the salary bills shall be deposited to the respective Funds, heads of accounts, as the case may be, within five working days from the date of drawal of the salary





 Session 3
AUDIT OF ACCOUNTS OF ZP & PS 48

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Office Expenses

- ◆ Payment of Office Expenses
 - Special purposes like purchase of typewriter machine, duplicating machine, calculating machine require prior sanction in a meeting of ZP or PS
- ◆ Stamp and Postage
 - In order to keep a check on the number and value of stamps expended for general business, a Stamp Register shall be maintained in Form No. 25
 - The balance of stamps in hand shall be verified once in a month by the head of office or an authorised officer who shall make a note of verification on the remarks column under his signature



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AUDIT OF ACCOUNTS OF ZP & PS 51

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Office Expenses

■ **Accounting of stationery articles**

- ❑ Record of stationery articles shall be maintained in the Stationery Stock Register in Form No. 26
- ❑ The stationery articles shall ordinarily be purchased annually or half-yearly after assessment based on actual consumption of previous year and the estimated quantity required for a particular year
- ❑ Purchase shall be made on indents showing stock in hand and duly sanctioned by the Artha Sthayee Samiti
- ❑ Stock shall be physically verified half-yearly by the Secretary of ZP or PS and a certificate to that effect shall be recorded in the Register
- ❑ The balance at the end of the year shall be verified with actual stock by the officer authorised for the purpose.



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Audit points regarding Establishment accounts



Was payments for establishment charges including salary bills made for the officers and staff who were entitled to the same?

Were all the statutory deductions made and credited to the respective heads?

In case of payments of arrear bills, Were there any cases of double payments?

Was proper security deposit made by the staff dealing with cash, etc.?



  **Home** AUDIT OF ACCOUNTS OF ZP & PS **53**



Time: 15 Minutes

Tick True or False

1. Assets or properties owned by Zilla Parishad are usually not leased out for fixed revenue. **TRUE/FALSE**
2. The recoveries for leased out properties are to be considered as fixed demand. **TRUE/FALSE**
3. Advance can be sanctioned towards cost of material. **TRUE/FALSE**
4. The amount of advance can, in no case, exceed the amount of Security Deposit made for the relevant scheme. **TRUE/FALSE**
5. All moveable properties including Stamps and Stationery should be verified annually. **TRUE/FALSE**
6. The approval of the Artha Sthayee Samiti is needed before supply order for stores is placed. **TRUE/FALSE**
7. Claim of a supplier will in no case be entertained if bills are not submitted after 60 days. **TRUE/FALSE**
8. Employees entrusted with custody of cash in ZP / PS are required to execute a security bond. **TRUE/FALSE**

Tick the correct answer:

9. In case of a ZP, the Pass Book of the Treasury should remain in the custody of
A) Sabhadhipati **B) Executive Officer**
10. Counter signature of EO is needed for receipt of sum exceeding
A) Rs. 5000 **B) Rs. 10000**
11. Undisbursed salary will not be allowed to remain in cash without depositing in local fund a/c beyond
A) 30 days **B) 60 days** **C) 90 days**
12. In case of any unsettled discrepancy noted in the reconciliation statement, the PS should report to the
A) SDO **B) DM** **C) Bank Manager**
13. The amount of advances deposited with officers of a ZP for meeting instant requirement should not exceed
A) Rs. 2500 **B) Rs. 5000** **C) Rs.10000**

Solution

Tick True or False

1 FALSE

2 TRUE

3 FALSE

4 TRUE

5 FALSE

6 TRUE

7 FALSE

8 TRUE

Tick the correct answer:

9 B) Executive Officer

10 A) Rs. 5000

11 A) 30 days

12 A) SDO

13 C) Rs.10000

Session Title

Audit of ZP and PS Accounts

Session Overview

We are now in the module wherein audit of ZP and PS Accounts and relevant records can be carried out.

In the previous sessions, evolution of PRIs, constitution of ZP and PS, audit of ZP and PS Fund and Budget were discussed.

In this session we will discuss the general procedure for financial accounting in ZP and PS including classification of accounts, and audit of ZP and PS Accounts.

Learning Object

At the end of this session we will learn the procedure of financial accounting followed in ZP and PS to the extent that during the audit of ZP and PS accounts we will be able to draw the audit conclusions as to-

- Whether the procedure of financial accounting is as per rules and
- Audit points are supported by evidence.

Introduction

Subsequent to the 73rd Constitutional Amendment, 1992, Panchayats become an integral part of the national government structure with increasing



functions, funds and functionaries being devolved to PRIs. In view of these increasing responsibilities envisaged for PRIs, the need to strengthen their system and capacity for governance and improvement in the area of financial accounting, reporting and accountability was felt. The Eleventh Finance Commission made specific recommendations for strengthening the accounting and financial systems of PRIs in 2000. The Comptroller & Auditor General of India (C&AG) prescribed standardized formats for preparation of budget and accounts by PRIs in 2002. These formats were further simplified in 2009 for easy adoption at grass root level. The Thirteenth Finance Commission (TFC) and Fourteenth Finance Commission (FFC) also recommended in the line of EFC. TFC recommended that PRIs should adopt the Model Accounting System for Panchayats prescribed by C&AG and Ministry of Panchayati Raj from 1 April 2010. TFC specified that out of the total grant of PRIs, upto one percent would be a 'performance-based' component which will be available only on compliance with the recommendations of the Finance Commission.

The FFC observed that reliable information on local government finances was not available and made the performance grant

conditional upon local governments. FFC recommended eligibility of granting performance grant of 10 per cent of the total grant, is to make available the reliable data by local bodies on receipt and expenditure through audited accounts and improvement in own revenues. Increase in the own revenues of the local body over the preceding year to be ensured from the audited accounts. Thus Performance grant is meant to instill improved information on local finances and outcomes as well as focus on increasing own incomes of local governments. FFC also specified that the books of accounts prepared by the local bodies should distinctly capture income on account of own taxes and non-taxes, assigned taxes, devolution and grants from the State, grants from the Finance Commission and grants for any agency functions assigned by the Union and State Governments.

Model Accounting System

The significant characteristics of Model Accounting system are:

- Each institution i.e. Zilla Parishad / Block Panchayat / Gram Panchayat is a separate accounting entity;
- The accounts are to be kept on cash basis i.e. recording shall be done only when the amounts are received and paid, not on their becoming due;
- A detailed chart of accounts has been prescribed using a three tier structure i.e.

Functions, Programmes or Schemes and Object. The chart of accounts shall be used both for budgeting and accounting to ensure a link between them with proper budgetary control; The system prescribes maintenance of 8 formats with certain additional records in subsidiary formats;

- The system requires preparation of Receipts & Payment Account incorporating both revenue and capital transactions for every financial year ending on 31st March.

Salient features of the simplified format of accounts are:

Accounting Codes

The overall structure of the accounting code is of 3 tiers. **The first tier classification** represents the Major Head of nomenclature of functions enumerated in the Eleventh Schedule of the Constitution. In the four digit code of Major Head, the first digit indicate whether the Major Head is a Receipt Head, Revenue Expenditure Head, or Capital Expenditure Head . If the first digit is '0' or '1", the Head of Account will represent Revenue Receipt, '2' or '3'will represent Revenue Expenditure, '4'or '5'will represent Capital Expenditure. In addition separate codes are prescribed for special transactions under Loans, Pension & Provident Fund, Insurance and Pension Fund, Deposit and Advances and Civil Advance.

An illustration of some Major Head codes is:

Major Head (Function based)	Code	Corresponding major heads		
		Receipts	Revenue expenditure	Capital Expenditure
Rural Housing	216	0216	2216	4216
Water Supply and Sanitation	215	0215	2215	4215

An illustration of special transactions code is:

Description	Major Head
Grants from Central Government	1601
Loans and Advances of PRIs	6004
Loans to Panchayat employees	7610

The second tier is Minor Heads, with a three digit code, which identifies the programme undertaken to achieve the objectives of the functions. A major head is divided into minor heads. An example is:

Major Code	Major Head	Minor Heads
2515	Panchayati Raj	101-Zilla Parishad
		102-Block Panchayat
		103-Gram Panchayat

Under few major Heads (2851, 2406, 2403, 2211, 2205 and 2202) the minor head represents the function due to clubbing of function enumerated in the Eleventh Schedule of the Constitution.

Considering the number of schemes operated by PRIs and the need to have better planning, monitoring, decision making, reporting, central schemes have been given distinct two-digit sub-heads. While Central Scheme heads will be opened by the Central Government, states can open and operate state level scheme account heads.

Some illustrative suggested scheme codes are:

Code	Scheme Description
11	National Rural Employment Gurantee Scheme (NREGS)
14	Indira Aywas Yojana (IAY)
18	Middy Meal Scheme

The third tier is Object Head (two-digit) represent the object of receipts/expenditure. For most commonly used items of expenditure a two-digit object head have been standardized. PRIs may open separate object head as per requirements under each minor head. Similarly, object head under receipts head may be opened as per requirement. Wherever required the minor head '800-Other Receipts' may be opened under the receipts head and '800-Other Expenditure' under expenditure head. Example of most commonly used items of standardized object head of expenditure:

Purpose of expenditure	Object Code
Salaries	01
Overtime Allowance	03
Wages	02
Travelling Allowance	07

An illustrative example of the complete account head for payment is given below:

2210-Health and Sanitation	<i>Major Head</i>
101-Primary HC	<i>Minor Head</i>
15 - NRHM	<i>Sub Head</i>
26 -Maintenance	<i>Object head</i>
2210-101-15-26	<i>Complete</i>
Representing payment made from NRHM for maintenance of Primary Health Centers under the Health & Sanitation function of the PRI.	

To record all unclassified transactions not immediately booked under the respective functional major heads due to lack of detail/proper classification in the challen/cheque/voucher, Panchayats may operate '8658-Suspense Accounts'.

Panchayat may operate other major heads of accounts to record transactions of each additional function devolved subsequently to the Panchayats by the State Government. The State Government may inform operation of the new major heads to the Pr.Accountant General /Accountant General (Audit) and Accountant General (A&E) of the respective States.

Accounting Procedure

- The accounts are prepared on cash basis i.e. a transaction is only recorded when cash is received or paid.
- Period of accounts is a financial year. A financial year is defined as a period of 12 months ending 31st March in any year.
- Daily transactions shall be recorded in Cash Book. The receipts shall be recorded on receipts side and payments on payments side. Every day the cash book shall be closed

and Closing Balance worked out would then form the Opening Balance for next day. Classification/head of account for each transaction shall be clearly mentioned.

- Every day the details of transactions as recorded in the cash book should be transferred to either Register of Receipts if the transaction is receipts or to Register of Payments if it is payment under the respective heads of account.

- At the end of the month the bank reconciliation and treasury reconciliation should be completed and it should be ensured that all differences between cash book and bank and treasury balances are rectified. If any differences are noticed the corrections should be made then and there in the Register of Receipts and Register of Payments. At the end of the month totals in Register of Receipts and Register of Payments can be struck. This would give the total expenditure under each head of account for the month. Where PRIs and Bank/Treasury are computerized, online reconciliation with Bank/Treasury may be followed.

- At the end of each month the totals of Receipts and Payments (upto object head level) are to be posted to the Monthly Receipts and Payment Account.

- The monthly figure is added to previous month's progressive total and the figures up to the end of the current month

can be worked out in the Consolidated Abstract.

- At the end of the year the progressive figure to the end of March can be worked out in the Annual Receipts and Payment Account.

- After closing of March Accounts, Reconciliation of Receipts and Expenditure figures with the Departments (online, where facility is available) should be carried out to detect any misclassification and to clear the unclassified transaction booked in the Suspense accounts and all transactions appearing as Transfer entries. The final progressive figure under each head be worked upto the end of March which completes the accounting process for that year.

- Receipts and Payment account is prepared on the basis of figures in the Consolidated Abstract.

- The Budget of PRIs for the year may be prepared by adopting the classification prescribed in the Receipts and Payment Account/ List of Codes for functions, programmes and activities prescribed.

- On the basis of these formats, the State Government may formulate Budgeting/Accounting rules and manuals for keeping of budget/accounts for Panchayati Raj Institutions in consultation with the State Accountants General.

- Refund of revenues/re-imbusement of expenditure of the current year is to be accounted as reduction of receipts/expenditure.

- Bank/Treasury Reconciliation Statements, Register of Receivable and Payable, Register of Movable and Immovable property, Register of Inventory, Register of Demand, Collection and Balance form integral part of the annual accounts. Maintenance of these register would help in subsequent switch over to the modified accrual system of accounting.

Procedures for Transfer Entries

Transfer entries are passed to rectify misclassification of transaction in accounts. Due to complexities requiring sophisticated degree of knowledge and skills the procedure of transfer entries can pose difficulties in grassroots level organizations. To simplify the accounting process it is proposed that the Transfer Entries may not be required for those tiers of PRIs where the number of transactions are less and corrections can be carried out manually by striking down the wrong entry with red ink and inserting the correct entry in the cash book as well as Register of Receipts and Payments and in the Monthly and Annual Accounts.

When mistakes are noticed after closure of the monthly accounts and before closure

of annual account the following procedure for rectification will be followed:

If the misclassification of collection of a sum of Rs.1000 towards Property Tax as Entertainment Tax occurred in the month of June 2014, is noticed after the closure of Monthly Accounts in the month of December 2014 it can be rectified by-

➤ Minus Credit under MH 0045-101 (to be deducted) is posted in Register of Receipts and a small note recorded indicating the reason for the minus credit. Credit is given under MH 0035-101 in Register of Receipts and a small note indicating the reason for the plus credit is recorded. This has to be done in the month in which the error/misclassification is noticed and rectified (December 2014).

When mistakes are noticed after closure of annual accounts

➤ No need to change annual accounts but to have a true picture of revenue receipts and revenue expenditure, 'a note of error' will be made in the Annual Accounts against the Head where the error was committed. If any receipt on account of error/misclassification occurs the same will be taken into cash book with a small note and becomes part of the current balance.

When misclassification occurs in scheme expenditure and noticed after the closure of annual accounts

➤ If the mistake is noticed after the Annual Accounts are closed and the items of expenditure are related to different schemes under Revenue/Capital Heads, the progressive figures have to be changed by '+' and '-' entries against the heads concerned in order to arrive the correct figures. If the schemes are continued further next financial year error/misclassification occurs will be taken into cash book with a small note and becomes part of the current balance.

PRIASoft

In order to facilitate computerized accounting, the Ministry of Panchayati Raj developed, in association with National Informatics Centre (NIC), a Panchayati Raj Institutions Accounting Software (PRIASoft).

The following are the features of PRIASoft:

- The three tier accounting classification consisting of Major Heads, Minor Heads and Object Heads are captured by the software. In addition, as defined by CAG in the revised classification, wherever Central/State scheme activities are to be captured as per the Scheme guidelines, the software will provide for accounting the scheme as a Sub-head under the respective Minor Head.
- At the time of keying in the receipts and expenditure figures in to the system, the user selects the appropriate account heads

from the three-tier classification. Once the receipts and expenditure entries are captured in the system, the software automatically generate the reports in the revised formats prescribed by the CAG. Since the format allows the user to book expenditure explicitly under sub-head provided for the scheme, scheme-wise expenditure generates automatically.

- In order to extend flexibility to states which want to retain their own existing classification relating to the schemes, the software will provide mapping of the state-specific classification to the revised classification proposed by CAG. This will enable the panchayats in those states to carry on with their ongoing accounting classification while at the same time enabling Government of India to view the accounting details of the PRIs as per the classification prescribed by the CAG.

- In view of the high security need of the accounting system, the software provides a strong authentication mechanism and also maintains detailed audit logs of all the transactions carried out through the software.

PRIASoft is a centralized web based application which allows PRIs at various levels to enter their financial transactions online. It uses a simple user interface screen allowing non-finance personnel to use it without having to worry about the accounting aspects which

are handled at the backend. The software is expected to streamline accounting, facilitate better financial management, promote transparency and lead to a strengthened and credible PRI accounting environment in the country. The project has been operational since 2003.

Model Panchayat Accounting Manual

Ministry of Panchayati Raj, Government of India has developed a 'Model Panchayat Accounting Manual' (MPAM) in 2012 with the help of M/s Infrustructure Professionals Enterprise (P) Ltd. (IPE) for use by state governments and PRIs to adopt standardized systems of accounts across the country. It provides the accounting codes and the accounting formats and practical guidance to PRIs in implementing an effective accounting and financial management system. The MPAM is based on the Model Accounting System but uses the GAAPs to create a scalable, robust financial accounting system which can be enhanced to include modern accounting techniques in future. It also provides linkages to 'PRIASoft' the online accounting software for computerizing Panchayat accounts.

Contents of Financial Statements

MPAM stipulates that the financial statements of PRIs shall include:

- Receipts and Payments Account including comparison with budgets;
- Income & Expenditure Account

- Statement of Assets & Liabilities
- Accounting Policies and Notes to Accounts;

In addition, the following supporting documents, as required by the Model Accounting System shall also be prepared for every financial period:

- Consolidated Abstract Register;
- Reconciliation Statement;
- Statement of Receivables and Payables;
- Register of Immovable Property;
- Register of Movable Properties;
- Inventory Register;
- Register of Demand Collection and Balance;

Receipts & Payments Account

The 'Receipts and Payment Account' is a summary of the total receipts (i.e. revenue and capital) and payments (i.e. revenue and capital) during a period. This is the principal report prescribed in the Model Accounting System.

Income & Expenditure Account

The Income & Expenditure account is the statement of financial performance of the PRI for a particular period. In it, all receipts and payments of *revenue nature* will be recorded.

The difference between Receipts & Payment (R/P) account and Income & Expenditure (I/E) account (despite both of

them being on cash basis) is that I/E account covers only revenue items while R/P account covers both revenue and capital items

Statement of Assets & Liabilities

The Statement of Assets and Liabilities would contain a listing of assets and liabilities as on the last date of the accounting year.

State Scenario

Maintenance of Accounts

In 25 States and two union territories accounts are maintained on **cash basis**. There are, however, four States, namely, Chhattisgarh, Kerala, Gujrat and Goa who follow accrual based accounting system. In Karnataka, the accrual based accounting system is followed at GP level only. In Punjab only cash books are maintained and no annual accounts are prepared in any tier. In West Bengal GPs are preparing Accounts in cash based double entry accounting system.

PRIASoft

Amongst the States that have adopted PRIASoft the application is being used by 74% of Panchayats in the country for maintaining/ participation, citizen service delivery and managing their accounts. Karnataka, Kerala, Gujarat, Wes Bengal & Madhya Pradesh are using their own State specific accounting applications, In addition to the facility to maintain and manage PRI accounts online, PRIASoft would also be positioned as a tool for monitoring accounting procedures and to facilitate Local Fund Audit

and State AG/ C&AG to undertake regular audit of the PRIs.



Maintenance of Zilla Parishad (ZP) & Panchayat Samiti (PS) Fund (Rule 4 of WBP (ZP & PS) Accounts & Financial Rules, 2003)*

For every PS there shall be one PS Fund. The Fund shall be lodged with the concerned Treasury and is kept in the Local Fund Account constituted in terms of Rule 6.29 of the Treasury Rules, W.B. The account shall be governed by the provisions of the W.B. Treasury Rules.

Any part of the said Fund may be kept in such custody other than Treasury or invested in such a manner as the State Government may direct from time to time.

The Fund may be kept in the custody of Savings Bank a/cs maintained in one or more Public Sector Banks, Co-operative Banks or Postal Savings Banks for any specific programme or schemes, if so directed by the competent authority. All sums received by or on behalf of the ZP or PS from the State Government or collected through its own resources shall be credited to the Local Fund Account and shall be vested with the ZP & PS, as the case may be.

The Executive Officer (EO) shall operate such Local Fund Account or Bank Account. He is the Drawing & Disbursing

Officer of this Fund. ZP may authorise the Additional EO or the Secretary or the Financial Controller and Chief Accounts Officer, in terms of sub section (5) of Section 179 of West Bengal Panchayat Act, 1973, to operate such account or accounts, provided that unless warrants otherwise the EO of ZP shall generally authorize the Financial Controller and Chief Accounts Officer.

Donation, endowment and trust fund for special purposes made or created by private person or group persons or an institution shall be initially lodged first in the ZP Fund or PS Fund as the case may be. Loans received or raised by the ZP and PS, any sums received as gift or contribution and any income from trust received shall be deposited in ZP or PS Local Fund Account, as the case may be, provided that any loan received from sources other than the State Government or raised by the ZP or PS may be transferred from the Local Fund Account and placed in any nationalised Bank or Post Office.

Audit points

1. Was the PS/ZP Fund kept in the Local Fund a/c constituted in terms of the Subsidiary rules of the Treasury Rules, W.B and the accounts governed by the provisions of the W.B. Treasury Rules?
2. Was the Fund kept in the custody of SB a/cs. maintained in one or more Public Sector Banks etc?

* Position as per state specific Act.

3. Were all the sums received by or on behalf of the ZP/PS credited to the bank/s?

Receipt of money and credit to the Treasury

(Rule 5 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

All sums receivable from any person by the ZP or PS or any other asset or property of the ZP or PS collected by the authorised person shall be deposited in cash to the cashier on proper receipt, for crediting the same as quickly as possible to the appropriate account of the ZP or PS Fund, as the case may be provided that such authorised person shall not keep in his custody at any point of time any amount exceeding Rs.1000/- for more than one working day.

All sums collected shall be remitted in full to the Fund and no portion thereof shall be appropriated directly towards expenditure of the ZP or PS, as the case may be. When money is tendered at the office of the ZP or PS, the amount so tendered shall be received by the cashier by granting receipt in Form No. 2.

The receipt for any sum exceeding Rs.5000/- shall be countersigned by the EO or an officer authorised by him.

Any sum received or collected outside the office of the ZP or PS shall be realised in cash or by cheque by granting receipt to the party in Form No. 1. The amount so received by the collecting officer shall be given to the

cashier upon receiving a receipt in Form No. 2 from the cashier, for credit to the ZP or PS, as the case may be.

If unavoidable, the money shall be kept in the office of the ZP or PS under double lock and proper guard and remitted to the Treasury link Bank in full on the following day.

Audit points regarding receipt of money

1. Were all the receipts properly accounted for?
2. Was there a proper system of accounting and allocation of collections and the amounts collected were credited to the proper a/cs?
3. Was there any delay in deposit of collection to the Bank?
4. Was at any point of time an amount exceeding Rs. 1000/- kept under the personal custody of an authorized person for more than a day?
5. Was any portion of the collections directly appropriated towards expenditure of the ZP/PS?
6. Were all cashiers' receipts in Form No. 2 countersigned by the appropriate authority?
7. Were all cases of receipts exceeding Rs. 5000/- countersigned by the E.O or an officer authorized by him?
8. Was there any case of collection of money outside the office of the ZP/PS not made over to the authorized cashier on the

same day? If so, under whose custody was such amount kept and how? When was the said money deposited to the Bank?

9. Was there any case of retention of cheques in the office of the ZP/PS, and if so, what were the reasons for not crediting the same to the Bank?

10. Were all sums accepted by cheques entered in the Cash Book on the date of receipt of the cheques?

11. Were all amounts of subscriptions and donations for special purposes recorded under the head "Subscriptions and Donations Received" in the ledger concerned?

12. Was a separate a/c maintained for subscriptions and donations in the Subscription Register in the prescribed form (Form No. 4)?

13. Were the amounts collected against demand for specific purposes on specified terms recorded in Miscellaneous Demand and Collection Register in Form No. 5A?

14. Could the postings in the Subscription Register and Miscellaneous Demand and Collection Register be traced in the Cash Book?

15. Were there arrears in collection on 'Miscellaneous Demand Collection' and the reasons thereof analysed, and measures taken for reducing arrears?

16. Were proper remarks recorded in the concerned register regarding number and date of agreement, recovery receipt no. and

nature and identification of property in respect of lease of land or other assets of the PS/ZP?



Payment of money out of ZP or PS Fund

(Rule 6 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

All cheques for payment out of the ZP or PS Fund shall be signed by the EO or by such other officer as may be authorised by him in this behalf. All expenditure out of the ZP or PS Fund, by way of withdrawal, transfer, disbursement or deposit, shall be made under appropriate authorisation of ZP or PS or of the Sthayee Samiti concerned having jurisdiction.

Payments of bills preferred by a contractor or a supplier shall be made through cheque provided that payment of bills not exceeding Rs.500/- may be made in cash. When payment exceeds Rs. 500/ but does not exceed Rs.2000/ shall be made through a cheque and payment involves Rs.2000/ or above shall be made in account payee cheque.

All payments e.g. grants or contributions made to a PS or a GP, as the case may be, other than recoupment of Permanent Advance or establishment cost including salaries and wages, shall be made through account payee cheques only.

Mode of payment

(Rule 7 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

All sums paid into the Bank attached to the Treasury for credit to the Local Fund Account of the ZP or PS, by any person shall

be accompanied by a Challan in Form No. 3. A copy of such receipted Challan shall be presented to the cashier for the purpose of accounting and record. Any sum accepted by cheque shall be entered in the Cash Book on the date of receipt of the cheque.

Audit points on payments out of Fund

1. Did all the items of expenditure have authorization of the competent authority of the ZP/PS or the concerned Sthayee Samiti?
2. Were all payments in excess of Rs. 2000/- to contractors/suppliers made through account payee cheques only?
3. Were all payments e.g. grants or contributions made to a ZP/PS other than recoupment of Permanent Advance or establishment cost, including salaries and wages made through A/c Payee cheques only?
4. Were all sums paid into the Bank attached to the Treasury for credit to the Local Fund account of the ZP/PS accompanied by a Challan in Form No. 3?
5. Were all the columns in Form No. 3 duly filled in and the 14 digit code of Head of Allocation indicated in the Challans in the appropriate columns?
6. Was any portion of the funds of the PF deposit, endowment and those raised by loans or contributions for special purposes used or appropriated for general purposes? If so, under whose authority and was such authority empowered to do so?

7. Were the funds raised by loan or received as special grant or contribution made for special purpose entered in a separate register and a separate a/c maintained in this behalf?

8. Was there any expenditure for which no provision was made in the budget estimate? If so, under whose authority? How was such expenditure regularized?

9. Was there any case of overcharge or drawal of money more than the balance? If so, was any responsibility fixed for such unauthorized overcharge or withdrawal? What remedial measures were taken thereafter?

10. Was any expenditure made for any work which was not included in the priority list?

11. In case where prior sanction of the State Government was necessary, was such sanction obtained before making payments?

Use of funds raised though loans (Rule 8 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

Provident Fund deposits, endowments and those funds raised by loans or contribution for special purpose shall, on no account, be used or appropriated for general purposes. Funds raised by loan or received as special grant or contribution made for special purpose shall be entered in the register concerned and a separate account shall be maintained in this behalf.

No portion of such loan, special grant or contribution, as mentioned earlier shall be

entered in the register concerned and a separate account shall be maintained in this behalf.

Subscriptions and donations for special purposes shall be recorded under the head "Subscriptions and Donations Received" in the ledger concerned. A separate account shall also be maintained in the Subscription Register in Form No. 4. Amounts collected against demand for specific purposes on specified terms shall be recorded in Miscellaneous Demand and Collection Register in Form No. 5A.

Loss of Property

(Rule 11 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

Any loss of immovable property such as building or other works caused by fire, flood, cyclone or any other natural calamity or as a result of any civil commotion shall be reported at once to the Commissioner.



Pass Book of the Treasury

(Rule 14 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The Pass Book shall remain in the custody of the EO or other authorised officer. It shall be sent to the Treasury by the 10th of the following month for updating the posting of entries up to the last working day of every month showing the balance of the Fund.

EO shall reconcile and correct the entries made in the books of accounts. If any error is detected between the credits and debits, he shall immediately draw the attention of the Treasury Officer to such discrepancy.

The verification and reconciliation of the balances of the Pass Book along with scheme-wise statement as received from the Treasury and those of the Cash Book shall be undertaken once in a month.

A verification certificate to that effect that *the balance of the Cash Book agreed with that of the Pass Book* shall be furnished by the EO to the Treasury Officer every month when the passbook is sent to the Treasury for updating of entries.

Pass Book of Bank accounts

(Rule 15 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The procedure shall be followed as in the case of Pass Book of Treasury. Interest received on Funds shall be reflected in the Cash Book as accretion to the said Fund to which such interest relates. The procedure shall be followed for reconciliation of Bank Pass Book with the accounts maintained by EO.

Overdrawal of balances

(Rule 17 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

ZP & PS shall not draw more than the balance or overcharge any particular component of a Fund at its credit in the Local Fund Account or the Bank Account.

Expenditure for which no provision has been made in the budget estimate or when such provision, though made, has been exhausted, shall not be incurred without re-appropriation of Fund.

In case of any overcharge, the responsibility shall lie primarily on the drawer of the charge and the sanctioning authority of such overcharge.

Withdrawal of money from the Fund

(Rul 19 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

Except for expenditure for regular establishment, expenditure may be incurred for any purpose, only when-

- Sanction of the concerned authority has been obtained
- Expenditure is within the budget provision
- The 'purpose' is included in the Annual Action Plan
- The purpose is commensurate with the order of priority for taking up execution of scheme, and
- If prior sanction of the State Government is necessary for execution of the scheme or for incurring such expenditure, such sanction has been obtained.

Audit Points

1. Was there any case of loss, damage or destruction of immovable property due to fire, flood or any other natural calamity or civil commotion? If so, was any report to that

effect sent to the Director of Panchayat forthwith?

2. Was the Pass Book of ZP/PS sent to the treasury by the 10th of every month for updating and was the same actually updated regularly?

3. Were the verification and reconciliation of balances of Pass Book along with scheme-wise statement received from Treasury done monthly?

4. In case of detection of any error or discrepancy during verification and reconciliation, was attention of the Treasury drawn forthwith and the error or discrepancy rectified?

5. Was interest received on Funds reflected in the Cash Book as accretion to the said Fund?

Cash Book

(Rule 21 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The Cash Book shall indicate at the end of each day and on the closing day of each month, an analysis of cash balance head of account-wise. The officer authorised in this behalf shall verify the total of the Cash Book, physical cash balance and the cash analysis and sign it certifying its correctness. Entries of expenditure shall be made day to day in the expenditure side from details of debit vouchers. Corresponding entry shall be made in the Cash Book on the day on which a cheque is signed by the officer concerned, keeping a note of delivery of the said cheque

in the remarks column of the Cash Book as well as the relevant column of the cheque issue register in Form No. 10A, on the same day.

Introduction of 'Contra Entry System' in maintenance of Cash Book of ZP/PS.

Contra entry system has been introduced for maintenance of cash transaction between Cash Account and Bank Account of ZP & PS. In ZP / PS this system is followed in case of following transactions:

- Cash deposited at Bank
- Cash withdrawn from Bank/Treasury Office for official purpose

- Cheque received from Debtors and deposited at Bank afterwards.

The CB is maintained through contra entry system in case of the following transactions:

- Cash deposited into Bank-Rs.500
- Cash withdrawn from Bank-Rs.200
- Rent deposited to Treasury L.F. a/c-Rs.700
- Cash withdrawn from Treasury L.F. a/c-Rs.900.

Dr.						Cr.					
Amount						Amount					
Dt.	Particulars	L.F.	Cash	Treasury	Bank	Dt.	Particulars	L.F.	Cash	Treasury	Bank
1	To Cash [c]				500	1	By Bank [c]		500		
2	To Bank [c]		200			2	By Cash [c]				200
3	To Cash [c]			700		3	By Treas. [c]		700		
4	To Treas. [c]		900			4	By Cash [c]			900	

In case of remittance to the Treasury or to a Bank for deposit, entries shall be made day to day, in the receipt side from the duplicate copies of Challan received in case of the Treasury, or from the counterfoil of the Bank receipt, on the date of deposit, as the case may be.

In case of grants received from State Government, entry shall be made on the receipt of the bill by the Treasury for transfer credit to Local Fund Account, on the

basis of the original copy of Challan or cheque on the day of deposit.

In case of book adjustment by transfer credit of grants allotted to the ZP or PS, entries in Cash Book shall be made on the date of receipt of the information through the Pass Book or Treasury Challan with details of 'order number', date and nature of grants.

In case of direct remittance to the Bank or through the Treasury for payment

against various dues or demands, entries shall be made on the receipt side on the basis of the documents of such deposit.

At the close of each month the Bank account and the Local Fund account, as reflected in the Cash Book, shall be reconciled with Pass Book of the Bank and of the Treasury.

The statement of reconciliation shall be prepared in Form No. 11 and shall be preserved in a register. If any differences or discrepancies are detected in the Reconciliation Statement, it shall immediately be set right in case the mistake occurred in the Panchayat body. Otherwise, it shall immediately be brought to the notice of the Treasury Officer or the Bank Manager and discrepancies shall be reconciled.

If the discrepancies still persist, the matter shall be brought to the notice of the DM by the ZP or to the notice of the SDO by PS immediately.

The Cash Book balance shall be analysed at the close of the month showing the following items (scheme-wise, head-wise or purpose-wise) available for utilisation:

- Balance of Fund; and
- Position of cash.

Subsidiary Cash Book

(Rule 22 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

For any important scheme or programme, a Subsidiary Cash Book may be maintained in Form No. 12 when so directed by the Funding authority. Provisions for maintenance shall be

same as in the case of the Principal Cash Book.

Total receipt and expenditure recorded in the Subsidiary Cash Book for every month shall be brought into the Principal Cash Book by recording such receipt or expenditure on the last working day of the month for the purpose of calculating the total Fund and for classification of the Fund scheme-wise and head-wise.

Audit points

1. Was the Cash Book maintained in the prescribed Form No. 9?
2. Were all sums received under section 179 or section 132 entered in the debit side and all disbursements thereon entered on the credit side?
3. Did all the debit and credit entries of a specific period, say a month, have corresponding entries in the respective ledgers and actual verification of the same could be made?
4. Were all the entries in the Cash Book checked and verified by the Accountant and authenticated by the competent authority, and cash balances verified and certified daily?
5. Was there any case where any amount of money was drawn from the Treasury far in advance of requirements?
6. Was the auditor satisfied that moneys received were remitted in full to the Bank or Treasury without undue delay?

7. Were the details of unspent balances shown clearly at the time of drawing closing balances at the end of the month?
8. Was it evident that the total of the Cash Book was verified at the end of each month by the competent authority to see that cash-in-hand tallied with the total?
9. Were the entries of expenditure made day to day in the expenditure side of the Cash Book from details of debit vouchers? Side by side, were suitable notes recorded in the remarks column of the Cash Book in respect of issue/delivery of cheques?
10. Were corresponding entries made in the Cash Book on the day on which cheques were signed by the officer concerned, keeping a note of delivery of such cheques in the remarks column of the Cash Book as well as the relevant columns of the cheque issue register in Form No. 10A, on the same day? [*This could be ensured by a thorough check of the postings of the cheque issue register with those of the Cash Book for a specific period, say six months.*]
11. In the case of remittance to the Treasury or to a Bank for deposit in the ZP/PS Fund, were the entries made day to day in the receipt side from the duplicate copies of the Challans received in case of the Treasury, or from the counterfoils of the Bank receipt, on the dates of deposit? If not, how were the same made?
12. In the case of grants received from the State Government by the ZP/PS, were the entries made on the receipt of the bill by the Treasury for transfer credit to the Local Fund Account, on the basis of the original copy of the Challan, cheque or any other communication which has the signature with official seal of the Treasury Officer or any other officer authorized by him in this behalf, on the Bill Transit Register on the day of deposit?
13. In the case of book adjustment by transfer credit of grants allotted to the ZP/PS by the State Government or any other authority, were the entries in the Cash Book made on the date of receipt of the information through Pass Book or relevant Treasury Challan, or communication from the officer crediting the Fund with details of 'order number', date and nature of grants received and with a note on the margin as to the actual date of receipt of the same as per Pass Book?
14. In the case of direct remittance to the Bank or through the Treasury for payment against various dues or demands of the ZP/PS, were the entries made on the receipt side on the basis of the documents of such deposits?
15. Did the authorized officer signing cheques simultaneously authenticate the entries of such cheques in the payment side of the Cash Book?

16. Were the Bank account and the Local Fund account as reflected in the Cash Book, reconciled with the Pass Book of the Bank and of the Treasury, and the statements on such reconciliations prepared accordingly in the prescribed Form No. 11 and preserved in a register to be maintained for the purpose?

17. How were the differences or discrepancies, detected in the statements *ibid* during reconciliation, set right? Was it necessary to refer the matter to the DM/SDO? If so, what was the result? Were there any cases lying outstanding for more than a month? If so, why?

18. Was the balance of Cash Book analysed at the close of the month showing balance of Fund and position of cash, scheme-wise, head-wise or purpose-wise, available for utilization?

19. Were there any instructions from the appropriate Funding authority or the PRI body to maintain subsidiary Cash Book scheme-wise or programme-wise for the ZP/PS? If so, were the same actually maintained in the prescribed form (Form No. 12), and were all the instructions relating to the Principal Cash Book followed in respect of the subsidiary Cash Books *mutatis mutandis*?

20. Could it be ensured that the particulars of total receipt and expenditure recorded in the Subsidiary Cash Book for every month were brought into the Principal Cash Book by recording such receipt and expenditure on the last working day of the month for the purpose

of calculating the total Fund and for classification of the Fund scheme-wise and head-wise?

21. Was the cash drawn through self-cheques, if not immediately disbursed, recorded in the Liquid Cash Book by the cashier in Form No. 31, and was the same balanced, closed and physically verified at the close of a day's transaction by the Drawing & Disbursing Officer?

General ledger

(Rule 24 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

All financial transaction shall be recorded in the general ledger maintained as per Form No. 13 following the double entry system of book keeping. Each account maintained in the general ledger shall be totalled every month to facilitate preparation of monthly and annual Receipts and Payment Account.

Audit Points

1. Were all financial transactions of the ZP/PS recorded in the General Ledger maintained in the Form No. 13 following the double entry system of book keeping?

2. Was each account maintained in the general ledger totalled every month to facilitate preparation of monthly and annual Receipts and Payment Account of the ZP/PS?

3. Were there proper reflections on the top of the left hand side of the ledger in respect of the budget provisions made by the Central Govt., State Government, ZP or PS?

Accounting of Revenues

Revenue from fixed demand

(Rule 29 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

Sources of revenue such as revenue from assets or property owned or under control are usually leased out for fixed revenue. The recoveries for such leased out properties are to be considered as fixed demand and shall be maintained in the Demand and Collection Register in Form No. 5. A separate page of the Demand and Collection Register shall be set apart for each separate kind of revenue for which there is a fixed monthly, quarterly or annual demand. The Register in Form No. 5 shall be opened by bringing forward all arrear dues from the lessees/tenants whose lease has terminated and has not been renewed.

The security deposit of lease shall be credited directly to the head of security deposit in the Cash Book. When a lease agreement is cancelled for any reason and the pond, ferry or any other property is again leased out afresh, the up-to-date demand shall be worked out and reconciled with the up-to-date collection.

Revenue from miscellaneous demand

(Rule 30 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

For a demand other than the fixed demands, the ZP & PS shall maintain a Miscellaneous Demand and Collection Register in Form No. 5A.

Procedure for maintenance of this register is same as in the case of Demand and Collection Register.

Receipt Books

(Rule 32 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

All collection shall be effected by means of duplicate carbon receipt in Form No. 1 and Form No. 2, as the case may be. Serial number to be printed on each duplicate carbon receipt book shall be pre-fixed with not less than six digit number selected at random.

A Stock Register of Receipt Books shall be maintained in Form No. 14.

Donation

(Rule 35 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

Gift and contributions for special purposes shall be recorded in Form No. 4.

No portion of such amount shall be appropriated for any purpose other than those laid down in the terms and conditions of such subscriptions and donations.

Donations accepted from private parties on condition that they are to be placed in fixed deposit in a Bank or invested in Government securities for proper execution of a programme or scheme, may be so placed, deposited or invested maintaining its proper account in the register in Form No. 4.

Grants from the State Government

(Rule 36 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

Grants for general purpose, with or without any conditions like grants in lieu of cess, land revenue grant, incentive grant sanctioned by the State Government may be allotted to the DM or any other officer in the

district as may be specified in the order who shall draw the amount from the Treasury and place the same by transfer credit to the ZP or PS Fund, as the case may be.

When lump grant for different purposes including development work or for assigned schemes sanctioned by the State Government is placed by means of a cheque, the ZP or PS as the case may be, shall deposit such cheque immediately in the Local Fund Account or the Bank Account where Fund for the said work or scheme is normally lodged.

When such grants are sanctioned by various departments of the State Government, the concerned EO shall draw the fund in grant-in-aid bill form from the Treasury along with a Challan for transfer credit to the corresponding Local Fund Account, as the case may be.

Utilisation certificate in respect of grant-in-aid shall be furnished by the grantee to the authority sanctioning the Fund, within six months from the date of receipt of grant or before applying for further grant, whichever is earlier.

Audit points regarding Accounting of Revenues

1. Were the demand, collection and refund of revenues were regularly accounted for?
2. Were the accounting and allocations of collections done correctly and credited to proper heads as prescribed?
3. Were the different sources of revenue from ponds, buildings and lands, produce of

land, gardens and fisheries, tolls on bridges, roads and ferries or any other assets or property of the ZP/PS leased out for fixed revenue?

4. Were there proper agreements for the lease?

5. Were there any cases of termination of lease and how were the interests of the ZP/PS safeguarded in such cases?

6. Were the recoveries for leased out properties maintained in the Demand and Collection Register in Form No. 5?

7. Were separate pages set apart for each kind of revenue?

8. In case of modification of different columns in Form No. 5 to suit the local requirement, was such modification done by the *Artha & Sthayee Samiti* of the ZP/PS under intimation to the Director, Panchayat Department?

9. Were there arrears in collection of revenues and were the reasons satisfactory?

10. In case of cancellation of lease, vis-à-vis, fresh leasing out of the same, were the particulars of up-to-date demand worked out and reconciled with those of the up-to-date collection?

11. How were the cases of applications for remission of revenue by the lessees dealt with, particularly when such applications were granted?

12. In case of properties having been placed under the charge of PS by the ZP in exercise

of powers under Section 159 of the Act, was there a proper agreement between the ZP and PS?

13. What action was taken in case of non-receipt of dues from the lessees?

14. Could the particulars of collections be traced from the postings of Cash Book?

15. Were the amounts collected credited to the ZP/PS Fund?

16. Was any outside agency engaged for printing of the duplicate carbon receipt books? In such case, was the printing undertaken by the agency in the presence of a senior officer of the ZP while maintaining adequate secrecy?

Audit points regarding Accounting of Miscellaneous Receipts and Revenues

(a) Was there a register (Form No. 17) showing the stock of all fruit bearing trees under the possession of ZP/PS and duly maintained by the appropriate authority?

(b) Were the amounts of collection on account of sale of fruits/trees duly accounted for and credited to the ZP/PS Fund?

(c) Were there any arrears in collection of sale proceeds and what arrangements were made for recovery of the dues?

(d) Was there a proper account of all amounts received as subscriptions and donations by the ZP/PS?

(e) Could the particulars of amounts collected be traced from the postings of Cash Book and ledger?

(f) Were the special conditions, if any, imposed by the individuals etc. for such gifts and donations actually followed by the ZP/PS?

(g) Could the auditor ensure that no portion of the gifts and contributions were appropriated for any purpose other than that for which such gifts/donations were made?

(h) Could the auditor ensure that the grants for general purposes sanctioned by the State Government to the district officials were actually drawn from the Treasury and placed under the custody of ZP/PS through transfer credit to the ZP/PS Fund?

(i) In cases of grants sanctioned by the State Government for specific purposes or schemes including development work, could the auditor ensure that the cheques issued in favour of the ZP/PS were actually credited to the ZP/PS Local Fund or Bank account where Fund for the said work or scheme was normally lodged? Could the same also be verified from the postings in the Cash Book?

(j) Was utilisation certificate in respect of grants-in-aid actually furnished by the grantee within six months from the date of receipt of grants or before applying for further grant for the same purpose?

(k) Was there any case of avoidable delay in or non-furnishing of such utilization certificate?

(l) Was there any case of stoppage of sanction of further grant due to delay in or non-furnishing of such utilization certificate? If so, was any responsibility fixed?

Accounting of Advances and Deposits

Permanent Advance

(Rule 37 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

A ZP or a PS may maintain a corpus of Permanent Advances as and when necessary subject to recoupment, of such advances on presentation of bills showing details of expenditure incurred with supporting vouchers. This is for the purpose of incurring petty office expenses on various heads of account to meet instant requirements.

For such purpose, a ZP may place at the disposal of one or two officers such amounts which taken together shall not exceed Rs.10,000/-. For a PS, the amount shall be Rs.3000/-

Payment shall be made in cash from the Permanent Advance against bills or sub-vouchers duly passed for payment by the authority competent to pass such payment order.

The statement of expenditure shall be enfaced or stamped as 'Paid in Cash out of Permanent Advance'.

The bills, sub-vouchers or statements shall be serially numbered and entered in an Imprest Cash Register in Form No. 18, the classification of charges being carefully

entered in the columns provided for the purpose.

The Permanent Advance, when first drawn, shall be charged in the Cash Book to the head 'Permanent Advances' with corresponding entries in the ledger.

If the amount originally fixed for Permanent Advance is subsequently increased or decreased by the ZP or the PS, the original advance shall be repaid first and a fresh advance shall be drawn.

Other advance & Advance Ledger

(Rule 38 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

All advances other than 'Permanent Advance' to the officers, employees or to the contractors shall be charged to the head 'Advance' in the Cash Book in Form No. 9.

A separate account shall be maintained in subsidiary Ledger of Advance in Form No. 19.

A quarterly statement of outstanding advance against each individual should be prepared.

Advance for execution of works to be carried out departmentally may be sanctioned to any person placed in charge of the work other than technical officer for any specified component of the work.

No amount shall be sanctioned as advance for the cost of any material.

Adjustment against an advance shall be realised from the person receiving the advance within the specified time, fixed by

the advance sanctioning authority, not exceeding 30 days from the date of drawal of advance.

If the advance cannot be utilised within the specified time or 30 days (whichever is earlier), the concerned person shall deposit the unutilised amount with adjustment vouchers, if any, along with a written explanation stating the circumstances under which the amount taken in advance could not be utilised.

The written explanation referred to above shall be accepted by the sanctioning authority upon ensuring that the said person is not sanctioned any advance who fails to utilise the Fund properly or utilise it at all on repeated occasion.

When the previous advance is entirely or nearly exhausted or has not been utilised within the specified time, it may be adjusted by submitting detailed bills for the expenditure incurred or with cash or with both and fresh advance may be drawn, for execution of the work in progress.

Further advance shall not be sanctioned until the previous advance drawn has been fully adjusted.

An advance, for execution of works, may be sanctioned only for such project or scheme under any programme when such project or scheme has been approved by the Sthayee Samiti.

The amount of advance shall not exceed the amount of security deposit made for the relevant scheme.

All advance payments shall be sanctioned by the Artha Sthayee Samiti on receipt of a written prayer supported by an estimate recommended by the Executive Engineer in case of the ZP or the Sub-Asstt. Engineer in charge of the scheme in the PS. Any advance given to a contractor shall be adjusted proportionately against running bills. In no case adjustment shall be made after 90 days from the date of drawal.

No advance out of ZP or PS Fund shall be sanctioned in favour of any member of the ZP or PS in connection with any scheme or programme.

If it becomes necessary to make advance payment for obtaining supply of a material from the manufacturer, distributor or authorised dealer, Artha Sthayee Samiti may, on the basis of resolution of Tender Committee, decide to make an advance payment recording the reason.

All such advance payments shall be recorded in the ledger to ensure that the supply is effected by the scheduled date and the refund, if any, has been credited to the ZP or PS Fund.

Accounting and investment of deposit

(Rule 40 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

Security Deposit received in cash or Pay Order or Demand Draft shall at once be entered in the books of accounts and shall be placed to the credit of:

- (i) The Local Fund Account lying with the Treasury, or
- (ii) Security Fund Account lying with the Bank.

All other forms of securities which can be pledged, issued by the Central Government or the State Government, Bond for immovable property and similar other instruments shall be recorded in the Register of Deposits of Valuable Securities for works in Form No. 20.

The total amount of securities which may have been made over to the local Treasury for safe custody shall be verified by the ZP and PS, as the case may be, every year and a certificate of verification shall be kept in record in the Register of Investment against the entry in respect of each such investment.

Raising of loans

(Rule 42 of WBP (ZP & PS) Accounts & Financial Rules, 2003).

When a loan is raised by the ZP or the PS, it shall be the duty to guarantee repayment of principal and interest accrued on such loans within the stipulated time. Whenever a loan is taken or raised there shall be a "Sinking Fund" for its repayment.

Appropriation of loans, grants & contribution

(Rule 43 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

For proper recording on appropriation of fund raised or received on loan or received as grants or subsidy or contributions from the State Government for assigned schemes or projects, or contributions made by individuals or other bodies for special purposes, separate ledger account shall be maintained in Form No. 13 along with Appropriation Register in Form No. 13A.

The amount involved shall be credited to the fund on the date of

- Actual receipt of cash or cheque in the office
- Receipt of intimation, or
- Receipt of Challan from the Treasury

Separate heads of account shall be shown in the ledger before any further appropriation is made.

Balance of each appropriation shall be shown in the ledger before any further appropriation is made.

The ZP & PS shall maintain accounts of its own receipts as untied fund augmented by way of license fees, rents, tolls, rates etc. and expenditure out of the said untied fund item wise separately in Appropriation Register in Form No. 13B.

Audit points regarding accounting of advances and deposits

(a) Was the Advance Register reconciled with the Imprest Cash Register to see the following:

- All the entries in the Advance register tallied with those in the Imprest register;
- Bills, sub-vouchers or statements were entered in both; and,
- Classification of charges was made properly.

(b) Were the amounts of Permanent Advance properly charged in the Cash Book?

(c) Could the postings in the Cash Book (Form No. 9) be tallied with the entries in the Subsidiary Ledgers of Advance (Form No. 19)?

(d) Were advances adjusted within 30 days from their drawal? If not, were the amounts of advance deposited by the defaulting parties explaining causes for non-utilisation?

(e) Was the adjustment of advance made subsequently by submitting detailed bills?

(f) Was there any case of sanction of further advance before adjustment of previous advance? If so, under what circumstances?

(g) In case of advance given to a contractor, was the amount adjusted proportionately against running bills?

(h) Could the auditor ensure that the amount of advance was not more than that of the Security Deposit/contractual value of the work or the material?

(i) In case of advance payment for obtaining supply of materials, was the supply effected by the scheduled date, and, refund, if any, was properly credited?

(j) Were the amounts of Security Deposit, received from the contractors, duly accounted for in the different books of accounts and the amounts placed under the custody of the Treasury/Bank?

(k) Was the total amount of securities, made over to the Treasury/Bank for safe custody, verified by the ZP/PS every year and a record to that effect kept in the register of Investment against the entry in respect of each such investment?

(l) In the cases of other forms of securities pledged/issued by the central/State Government, Bonds for immovable properties and similar other instruments, were the same properly recorded in the Register of Deposits of Valuable Securities for works in Form No. 20?

(m) In case of raising of loans by the ZP/PS were there proper measures to guarantee repayment of principal and the interest accrued on such loans within the stipulated period?

(n) Was there any Sinking Fund for repayment of loans?

(o) Was there any case of failure by the ZP/PS for repayment of loans? Was it due to absence of any Sinking Fund? Was any responsibility fixed in such a case?

(p) Was a separate ledger account maintained in Form No. 13 along with Appropriation Register in Form No. 13A for proper recording of appropriation of fund raised or received on loan or received as grants or subsidy or contribution from state govt. or other bodies for assigned schemes or projects?

(q) Was the amount involved actually credited to the Fund on the date of receipt of cash or cheque ?

(r) Did the relevant entries indicate the voucher no., date and the purpose?

(s) Were separate heads of account maintained for each kind of loan, grant or contribution?

(t) Was the balance of each appropriation shown in the ledger before making any further appropriation?

(u) Did the ZP/PS maintain accounts of its own receipts as untied Fund augmented by way of license fees, rents, tolls, rates etc and keep proper records of expenditure out of the said untied Fund item-wise separately in Appropriation Register in Form No. 13B?

Accounting of properties and stores

Register of immovable properties (Rule 44 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

Record of all lands, roads, sites of building, tanks etc. and any other property and interest in the possession of the ZP or

the PS shall be kept in a Register of Immovable Properties in Form No. 22.

The valuation of properties shall be done by the competent valuation authority and pending the assessment of valuation, the cost of purchase or acquisition of property shall be noted in the register.

If any plot of land shown in the said register is sold, transferred or otherwise disposed of from the ownership and possession of the ZP or PS, the entry for it shall be struck off and the fact in connection with the dispossession shall be stated in the 'Remarks' column under the initial of the Executive Officer or any other officer authorised by him in this behalf.

The EO shall periodically, but not less than once in a year, examine the register and satisfy himself that the record is correct and complete in all details and he shall take such steps, as he may deem fit to have the boundaries of immovable properties verified.

Stock Register of movable properties

(Rule 45 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

This register shall be maintained in Form No. 23 in respect of each kind of movable property except for the articles for which separate stock registers or ledgers have been prescribed.

Annual verification of properties (Rule 46 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

All movable properties except stamps and stationery shall be verified annually by such officer of the ZP or PS as may be specified by the Artha Sthayee Samiti for this purpose.

Movable properties in buildings away from office shall be verified at least once in two years or at any earlier time as may be considered necessary and as may be decided by the Artha Sthayee Samiti.

The verifying officer shall satisfy himself that the balance in record are correct and shall sign the Stock Register of Movable Properties, with date and shall report the result to the Executive Officer who shall bring the fact to the notice of the Sabhadhipati or the Sabhapati, as the case may be, and on his advice, shall place it before the Sthayee Samiti.

Indent of stores (Rule 47 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

Purchase of stores shall be made in accordance with the definite requirements of the ZP or PS.

Periodical indents shall be prepared on the basis of six months' requirements as far as stationery is concerned.

For purchase of forms and registers an annual indent may be prepared.

For purchases of periodical indents or forms and registers, orders for supply may be

regulated in such manner that any unnecessary accumulation of stock or any wrongful loss is avoided.

Orders for supplies required shall be issued by the EO or an officer authorised by him after the Artha Sthayee Samiti approves the indents.

The suppliers concerned may furnish bills for payments without unnecessary delay after completion of supplies in accordance with the supply order.

The date of completion of supplies, the date of receipt of the bill and the date of payment shall be noted on the office copy of the indent by the accountant at each stage. No bill shall be entertained without any order for supply.

In case a supplier submits any bill for payment after sixty days, such claim shall not be entertained without the approval of the Artha Sthayee Samiti.

All supplies of stationery shall be entered in Register of Stationery by an authorised employee in Form No. 26 showing:

- Date of supply
- Challan number
- Date
- Item
- Quantity
- Rate and amount, and
- Balance in stock.

Audit points regarding accounting of properties and stores

1) Did the ZP/PS keep a record of all immovable properties like lands, roads, sites

of buildings, fisheries etc. in the Register of Immovable Properties in Form No. 22?

2) Was the valuation of the properties done by the competent valuation authority and a record to that effect kept in the register?

3) Did the EO examine the register at least once a year and verify the correctness of the details of the register including the boundaries of the immovable properties?

4) Was any plot of land sold, transferred or otherwise disposed of from the ownership of the ZP/PS, and if so, was there a proper record of it in the register?

5) Was a stock register (Form No. 23) maintained in respect of each kind of movable property except for the articles for which separate stock registers or ledgers are maintained?

6) Were the movable properties verified periodically by the authorized officer?

7) Were indents of stores for stationery, forms and registers placed in accordance with the prescribed rules?

8) Was there any case of payment of a bill the claim for which was submitted after sixty days?

Establishment Accounts Monthly pay bills and disbursement of salary (Rule 49 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

Bills covering salary, wage, remuneration or honorarium shall be drawn with respect to the employees appointed against the sanctioned posts. When prior

approval is necessary, no bill shall be drawn unless approval is obtained.

The salary bill for each month shall cover the entire establishment and may be divided into 4 categories:

1. General Establishment
2. Engineering Establishment
3. Medical establishment, and
4. Any other Establishment that may be identified.

Salary bill shall be prepared in Form No. 24A. Drawing and Disbursing Officer shall draw the bill and obtain the certificate duly signed by the EO.

The Drawing and Disbursement Officer shall be either the EO or any other authorised officer. An Establishment Cheque Register shall be maintained in Form No. 24.

For the purposes of proper adjustment of accounts, parts of an Establishment, which appertain to different major heads or minor heads, shall be regarded, as a distinct Establishment.

Name of the Establishment shall be recorded in the salary bill under that particular establishment.

The Drawing and Disbursing Officer shall effect deductions from pay bill on account of statutory taxes and shall issue such returns and certificates as may be mandatory.

Salary not disbursed within 30 days of drawal shall be refunded to the Local Fund account and in no case shall be allowed to remain there as undisbursed cash beyond 30 days.

The disbursement on last admissible pay and allowance shall not be made to an employee on retirement, resignation, dismissal or otherwise until the Drawing and Disbursing Officer has satisfied himself that there is no outstanding amount against him.

The pay shall include remuneration, honorarium or any other dues to any office bearer or member.

All deductions and recoveries from the salary bills shall be deposited to the respective Funds, heads of accounts, as the case may be, within five working days from the date of drawal of the salary.

Annual Establishment Return (Rule 54 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

A detailed statement of regular Establishment as on the 31st day of March shall be prepared each year with reference to the pay bill for the preceding twelve months up to the last day of transaction in March.

For ZP, it shall be submitted to the Director, P&RD, by 15th May. For PS, it shall be submitted to the District P&RD Officer, by 15th May.

Security deposit (Rule 55 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

Every employee who is entrusted with the custody of cash or stores shall be required to furnish security and to execute a security bond setting forth the conditions by which the ZP or PS shall hold, refund or appropriate the security;

Employees who are requiring to furnish security shall deposit the amount of security on appointment to the post requiring such security.

Office Expenses **Payment of office expenses**

(Rule 56 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

For special purposes like purchase of typewriter machine, duplicating machine, calculating machine require prior sanction in a meeting of ZP or PS.

Stamp and Postage (Rule 57 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

In order to keep a check on the number and value of stamps expended for general business, a Stamp Register shall be maintained in Form No. 25.

The balance of stamps in hand shall be verified once in a month by the Head of office or an authorised officer who shall make a note of verification on the remarks column under his signature.

Accounting of stationery articles (Rule 58 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

Record of stationery articles shall be maintained in the Stationery Stock Register in Form No. 26.

The stationery articles shall ordinarily be purchased annually or half-yearly after assessment based on actual consumption of previous year and the estimated quantity required for a particular year.

Purchase shall be made on indents showing stock in hand and duly sanctioned by the Artha Sthayee Samiti.

Stock shall be physically verified half-yearly by the Secretary of ZP or PS and a certificate to that effect shall be recorded in the Register.

The balance at the end of the year shall be verified with actual stock by the officer authorised for the purpose.

Audit points regarding Establishment accounts

- 1) Were payments for Establishment charges, including salary bills, made for the officers and staff who were entitled to the same?
- 2) Were all the statutory deductions made and credited to the respective heads of account?
- 3) In case of payments of arrear bills, were there any cases of double payments?
- 4) Was proper security deposit made by the staff dealing with cash, etc.?

Session 4.1

Session Title

Audit of ZP and PS Works Accounts



- **Instructor's Guide**
- **PowerPoint Slides**
- **Exercise**
- **Solution**
- **Participants' Note**

Instructor's Guide
Session 4.1

Session Title: Audit of ZP and PS Works Accounts		Session Guide
Instructor's Guide	Reference	Participants' Response
Session Overview		
<p>Welcome participants to the session and remind them that their active participation is critical for the success of each session.</p>		
Learning Objective		
<p>Delineate: By the end of this session, we will be familiar with the procedure relating to Public Works Accounts in ZP and PS along with tendering process, maintenance of Contractors' Ledger, Measurement Book etc. which will help us to draw audit conclusion during audit of ZP and PS Works Accounts in a practical job scenario.</p>		
Basic Concepts		
<p>I. Explain:</p> <ul style="list-style-type: none"> • The duty of Executive Engineer of ZP and Sub-Assistant Engineer of PS and the records maintained by them; • Classification of operation of Public Works, approval and sanction of Public Works; and • Documents and estimates for Works; <p>Encourage the participants to think of the probable audit points to be looked into during audit of the above mentioned areas.</p> <p>Advise them to jot down their points</p> <p>Discuss: The suggested audit points on the issues.</p> <p>II. Explain: Contracts and tendering process which includes:</p> <ul style="list-style-type: none"> • Category of Contractors, Estimate Fee and Security Deposit; • Procedure for placement of order; • Tender selection Committee; • Acceptance of Tenders; • Power of Executive Engineer to execute contract work in emergency; and • Deposit work. <p>Encourage the participants to think of the probable audit points to be looked into the tendering process.</p> <p>Advise them to jot down their points</p> <p>Discuss: The suggested audit points.</p> <p>III. Explain:</p> <ul style="list-style-type: none"> • The Procedure for maintenance of Imprest Accounts; • Its limit, recoupment and closure of its accounts. <p>Encourage the participants to think of the probable audit points to be looked into imprest account.</p>		
		<p>Slide : SESSION 4.1 AUDIT OF ZP PS WORKS ACCOUNTS</p>

Instructor's Guide
Session 4.1

Advise them to jot down their points

Discuss: The suggested audit points

IV. Explain:

- Various records maintained for public works like Muster Roll, Works Abstract etc.; and
- Procedure for payment through Muster Roll.

Encourage the participants to think of probable audit points to be looked into the Muster Roll.

Advise them to jot down their points

Discuss the suggested audit points.

V. Explain:

- Measurement Book (MB);
- Procedure for detailed measurement;
- Procedure for keeping records; and
- Review of Measurements.

Encourage the participants to think of the probable audit points regarding MB.

Advise them to jot down their points

Discuss the suggested audit points.

VI. Explain: Completion Report.

Encourage the participants to think of the probable audit points to be looked into the Completion Report

Advise them to jot down their points

Discuss the suggested audit points.

VII. Explain: Contractors' Ledger.

Encourage the participants to think of the probable audit points to be looked into the Contractors' Ledger.

Advise them to jot down their points

Discuss the suggested audit points.

VIII. Explain:

- Works Abstract;
- Register of Works.

Encourage the participants to think of the probable audit points to be looked into the Register of Works.

Advise them to jot down their points

Discuss the suggested audit points.

IX.Explain: Procedure for preparation, examination and payment of Contractors' Bills.

Encourage the participants to think of the probable audit points regarding the Contractors' Bills.

Advise them to jot down their points

Discuss the suggested audit points.

Instructor's Guide
Session 4.1

Application:			
<p>Issue instruction for Exercise 1, including time allowed for individual effort and for discussion on answers.</p> <p>Distribute Exercise 1.</p> <p>Distribute suggested solution.</p> <p>Discuss the answers.</p>		SESSION 4.1 Exercise	
		SESSION 4.1 Solution	
Summarise:			
<p>Highlight: During the session, we discussed the procedure relating to public works accounts in ZP and PS along with Contracts and tendering process, Measurement Books, Works Register, Works Abstract and Completion Report and audit points thereon.</p> <p>Distribute participants' note.</p> <p>Thank the participants and bring the session to a close.</p>		SESSION 4 PARTICIPANT S'. NOTE	


ZP PS Works Accounts PPS

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Audit of ZP PS Works Accounts

Slide 1

Audit of Public Works Accounts




Session 4.1



Slide 4

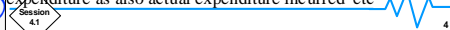
Procedure relating to accounts in ZP
Records to be maintained by XEN

- The XEN shall:
 - Be responsible for administering the grant made for public works in his control and keeping a close watch towards the progress of expenditure with a view to ensuring that no excess is permitted to occur and that, if additional funds are necessary, proposal for the same is made in time
- The XEN shall keep the following documents with respect to his charge:
 - Copies of all standard plans of buildings
 - Complete plans, details of works, the estimated expenditure as also actual expenditure incurred etc



Session 4.1


AUDIT OF ZP AND PS



Slide 2


Procedure relating to accounts in Zilla Parishad (ZP)
Duty of Executive Engineer

- The Executive Engineer (XEN) of a ZP shall
 - Take necessary steps for making the Funds available for the works under his control, prepare accounts with respect to the Fund received by him and submit the records to the Additional Executive Officer who shall finalise the accounts of each scheme and keep them in safe custody for audit or for inspection by any other authority
 - Exercise a through and efficient control and check over the expenditure in respect of works and schemes and carefully examine all records relating to such works and schemes



Session 4.1


AUDIT OF ZP AND PS



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Procedure relating to accounts in Panchayat Samiti (PS)
Duty of Sub-Asstt. Engineer

- The Sub-Assistant Engineer of the PS shall be the officer-in-charge of all Public Works subject to supervision and control through EO
- He is also responsible to the EO for accuracy of all reports, plans, design and specifications and estimates prepared by him
 - Provided that no work shall be taken up by or on behalf of PS if such work is beyond the technical competence of the PS and it shall be submitted for further action to the concerned ZP



Session 4.1


AUDIT OF ZP AND PS



Slide 3


Procedure relating to accounts in ZP-Duty of XEN contd.

- Be responsible for correctness of the original records of cash and stores, receipt and expenditure relating to works, schemes and programmes and to ensure that the records of accounts have been prepared and kept in safe custody
- Provide information in the cases of probability of excess of actual over the estimated cost of work and report the fact to the Sabhadhipati through the EO or the Addl. EO describing the nature and the cause of the probable excess and obtain sanction from him



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AUDIT OF ZP AND PS



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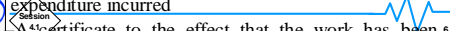
Procedure relating to accounts in PS
Records to be maintained by Sub-Asstt. Engineer

- The Sub-Assistant Engineer shall keep the following documents with respect to copies of all plans and estimates of buildings, roads, culverts under his charges with detailed drawing in each case recording on it:
 - Measurement Book
 - The name of the work
 - The date of commencement of work
 - The date of completion of work
 - The estimated expenditure as well as actual expenditure incurred
- A certificate to the effect that the work has been



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AUDIT OF ZP AND PS




ZP PS Works Accounts PPS

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Classification of Operation of Public Works

1. ORIGINAL WORKS: comprise all new constructions
2. REPAIRS OR MAINTENANCE WORK: comprise works to maintain proper condition of the buildings
3. SPECIAL REPAIRS: comprise works which are neither periodical or petty or frequent such as roofing on building etc



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AUDIT OF ZP AND PS

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Commencement of the work

- No work shall be commenced and no liability shall be incurred until-
 - Administrative Approval has been obtained
 - Detailed design and estimates have been sanctioned,
 - Expenditure sanction has been accorded
 - Allotment of Fund has been made
 - Orders for the commencement have been issued in writing by the EO
- Mere provision in the budget estimate shall not mean any authorisation for the commencement of the work



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AUDIT OF ZP AND PS


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Approval and Sanction of Public Works

1. Administrative Approval

- Application for Administrative Approval shall be submitted to the competent authority
- Administrative Approval shall not be accorded until the concerned engineer has satisfied himself that the proposals are technically sound and the preliminary estimate is sufficiently correct
- No such approval is required if the work is chargeable under 'petty repairs'



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AUDIT OF ZP AND PS

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Documents & Estimates For Works

- The papers to be submitted with the project for a work shall consist of
 1. A report
 2. A specification and detailed statement of measurements
 3. Quantities and rates together with an abstract statement showing the estimated cost of each item
- In the case of estimates for 'repairs or maintenance', only the specification and the detailed statement of measurements and quantities with the abstract shall ordinarily be required



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AUDIT OF ZP AND PS

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Approval and Sanction of public Works contd.

2. Technical Sanction

- For every work, except petty repairs, a detailed estimate shall be prepared for sanction by the competent authority which will be known as the Technical Sanction to the estimate

3. Expenditure Sanction

- When the expenditure is within the budgetary provisions of the relevant head, the Sthayee Samiti is competent to sanction. Otherwise, the proposal shall be referred to the Artha Sthayee Samiti for sanction of fund, if necessary, by re-estimation



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AUDIT OF ZP AND PS

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Documents & Estimates For Works contd.

- The statement of detailed measurement shall include the measurement of land for which compensation shall have to be paid
- Rates for estimate: The rates entered in the estimate shall agree with the schedule of rates adopted by the PWD for similar nature of works unless different rates for different items are prescribed



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AUDIT OF ZP AND PS

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Documents & Estimates For Works contd.

- In the event the rate of any work is not included in any of the prescribed schedule of rates, the XEN of ZP shall prescribe a rate to be approved by the Artha Sthayee Samiti
 - The PS shall accept such rate to prepare the estimate of its work
- Estimate shall include the usual charge of 5% for unforeseen contingencies, all incidental expenditure, which can be foreseen, such as compensation for or cost of land etc. The provision for contingencies shall not be diverted for any new work or repair, not provided in the estimate



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AUDIT OF ZP AND PS

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Audit points to be seen in general procedure contd.

- Were there any unusual occurrences/incidents? If so, how were they redressed?
- Was any work taken up on emergency basis? If so, under whose approval?
- What schedule of rates was adopted by the PS?
- Were proper sanctions viz. administrative approval, technical and expenditure sanctions of the competent authority obtained before commencement of any works other than petty works?



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AUDIT OF ZP AND PS

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Audit points to be seen in general procedure

- Was there any case of divergence of opinion between the XEN of the ZP and other departments on technical matters? If so, how was the case settled?
- Were all reports, plans, designs, specifications and estimates attested by the XEN?



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Audit points to be seen in general procedure contd.

- Was sanction of the *Sthayee Samiti* of the different heads or of the *Artha Sthayee Samiti* obtained wherever required before commencement of the works?
- Was sanction of the State Govt./ Central Govt. or other bodies wherever required obtained before commencement of the work?
- In case of engagement of a private person or a firm for any work, was the technical competence of the private person or firm so engaged beyond question?



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AUDIT OF ZP AND PS

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Audit points to be seen in general procedure contd.

- Was any work beyond its technical competence taken up by ZP? If so, under whose approval?
- What schedule of rates was adopted by the ZP/PS in respect of building works and construction, roads, bridgeworks etc.?
- Was any rate increased or new rate adopted without the prior approval of the ZP?



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AUDIT OF ZP AND PS

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Procedure for placement of order

- For procurement of any material or for execution of any work, general, sanitary or plumbing, when the estimated value of the material or service is not more than rupees five hundred, invitation of quotation or tender is not compulsory.



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AUDIT OF ZP AND PS

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Process of e-tendering

- Process of e-tendering in all cases of works/schemes/procurement implemented with value over and above Rs.5 lakh is mandatory with effect from 01.10.2014.
- All tenders for procurement of and above Rs.5 lakh shall be published in the e-tender portal of the State Government and Panchayats & Rural Development Department.
- Works shall be awarded through open e-tender




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AUDIT OF ZP AND PS 21

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Contracts & Tenders-Acceptance of Tenders

- When a tender is rejected, there shall be written notes explaining in clear terms why certain tenders are rejected, especially if the lowest one is rejected and why some other tender is accepted
- A single tender shall not ordinarily be accepted on the first invitation to the tender. If on second invitation also, a single tender is received, the same may be accepted, if the rate is either below the scheduled rate or at par with the scheduled rate. But if the second tender is not found reasonable and the rate quoted therein is above the scheduled rate, fresh tender shall be invited




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AUDIT OF ZP AND PS 24

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Contracts & Tenders-Tender Selection Committee

- In ZP, Artha Sthayee Samiti shall constitute a Tender Selection Committee with five to seven members:
- Two Administrative Officers:
 - Secretary and Dy. Secretary
- Two Technical Officers:
 - The XEN
 - Karmadhyakshas of any two Sthayee Samitis as determined by Artha Sthayee Samiti




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AUDIT OF ZP AND PS 22

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Power of XEN to execute contract work in emergency

- In order to meet any emergent situation that does not permit time for calling of tenders, the XEN of ZP or EO of PS, on consulting the EO and Sabhadhipati of ZP or Sabhapati of PS, may distribute any original work upto Rs.5,000/- and repair-works upto Rs.2,000/- to the contractors borne on the approved list of the appropriate category without calling for tenders. All such matters shall be placed before the Sthayee Samiti concerned in the next meeting




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AUDIT OF ZP AND PS 25

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Contracts & Tenders-Tender Selection Committee contd.

- In PS, Tender Selection Committee shall consist of five to seven members:
- Two Administrative Officers:
 - EO and Joint EO
- Two Technical Officers:
 - Sub-Assistant Engineers
 - Karmadhyakshas of any two Sthayee Samities as determined by Artha Sthayee Samiti




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AUDIT OF ZP AND PS 23

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Deposit Work

- A ZP or PS may undertake to execute deposit work for which the outlay is provided wholly or in part from:
 - The Funds of any Department of the State Govt. which are not related to that ZP or PS or does not constitute any part of the budget estimate of that ZP or PS
 - The contribution from the public or private bodies or individuals
- The entire contribution shall be realised and placed in the Local Fund Account before any liability is incurred for the work



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Deposit Work contd.

- Prior to the commencement of work, written approval for the design and estimate shall be obtained from the authority depositing or administering the funds
- An acknowledgement shall be obtained to the effect that on undertaking the work, the ZP or PS does not bind itself to complete the work within the estimated amount when the estimate for the work goes up, for any reason unforeseen or beyond the control of ZP or PS



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AUDIT OF ZP AND PS

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Audit points to be seen in tender process contd.

- ▶ Were the Tender Selection Committees of the ZP/PS duly constituted?
- ▶ Was the tender invited in an open and fair manner by advertisement in local newspapers and by display of notice in English and vernacular in public places?



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AUDIT OF ZP AND PS

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Deposit Work contd.

- The ZP or PS may charge, for the purpose of covering the cost of establishment charge for execution of works, an amount not exceeding 15% on the amount of expenditure actually incurred for the work
 - Provided that the percentage charged may be determined by the Artha Sthayee Samiti in consideration of the magnitude of the work, technicalities involved etc
 - The fund contributed for a work shall not be diverted for any other purpose, even temporarily, under any circumstances



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AUDIT OF ZP AND PS

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Audit points to be seen in tender process contd.

- ▶ In case of rejection of the lowest tender, were there proper written notes duly signed by all the members of the Tender Selection Committee and placed before the Artha Sthayee Samiti giving the explanation in clear terms?
- ▶ Was any single tender (the rate of which was not below or at par with the scheduled rate) accepted without inviting fresh tender?



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AUDIT OF ZP AND PS

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Audit points to be seen in tender process Contd.

- ▶ Could the auditor ascertain or verify the following:
 - Estimated value > Rs. 500/- to < Rs. 20,000/- – tenders or quotations were invited from enlisted contractors, and if not available, at least three quotations from reputed organisations obtained
 - Estimated value > Rs. 20,000/-, but not > Rs. 10 lakh (Rs. 4 lakh for Electrical work)—sealed tenders were invited from the enlisted contractors and notice published in the website
 - Estimated value > Rs. 10 lakh—open tenders were invited and notice published in the website of the State Government and Zilla Parishad



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AUDIT OF ZP AND PS

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Audit points to be seen in tender process contd.

- ▶ Was any contract for work executed without inviting tenders in view of emergent situation? Was the issue placed before the Sthayee Samiti in the next meeting?
- ▶ Was any work entrusted to a contractor who was blacklisted by any ZP/PS or State Govt.?
- ▶ Were work orders or supply orders issued without satisfaction of the necessary formalities including deposit of earnest money and different specified tax clearance certificates?
- ▶ In case of grant of price preference, was the same accorded duly?



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Audit points to be seen in tender process contd.

- ▶ In case of awarding contracts for purchases/works to units situated outside the State:
 - Were items so purchased were not being manufactured within the State; or
 - State-based manufacturers of such items did not participate in the quotations or tenders invited for the purpose; or



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Audit points to be seen in tender process contd.

- ▶ Could the auditor verify that the contracts included all the necessary documents like a complete set of drawings, specification of the work to be done and of the materials to be used, a schedule of the quantities of the various descriptions of work including a schedule of items with rates and a set of conditions of contract to be complied with
- ▶ Were the terms of the contract precise and definite and free from ambiguity and scope for misinterpretation?



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Audit points to be seen in tender process contd.

- The quality of specifications or prices of items so offered by the State-based units were beyond the acceptability level; and
- All such purchases and work orders were reported to the State Govt. immediately for confirmation

▶ In case of acceptance of a tender from a State-based unit or organization-



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AUDIT OF ZP AND PS

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Audit points to be seen in tender process contd.

- ▶ Did the ZP/PS ever feel any need for legal and financial advice for drafting of the contract?
- ▶ Was the standard form of contract used as far as possible and necessary modifications made with the approval of the appropriate authority?
- ▶ Were proper provisions made in the contract for safeguarding the assets entrusted to the Contractor?
- ▶ Were there provisions for unconditional power of revocation or cancellation at any time specially in respect of long term agreements and contracts?



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Audit points to be seen in tender process contd.

- ▶ Did the material or product offered conform to the ISI standard wherever such specifications were required?
- ▶ In case of splitting of a big work into component parts for the sake of expeditious execution or administrative reasons, was the matter referred to the State Govt. for necessary approval?



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AUDIT OF ZP AND PS

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Audit points to be seen in tender process contd.

- ▶ Was there clear stipulation in respect of the quantity of work to be done within a specified period?
- ▶ Were there clear provisions for conditions and time-frame for payment of running/monthly bills and release of security deposits?
- ▶ Were there clear provisions for penal measures for failure to execute the work according to prescribed schedule within the stipulated period?
- ▶ Were there clear provisions for conditions of forfeiture of earnest money/security deposit?



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AUDIT OF ZP AND PS

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Audit points to be seen in tender process contd.

- ▶ In respect of Deposit work the auditor should verify whether—
 - The contribution on Deposit work was realized and placed in the Local Fund account before starting the work
 - Written approval was obtained from the authority ordering the Deposit work
 - Was an acknowledgment obtained to the effect that on undertaking the work the ZP/PS did not bind itself to complete the work within the estimated amount, in case the estimated amount went up for any reason unforeseen or beyond the control of ZP/PS



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AUDIT OF ZP AND PS

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Audit points to be seen in tender process contd.

- No interest was payable by the ZP/PS on the sum deposited at any time
- The Artha Sthayee Samiti did not charge any amount less than 5% of the actual expenditure of the work as Departmental charges unless such expenditure is limited to Rs.25,000/- and the work constituted a segment of the development plan prepared by the ZP/PS for its area
- Excess fund, if any, after the completion of the work was refunded



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Audit points to be seen in tender process contd.

- The cost of establishment was duly taken into account while preparing estimates and the same was determined by the Artha Sthayee Samiti
- In case of designing and undertaking a work the funding of which was done wholly by other bodies or departments, the designs and estimates were drawn up in consultation with the party or the parties depositing or administering the funds and technical sanctions for such designs and estimates were obtained before starting the work



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AUDIT OF ZP AND PS


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Imprest Accounts

Maintenance of Imprest Accounts

- A permanent advance or imprest (Maximum Rs5000/-) may be granted to the XEN of a ZP
- The XEN may give a sub-imprest not exceeding Rs.500/- to any sub-ordinate officer recouping this from his own imprest. The sub-imprest shall be treated as a part of the XEN's imprest accounts



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AUDIT OF ZP AND PS

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Audit points to be seen in tender process contd.

- Provisions were made to cover the Departmental charges as necessary
- No part of the fund sanctioned for the purpose was diverted by the ZP/PS
- In case of receipt of funds in instalments, there were clear written indications that the ZP/PS would not be responsible for any increase in the cost or for any damage to an unfinished work that might be caused for stoppage of work for want of fund



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Imprest Accounts

Maximum limit of payment out of Imprest Accounts:


- All cash payment by the XEN and his sub-ordinate officers shall not exceed in a single voucher Rs.1000/- and Rs.200/- respectively

Procedure for recoupment:

- Same as laid down in 'permanent advance'

Imprest Cash Book:

- Records the total, recoupment and balances



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Imprest Accounts

Recoupment of sub-imprest:

- When a bill for recoupment of sub-imprest is received, the XEN shall, after examining the propriety of the payments, clarity and accuracy of the entries, sufficiency of the vouchers and the totals of the accounts, reimburse the sub-imprest holder with the exact sum expended, so as to bring again the sub-imprest cash in hand upto the initial amount

Closure of Account:

- The account shall be closed on the 27th or the next working day, if it is a holiday, of every month in order to record the transactions upto that date in the corresponding monthly accounts of the ZP



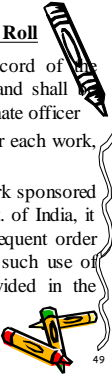



AUDIT OF ZP AND PS 46

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Record of Public Works-Muster Roll

- The Muster Roll shall be the initial record of labour employed each day on a work and shall be written up daily by the authorised subordinate officer
- One or more Muster Roll may be kept for each work, but it shall not be prepared in duplicate
- For implementation of any scheme or work sponsored and funded, fully or in part, by the Govt. of India, it shall follow the guidelines and any subsequent order governing such scheme, and shall make such use of format of Muster Roll as may be provided in the guidelines or the orders



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Audit points to be seen in Imprest Account

The auditor should ascertain that—

- The ceiling limits of the imprest and the sub-imprest were not exceeded;
- The monetary limit of a single voucher was not exceeded;
- Total recoupment and balances were in order;
- Imprest account was closed on 27th or next working day, as the case might be, every month.



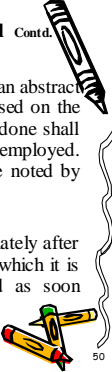



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Record of Public Works-Muster Roll Contd.

- Abstract of Work:**
 - For all large works or groups of work, an abstract of work done shall ordinarily be endorsed on the Muster Roll and the quantity of work done shall be compared with the cost of labour employed. Any deficiency in this respect shall be noted by the paying officer and clarified
- Closing of Muster Roll:**
 - The Muster Roll shall be closed immediately after the close of the work or the period for which it is kept and the labourers shall be paid as soon thereafter as possible








AUDIT OF ZP AND PS 50

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Record of Public Works-Basis of Accounts

- The initial records upon which the accounts of works shall be based are:
 - Muster Roll
 - Measurement Book and
 - Claim Voucher



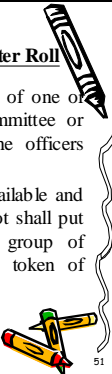




AUDIT OF ZP AND PS 48

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**Record of Public Works-
Procedure for payment through Muster Roll**

- The payment shall be made in presence of one or more members of the Beneficiary Committee or member (s) of the ZP or PS and the officers associated with the scheme
- Both groups of members as may be available and the senior-most officer present at the spot shall put their signature with date against the group of labourers to be paid on that date as token of identification

AUDIT OF ZP AND PS 51



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Record of Public Works
Procedure for payment through Muster Roll Contd.

- The amount paid on each date shall be noted in words as well as in figures at the foot of the Muster Roll
- The disbursement certificate at the foot of the Muster Roll shall also be signed by the members of both the groups and by the officer witnessing the disbursement:
 - Provided that no fund shall be handed over to the Beneficiary Committee or any member of the Committee at any stage and the Beneficiary Committee shall not be put in charge of implementation of any scheme



AUDIT OF ZP AND PS





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Audit points to be seen in Muster Roll

- The Muster Roll was closed immediately after the close of work or the period for which it was kept;
- The payment was made in the presence of one or more members of the Beneficiary Committee or member/members of the ZP/PS and officers associated with the scheme who put their dated signatures as a token of identification;
- The disbursement certificate at the foot of the Muster Roll was also signed by the members of both the groups and the officer witnessing the disbursement;
- Wages not claimed within the prescribed period were not paid without the approval of the competent authority;
- The Muster Roll was reconciled with the Measurement Book



AUDIT OF ZP AND PS





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Record of Public Works
Procedure for payment through Muster Roll Contd.

- Wages remaining unclaimed: Wages not claimed within three months of their falling due shall not be paid without written orders of the XEN of the ZP or EO of the PS and the wages not claimed within six months of their falling due shall not be entertained without approval of the Artha Sthayee Samiti



AUDIT OF ZP AND PS





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Measurement Book (MB)

- This book records the accounts of quantities irrespective of whether the work is done by engaging daily labourers or by entering into a contract at a fixed rate for the entire work or at different rates for specified items of work as may be identified and measured or materials received which have to be counted or measured;
- Payment for all works, except for those which do not require any quantification or measurement to ascertain whether the claim made is justified, shall be made on the basis of measurement recorded in the MB;



AUDIT OF ZP AND PS



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Audit points to be seen in Muster Roll

The auditor should verify that—

- The Muster Roll was written up daily by the authorized persons;
- No duplicate Muster Roll was maintained under ordinary circumstances;
- In case of maintenance of a duplicate Muster Roll in exceptional circumstances, the same did not contain any order for payment; and
- An abstract of work done was ordinarily endorsed on the Muster Roll and the quantity of work done compared with the cost of labour employed, and deficiency, if any, noted and clarified by the paying officer.



AUDIT OF ZP AND PS





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Measurement Book contd.

- MB should be numbered serially;
- A stock register of MB shall be maintained in Form No. 30 showing the serial number of each book, the name and designation of the sub-ordinate officer to whom issued, number of pages contained and their serial numbers, the date of issue and the date of its return to the issuing authority; and
- Books no longer in use shall be withdrawn promptly from the subordinate officers, even though not completely used up.



AUDIT OF ZP AND PS

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Measurement Book contd.
Procedure for Detailed measurement

- Detailed measurements shall be recorded only by the officer-in-charge of works to whom the MBs have been supplied.
- Each measurement shall commence with entries stating:
In the case of bills for work done-
 - Full name of work as given in estimate;
 - Location of work;
 - Name of contractor;
 - Number & date of his agreement;
 - Number & date of written order to commence work;
 - Date of actual completion of work;
 - Date of measurement.




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AUDIT OF ZP AND PS 58

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Measurement Book contd.
Procedure for keeping records

- The person taking measurements shall see that-
 - Reference to the last set of measurements is recorded and
 - If the entire job or contract has been completed, the date of completion is duly noted in the prescribed place.
- If the measurements taken are the first set of measurements on a running account, or the first and final measurements, the fact shall be noted suitably against the entries in the MB, and in the latter case, the actual date of completion shall be noted in the prescribed place.



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AUDIT OF ZP AND PS 61

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Measurement Book contd.
Procedure for keeping records

In case of bills for supply of materials-

- Name of supplier and No. & date of his agreement or order,
- Purpose of supply in one of the following forms applicable to the case:
 - 'Stock' for suppliers for the purpose of building up stock;
 - 'Purchases' for direct issue for a specific work; and
 - 'Purchases' for issue to different contractors with dates of issue.




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AUDIT OF ZP AND PS 59

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Measurement Book contd.
Procedure for keeping records

- Entries in the MB shall be recorded in consecutive pages and no blank pages shall be left or any page torn out. Any page left blank inadvertently shall be cancelled by drawing diagonal lines, the cancellation being attested and dated
- Each MB shall be provided with an index, which shall be kept up-to-date
- All records maintained should be clear and specific so that they may be produced, if necessary, as evidence in a court of law




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AUDIT OF ZP AND PS 62

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Measurement Book contd.
Procedure for keeping records

- Date of written order to commence supplies;
- Date of actual completion of supplies;
- Date of measurement; and
- An abstract showing the total quantities of each work done.




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AUDIT OF ZP AND PS 60

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Measurement Book contd.
Review of Measurements

- The officer-in-charge of a work or the sectional officers having jurisdiction shall submit the MB in use to the XEN (for ZP) or EO (for PS) from time to time, so that at least once in three months the entries recorded in each book may be subjected to check by the appropriate authority through the machinery at his disposal



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AUDIT OF ZP AND PS 63


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Audit points to be seen during audit of Measurement Book

- Pages are machine numbered
- While issuing an MB the name of the officer to whom it is issued along with date of issue should be entered in the MB under the signature of the head of office along with a certificate that it contains all the pages
- There is no overwriting in entries
- Corrections should be made by a single line crossing with initialing by the enterer



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Audit points to be seen during audit of Measurement Book contd.

- There is a register showing the movement of MB
- All bills, submitted for payment, are accompanied by relevant MB
- The auditor has also to verify that –
 - All the used up books were retrieved and kept properly
 - Entries were made at the site and not copied into from loose sheets
 - Method of measurement was capable of giving accurate results
 - All corrections in quantity were duly attested
 - All recoveries due from a contractor were made and duly acknowledged
 - The entries recorded in the book were subjected to check at least once in three months



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Audit points to be seen during audit of Measurement Book contd.

- If due to unavoidable circumstances any measurement is taken on paper other than MB, the same may be copied from that paper but that should also be kept with the MB as a part of the MB
- All entries should be made in ink. If due to any unavoidable circumstances measurement is made in pencil, the same should not be inked over except the computed portion



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AUDIT OF ZP AND PS




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General Principles of Public Works Accounts Detailed Completion Report

- A detailed Completion Report, of all completed works shall be prepared before payment of the final bill in respect of such work and be submitted by the XEN or by the Sub-Assistant Engineer in charge of the work to the respective EO of ZP/PS for placement before the Sthayee Samiti concerned and through it, to the ZP or the PS as the case may be



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AUDIT OF ZP AND PS

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Audit points to be seen during audit of Measurement Book contd.

- All payments have a reference to the pages and the numbers of the MB
- Where more than single entry for a single item of work is there for any work, an item-wise abstract has been drawn in the MB
- The number and date of payment vouchers are noted below the abstract measurement
- All measurement pages should be scored out by a diagonal red ink line



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AUDIT OF ZP AND PS




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Audit Points to be seen in Completion Report

- The auditor should see whether –
- The Completion Report was prepared before making payment of the final bill
- The Completion Report was placed before the Sthayee Samiti of the ZP/PS



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AUDIT OF ZP AND PS

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General Principles of Public Works Accounts Contractor's Ledger

- The accounts relating to contracts shall be kept as personal account and a separate folio shall be opened in the Contractors' Ledger for each contractor
- The entries on the Debtor side shall show the payments made to the contractors and those on the Creditor side, the value of work done as shown in the Contractor's bills passed from time to time




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AUDIT OF ZP AND PS 70

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General Principles of Public Works Accounts Contractor's Ledger contd.

- The XEN's initials shall be obtained below each of these entries in token of his having satisfied himself that the balances are carried forward correctly. Similar action *mutatis mutandis* shall be taken at the PS
- Security Deposits shall not be recorded in the Contractor's ledger




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AUDIT OF ZP AND PS 73

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General Principles of Public Works Accounts Contractor's Ledger contd.

- The account shall encompass all transactions to which the contractor is a party
- The number and amount of each passed bill the name of the work and the number and amount of each cheque shall be shown in the ledger
- The value of materials made over or labours supplied to a contractor shall be debited to his account and receipt for the value there-of taken from him in support of the debit



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AUDIT OF ZP AND PS 71

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Audit points to be seen in Contractor's Ledger

At the time of audit scrutiny:

- The Debtor side of the ledger should be checked with the relevant Contractor's Bill and Works Register
- The Creditor side of the ledger should be checked with the value of works done by the contractor as shown in the Contractor's Bill passed from time to time




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AUDIT OF ZP AND PS 74

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General Principles of Public Works Accounts Contractor's Ledger contd.

- The ledger shall be posted as bills are passed and the pay orders are signed
- The Accountant shall not pass Contractor's Bill without referring to the ledger
- The ledger shall be closed and balanced monthly
- When there are balances due to a contractor on more than one bill the amount due on each bill shall be detailed in the ledger



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AUDIT OF ZP AND PS 72

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Audit points to be seen in Contractor's Ledger

The auditor should see whether:

- The ledger recorded all transactions to which the contractor was a party whether relating to one or several works or to materials purchased from him
- The number and amount of each passed bill, the name of the work and the number and amount of each cheque was recorded in the ledger
- The cost of materials/labours supplied to the contractor for the concerned work was debited to the contractor's account and receipt thereof obtained from him



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AUDIT OF ZP AND PS 75


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Audit points to be seen in Contractor's Ledger

- Cross reference was kept in the ledger as to the number of each Contractor's Bill
- The balances due to a contractor were recorded in the ledger
- The ledger was closed and balanced monthly
- The competent officer's initials were obtained below the different entries in token of his having satisfied himself that the balances were carried forward correctly
- Security deposits were not recorded in the Contractor's Ledger




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AUDIT OF ZP AND PS 76

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General Principles of Public Works Accounts
Register of Works contd.

- The amount of each sanctioned estimate, the allotment for the year and the name of work shall be entered in the Register of Works
- Any addition or reduction in the appropriations made during the year shall be noted therein
- Monthly progressive total of the expenditure shall be made in the Register of Works. The monthly total of the expenditure shall be written below the last 'Monthly Total of Progress' and the rate of progress of work shall be worked out under each sub-head



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AUDIT OF ZP AND PS 79


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General Principles of Public Works Accounts
Register of Bills

- On receipt of Contractor's Bills, Muster Rolls and bills for payment the same shall be entered in the Register of Bills in which the date of passing for payment and other particulars shall be entered at the appropriate time

Works Abstract

- An account of all transactions relating to a work during a month shall be prepared in the Works Abstract. Ordinarily there shall be one Works Abstract monthly for each but if the estimate is for a large work, which is divided into several sub-works, it may be convenient to have a works abstract separately for each sub-work




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AUDIT OF ZP AND PS 77

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General Principles of Public Works Accounts
Register of Works contd.

- If materials are purchased on behalf of contractors and made over to them, the value of materials shall be entered in the column "Due from Contractors". When the value is recovered by deduction from the Contractor's Bills, the amount shall be deducted by a minus entry in the column "Due from Contractor"




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AUDIT OF ZP AND PS 80

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General Principles of Public Works Accounts
Register of Works

- This register is the permanent and collective record of expenditure incurred during a year on each work
- The register shall be posted monthly from works abstracts
- A separate folio shall be assigned to each estimate
- When separate works Abstracts are prepared for the sub-works, the transactions relating to each Works Abstract shall be posted separately and an abstract for the entire work shall be prepared on a separate folio or set of folios for comparing the cost of the work and its sub-works with the provision in the estimate




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AUDIT OF ZP AND PS 78

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General Principles of Public Works Accounts
Register of Works contd.

- When on account of bad work by a contractor, it is necessary to incur expenditure for the same work through departmental agency, the amount shall be entered in the column "Due from Contractor" and not under the sub-head to which the work belongs. When Contractor's next bill is received, the amount shall be deducted from the total of his bill but entire works done shall be included in the Register of Works



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AUDIT OF ZP AND PS 81


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General Principles of Public Works Accounts
Register of Works contd.

- All minus entries shall be in red ink
- When materials are purchased for Departmental works or for works for which the contract is for labour only the value of such materials shall be entered in the column for "Material at site". When actually used, the value of the materials so used shall be included in the quantity of work done under the appropriate sub-head




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AUDIT OF ZP AND PS 82

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Audit points to be seen in Register of Works

- Works Registers could be compared with the sanctioned estimate, and excesses, if any, could be brought to light
- Adequate control was exercised by the administration over the closure of the accounts and preparation of completion report of works and delays in adjustment of released materials or other points contributing to the delay in closing the accounts were avoided
- Expenditure was proportionately progressive as against allotment




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AUDIT OF ZP AND PS 85

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General Principles of Public Works Accounts
Register of Works contd.

- When a work is completed, a double line in red ink shall be drawn below the last entry and the following note made- "*Work completed and completion report forwarded to the EO for placement before the Sthayee Samiti*"




Session 4.1

AUDIT OF ZP AND PS 83

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Audit points to be seen in Register of Works

- No expenditure was incurred with regards to items not included in the estimate
- Additions or reductions in the appropriations made during the year were properly noted
- In case of additional expenditure through departmental agency or otherwise necessitated due to bad performance of work by the Contractor, the amount so incurred was properly noted in the column "*Due from Contractor*" and the amount was actually deducted from the total of the Contractor's Bill



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AUDIT OF ZP AND PS 86

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Audit points to be seen in Register of Works

During audit scrutiny the auditor should verify that –

- A monthly Works Abstract showing all transactions relating to a work during a month was properly prepared
- The postings of the Works Register were made from the Works Abstract
- A separate folio was assigned to each estimate
- The postings of all passed bills could be traced into the Works Register
- In case of maintenance of subsidiary registers for sub-works, postings of documents could be checked to see that they were recorded in the Works Register




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AUDIT OF ZP AND PS 84

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General Principles of Public Works Accounts
Contractor's Bill

- Contractor's Bill shall be prepared by the Sub- Assistant Engineer in charge, after the measurements are entered in the MB
- The bill together with the MB shall then be sent to the XEN (in case ZP) or EO (in case PS) for his scrutiny and check



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AUDIT OF ZP AND PS 87


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General Principles of Public Works Accounts Contractor's Bill

- If payment is made for an item of work which is not complete at the time of taking measurements, only such a fraction of the full rate may be allowed as is considered reasonable, with due regard to the work remaining to be done
- Before signing the bill, the officer concerned shall compare the quantities in the bill with those recorded in the MB and see that all the rates are correctly entered




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AUDIT OF ZP AND PS 88

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General Principles of Public Works Accounts Contractor's Bill

- Payments for work done or supplies made on a running account shall ordinarily be made monthly
- When a final payment is made on a running account, the payee shall record in his own handwriting that the payment is "in full settlement of all demands". If the payee is illiterate or is unable to write beyond signing his name, these words may be recorded by the officer making the payment




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AUDIT OF ZP AND PS 91

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General Principles of Public Works Accounts Contractor's Bill

- When the bill is on a running account, it shall be compared with the previous bill
- The memorandum of payments shall then be prepared, any recoveries that may be made on account of the work or supply of any material being shown therein




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AUDIT OF ZP AND PS 89

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General Principles of Public Works Accounts Contractor's Bill

- A separate running account shall be maintained in respect of each contract. Transactions relating to two or more separate working estimates shall not be brought on to the same running account and, therefore, shall not be covered by a single contract




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AUDIT OF ZP AND PS 92

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General Principles of Public Works Accounts Contractor's Bill

- From the MB, all quantities shall be clearly traceable into the documents on which payments are made. When a bill is prepared for the work or supplies measured, every page containing the detailed measurements shall be scored out by drawing a diagonal line in red ink
- When the payment is made, an endorsement shall be made in red ink on the abstract of measurements, giving a reference to the number and date of the voucher of payment



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AUDIT OF ZP AND PS 90

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Audit points to be seen in Contractor's Bill

The auditor should verify that –

- The payments were made in accordance with the contract
- The bill was prepared only after recording of measurement in the MB
- Extra-contractual payments, if any, were justified and authorized
- Quantities in the bills could be compared with those provided in the estimate



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AUDIT OF ZP AND PS 93



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Audit points to be seen in Contractor's Bill

- Deductions for overpayments (*minus figure*), if any, was duly made in the final bill
- Necessary supervision or freight charges were made for materials supplied outside the contract or used materials in excess of requirement
- In the case of running 'on account' bills, which were not the first of the series, it could be verified that all up-to-date and other figures were correct in reference to the previous bill



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AUDIT OF ZP AND PS 94

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Audit points to be seen in Contractor's Bill

- The deduction on account of security deposit was made from the 'on account' bills
- The amount paid in all previous 'on account' bills were deducted from the total amount of the final bills

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AUDIT OF ZP AND PS 95



Exercise Session 4.1

Fill in the blanks from the list of words given in the box below:

1. The Executive Engineer of a Zilla Parishad shall _____ a thorough and efficient control and check over the _____ in respect of works and schemes and carefully _____ all records relating to such works and schemes.
2. When the _____ is within the budgetary provisions of the relevant head, the _____ Samiti is _____ to sanction. Otherwise, the proposal shall be referred to the _____ Samiti for sanction, if necessary by re-appropriation.
3. The rates entered into the estimate should agree with the _____ of rates adopted by the PWD for _____ nature of works unless _____ rates for different items are prescribed.
4. There shall be separate lists of _____ contractors for three categories of works, viz., general works, _____ works and _____ works.
5. The initial records, upon which the accounts of works are based, are _____ Roll, _____ Book and _____ voucher.
6. When separate _____ are prepared for the sub-works, the _____ relating to each Works Abstract shall be posted separately and an _____ for the entire set of work shall be prepared on a separate set of folios for comparing the _____ of the work and its _____ works with the provision in the _____.

List of words: (*exercise/ examine/ Artha Sthayee/ schedule/ approved/ sanitary/ Muster/ Abstracts/ transactions/ abstract/ estimate/ expenditure/ electrical/ competent/ different/ Works/ Claim/ similar/ sub-/ cost/ Measurement*)

State True (T) or False (F):

7. No administrative approval is necessary for works chargeable under 'petty repairs':
TRUE / FALSE
8. Process of e-tendering is not compulsory when the estimated value of the contract is below Rs. 500000/-
TRUE / FALSE
9. In case of emergency, The Executive Engineer can distribute any original work upto Rs. 5000/-, without calling tender.
TRUE / FALSE
10. More than one Muster Roll can not be kept for a single work. **TRUE / FALSE**
11. A single tender shall not ordinarily be accepted on the first invitation to the tender.
TRUE/FALSE

Tick the correct answer:

12. An estimate shall include a charge of (**5% / 10%**) for unforeseen contingencies
13. In respect of Deposit Work, an establishment charge not exceeding (**15% / 25%**) of the actual expenditure is to be realized.
14. Wages not claimed within (3 months / 6 months) of their falling due shall not be paid without the orders of the Executive Engineer.
15. The permanent and collective record of expenditure incurred on a work is called the (**Works Abstract / Works Register**)

Solution
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Solution

Fill in the blanks:

1. exercise/expenditure/examine
2. expenditure, competent, Artha Sthayee
3. schedule, similar, different
4. approved, sanitary, electrical
5. Muster, Measurement, Claim
6. Works Abstracts/transactions/abstract/cost/sub-/estimate

True (T) or False (F):

7. TRUE
8. FALSE
9. TRUE
10. FALSE
11. TRUE

Tick the correct answer:

12. 5%, 13. 15%, 14. 3 months,
14. W/Register,

Session Title

Audit of ZP and PS Works Accounts

Session Overview

We are now in the module on topics, wherein audit of ZP and PS Works Accounts and relevant records could be carried out.

In the previous sessions, evolution of PRIs, Constitution of ZP and PS, audit of ZP and PS Fund and audit of financial accounting were discussed.

In this session we will discuss ZP and PS Works Accounts and related audit points/exercises.

Learning Object

At the end of this session we will learn the procedure of maintaining Works Accounts to the extent that during the audit of ZP and PS Works Accounts we will be able to draw audit conclusion which indicates-

- Whether the procedure of maintaining Works Accounts is as per rules and
- Audit point is supported by evidence.

Basic Concept

Duty of Executive Engineer
(Rule 69 of WBP (ZP & PS) Accounts & Financial Rules, 2003)*

The Executive Engineer (XEN) of a ZP shall

- Take necessary steps for making the Funds available for the works under his control, prepare accounts with respect to the Fund received by him and submit the records to the Additional Executive Officer who shall finalise the accounts of each scheme, keep them in safe custody for audit or for inspection by any other authority;
- Exercise a through and efficient control and check over the expenditure in respect of works and schemes and carefully examine all records relating to such works and schemes;
- Be responsible for correctness, of the original records of cash and stores, receipt and expenditure relating to works, schemes and programmes of the ZP and to ensure safe custody of the records of accounts as have been prepared; and,
- Provide information in the cases of probability of excesses of actual over the estimated cost of work and report the fact to the EO or the Addl. EO describing the nature and the cause of the probable excess and obtain sanction for the same from the competent authority.

* Position as per state specific Act.

Records to be maintained by Executive Engineer

(Rule 70 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The Executive Engineer shall keep the following documents with respect to his charge:

- Copies of all standard plans of buildings; and
- Complete plans, details of works, the estimated expenditure as also actual expenditure incurred etc.

Procedure relating to accounts in Panchayat Samiti

Duties of Sub-Asstt. Engineer

(Rule 71 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The Sub-Assistant Engineer of the Panchayat Samiti shall be the officer-in-charge of all Public Works.

He is also responsible for accuracy of all reports, plans, design and specifications and estimates prepared by him. However, no work shall be taken up by or on behalf of Panchayat Samiti, if such work is beyond the technical competence of the PS and it shall be submitted for further action to the concerned Zilla Parishad.

Records to be maintained by Sub-Asstt. Engineer

(Rule 72 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The Sub-Assistant Engineer shall keep in his section the following documents with respect to his charge:

- The name of the work;
- The date of commencement of work;
- The date of completion of work; and,
- The estimated expenditure as well as actual expenditure incurred

Classification of operation of Public Works

(Rule 73 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

- ORIGINAL WORKS: comprise all new constructions;
- REPAIRS OR MAINTENANCE WORK: comprise works to maintain in proper conditions of the buildings etc.
- SPECIAL REPAIRS: comprise works which are neither periodical or petty or frequent such as roofing on building etc.

Approval and sanction of Public Works

1. Administrative approval

(Rule 75 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

Application for Administrative approval shall be submitted to the competent authority

Administrative approval shall not be accorded until the concerned engineer has satisfied himself that the proposals are

technically sound and the preliminary estimate is sufficiently correct.

No such approval is required if the work is chargeable under 'petty repairs'

2. Technical sanction

(Rule 76 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

For every work, except petty repairs, a detailed estimate shall be prepared for sanction by the competent authority.

3. Expenditure sanction

(Rule 77 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

When the expenditure is within the budgetary provisions of the relevant head, the Sthayee Samiti is competent to sanction. Otherwise, the proposal shall be referred to the Artha Sthayee Samiti for sanction of Funds, if necessary, by re-appropriation.

Commencement of the work

(Rule 78 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

No work shall be commenced and no liability shall be incurred until:

- Administrative approval has been obtained;
- Detailed design and estimates have been sanctioned;
- Expenditure sanction has been accorded;

- Allotments of Funds has been made; and,
- Orders for the commencement have been issued in writing by the Executive Officer.

Mere provision in the budget estimate shall not mean any authorisation for the commencement of the work.



Documents and estimates for works

(Rule 80 and 82 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The papers to be submitted with the project for a work shall consist of

- A report;
- A specification and detailed statement of measurements; and,
- Quantities and rates, together with an abstract statement showing the estimated cost of each item

In the case of estimates for 'repairs or maintenance', only the specification and the detailed statement of measurements and quantities with the abstract shall ordinarily be required.

The statement of detailed measurement shall include the measurement of land for which compensation shall have to be paid.

Rates for estimate

(Rule 83 to 85 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The rates entered in the estimate shall agree with the schedule of rates adopted by the PWD for similar nature of works unless different rates for different items are prescribed.

In the event that the rate of any work is not included in any of the prescribed schedule of rates, the Executive Engineer of ZP shall prescribe a rate to be approved by the Artha Sthayee Samiti of ZP.

The PS shall accept such rate to prepare the estimate of its work.

Estimate shall include the usual charge of 5% for unforeseen contingencies, all incidental expenditure, which can be foreseen, such as compensation for or cost of land etc.

Audit points to be seen in general procedure of Public Works Accounts

1. Was there any case of divergence of opinion between the Executive Engineer of the ZP and other departments on technical matters? If so, how was the case settled?
2. Were all reports, plans, designs, specifications and estimates attested by the Executive Engineer?

3. Was any work which was beyond its technical competence taken up by ZP? If so, under whose approval?

4. What schedule of rates was adopted by the ZP/PS in respect of building works and construction, roads, bridgeworks etc.?

5. Was any rate increased or new rate adopted without the prior approval of the ZP?

6. Was any work taken up on emergency basis? If so, under whose approval?

7. What schedule of rates was adopted by the PS?

8. Were proper sanctions viz. administrative approval, technical and expenditure sanctions of the competent authority obtained before commencement of any works other than petty works?

9. Was sanction of the Sthayee Committee of the different heads or of the Artha Sthayee Committee obtained, wherever required, before commencement of the works?

10. Was sanction of the State Govt./ Central Govt. or other bodies, wherever required, obtained before commencement of the work?

11. In case of engagement of a private person or a firm for any work, was that the

technical competence of the private person or firm so engaged appropriate?

Procedure for placement of order
(Rule 91(1) of WBP (ZP & PS) Accounts & Financial Rules, 2003)

For procurement of any material or for execution of any work, general, sanitary or plumbing, when the estimated value of the material or service is not more than rupees five hundred, invitation of quotation or tender is not compulsory.

Process of e-tendering
(Notification no.3349/PN/O/1/4P-2/2012 dated 05.08.2014)

Process of e-tendering in all cases of works/schemes/procurement implemented with value over and above Rs.5 lakh is mandatory with effect from 01.10.2014.

All tenders for procurement of and above Rs.5 lakh shall be published in the e-tender portal of the State Government and Panchayats & Rural Development Department. Works shall be awarded through open e-tender without any reservation for any particular class.

The following officials of Panchayat Samiti may be assigned to perform the precise roles like 1) Creator, 2) Bid Publishers, 3) Bid Opener and 4) Bid Evaluator etc.

- Joint BDO & Joint Executive Officer, PS

- Concerned SAE
- Additional SAEs posted in the Block

Tender Selection Committee
(Rule 91 (5) of WBP (ZP & PS) Accounts & Financial Rules, 2003)

In ZP, Artha Sthayee Samiti shall constitute a Tender Selection Committee with five to seven members. They are:

- Two Administrative Officers: Secretary and Dy. Secretary
- Two Technical Officers: The Executive. Engineers. and Karmadhyakshas of any two Sthayee Samitis as determined by Artha Sthayee Samiti.
- In PS, Tender Selection Committee shall consist of five to seven members:
 - Two Administrative Officers: EO and Joint EO
 - Two Technical Officers: Sub-Assistant Engineers and Karmadhyakshas of any two Sthayee Samitis as determined by Artha Sthayee Samiti.

Acceptance of Tenders
(Rule 91 (7) of WBP (ZP & PS) Accounts & Financial Rules, 2003)

A single tender shall not ordinarily be accepted on the first invitation to the tender. If on second invitation also, a single tender is received, the same may be accepted if the rate is either below the scheduled rate or at par with the scheduled

rate. But if the second tender is not found reasonable and the rate quoted therein is above the scheduled rate, fresh tender shall be invited.

When a tender is rejected, there shall be written notes explaining in clear terms why certain tenders are rejected especially if the lowest one is rejected and why some other tender is accepted.

Power of Executive Engineer to execute contract work in emergency

(Rule 105 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

In order to meet any emergent situation that does not permit time for calling of tenders, the Executive Engineer of ZP or EO of PS on consulting the EO and Sabhadhipati of ZP or Sabhapati of PS may distribute any original work upto Rs.5,000/- and repair-works upto Rs.2,000/- to the contractors borne on the approved list of the appropriate category without calling for tenders. All such matters shall be placed before the Sthayee Samiti concerned in the next meeting.

Deposit Work

(Rule 106 to 109 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

A ZP or PS may undertake to execute deposit work for which the outlay is provided wholly or in part from:

- The Funds of any Department of the State Govt. which are not related to that ZP or PS or does not constitute any part of the budget estimate of that ZP or PS;
- The contribution from the public or private bodies or individuals.

The entire contribution shall be realised and placed in the Local Fund Account before any liability is incurred for the work. Prior to the commencement of work, written approval for the design and estimate shall be obtained from the authority depositing or administering the Funds.

An acknowledgement shall be obtained to the effect that on undertaking the work, the ZP or PS does not bind itself to complete the work within the estimated amount when the estimate for the work goes up for any reason unforeseen or beyond the control of ZP or PS.

The ZP or PS may, for the purpose of covering the cost of establishment charge for execution of works, an amount not exceeding 15% on the amount of expenditure actually incurred for the work, provided that the percentage charged may be determined by the Artha Sthayee Samiti in consideration of the magnitude of the

work, technicalities involved etc. The fund contributed for a work shall not be diverted for any other purpose, even temporarily, under any circumstances.

Audit points in respect of tender process

1) Could the auditor ascertain or verify the following:

- Implementation of Process of e-tendering in all cases of works/schemes/procurement implemented with value over and above Rs.5 lakh.
- Publication of all tenders for procurement of and above Rs.5 lakh in the e-tender portal of the State Government and Panchayats & Rural Development Department.
- Awarding of work through open e-tender valuing over and above Rs.5 lakh.

2) Were the Tender Selection Committees of the ZP/PS duly constituted?

3) Was the tender invited in the most open and fair manner by publishing notice in the website of the State Government and in the website of the Zilla Parishad, advertising in local news papers and by displaying notice in English and vernacular in public places

4) In case of rejection of lowest tender, were there proper written notes giving the explanations in clear terms?

5) Was any single tender (the rate of which was not below or at par with the scheduled rate) accepted without inviting fresh tender?

6) Was any contract for work executed without inviting tenders in view of an emergent situation? Was the issue placed before the Sthayee Samiti in the next meeting?

7) Was any work entrusted to a contractor who was blacklisted by any ZP/PS or State Govt.?

8) Were work orders or supply orders issued without compliance with the necessary formalities including deposit of earnest money and different specified tax clearance certificates?

9) Was the grant of price preference, if any, duly accorded?

10) In case of awarding contracts for purchases/works to units situated outside the State Were all such purchases and work orders reported to the State Govt. immediately for confirmation:

Were items so purchased not being manufactured within the State or State-

based manufacturers of such items did not participate in the quotations or tenders invited for the purpose or were the quality of specifications or prices of items so offered by the State-based units were beyond the acceptability level.

11) In case of acceptance of a tender from a State-based unit or organisation, could it be ensured that the material or product offered conformed to the ISI standard wherever required?

12) In case of splitting up of a big work into component parts for the sake of expeditious execution or administrative reasons, was the matter referred to the State Govt. for necessary approval?

13) Did the contracts include all the necessary documents like a complete set of necessary drawings, specification of the work to be done and the materials to be used, a schedule of the quantities of the various descriptions of work including a schedule of items with rates and a set of the conditions of contract to be complied with?

14) Were the terms of the contract precise and definite and free from ambiguity and scope for misinterpretation?

15) Was the standard form of contract used as far as possible and necessary modification made with the approval of the appropriate authority?

16) Were proper provisions made in the contract for safeguarding the assets entrusted to the Contractor?

17) Were there provisions for unconditional power of revocation or cancellation at any time especially in respect of long term agreements and contracts?

18) Was there a clear stipulation in respect of the quantity of work to be done within a specified period?

19) Were there clear provisions for conditions and time-frame for payment of running/monthly bills and release of security deposits?

20) Were there clear provisions for penal measures for failure to execute the work according to the prescribed schedule within the stipulated period?

21) Were there clear provisions for conditions of forfeiture of earnest money/security deposit?

22) In respect of Deposit work the auditor should ascertain whether—

- a. The contribution on deposit work was realized and placed in the Local Fund Account before starting the work;
- b. Written approval was obtained from the authority ordering the deposit work;
- c. An acknowledgment was obtained to the effect that on undertaking the work, the ZP/PS did not bind itself to complete the work within the estimated amount, in case the estimated amount went up for any reason unforeseen or beyond the control of ZP/PS;
- d. The cost of establishment was duly taken into account while preparing estimates and the same was determined by the Artha Sthayee Samiti;
- e. In case of designing and undertaking a work the funding of which was done wholly by other bodies or departments, the designs and estimates were drawn up in consultation with the party or the parties depositing or administering the funds and technical sanctions for such designs and estimates were obtained before starting the work;
- f. Provisions were made to cover the Departmental charges as necessary;
- g. No part of the Fund sanctioned for the purpose was diverted by the ZP/PS;
- h. In case of receipt of funds in instalments, there were clear written indications that the ZP/PS would not be responsible for any increase in the cost or for any damage to an unfinished work that might be caused for stoppage of work for want of fund;
- i. No interest was payable by the ZP/PS on the sum deposited at any time;
- j. The ZP or the PS, as the case might be, for the purpose of covering the cost of establishment for execution of any work, charged an amount not exceeding 15% on the amount of expenditure actually incurred for the work;
- k. The Artha Sthayee Samiti did not charge any amount less than 5% of the actual expenditure of the work as Departmental charges unless such expenditure was limited to Rs.25,000/- and the work constituted a segment of the development plan prepared by the ZP/PS for its area; and
- l. Excess Fund, if any, after the completion of the work was refunded.

Imprest Accounts Maintenance of Imprest Accounts

(Rule 124 of WBP (ZP & PS) Accounts & Financial Rules, 2003)[§]

A permanent advance or imprest (Maximum Rs. 5000/-) may be granted to the Executive Engineer of a Zilla Parishad

The Executive Engineer may give a sub-imprest not exceeding Rs.500/- to any subordinate officer recouping this from his own imprest. The sub-imprest shall be treated as a part of the imprest accounts of the Executive Engineer.

Maximum limit of payment out of Imprest Accounts

(Rule 125 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

All cash payment by the Executive Engineer and his sub-ordinate officers shall not exceed in a single voucher Rs.1000/- and Rs.200/- respectively.

Procedure for recoupment

(Rule 126 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The general instructions and procedure for recoupment of permanent advance of the Executive Engineer shall be as laid down in Rule 37 and the sub-imprest holder shall follow the same procedure for maintenance of imprest accounts and for recoupment as the imprest holder.

[§] To be adopted as per state specific scenario.

Imprest Cash Book

(Rule 127 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

1. The Imprest Cash Book shall record the totals of balances of the imprest and sub-imprest accounts submitted for recoupment;
2. It shall be written in words and figures; and,
3. All corrections in sub-vouchers shall be attested by the payee and those in the imprest or the sub-imprest accounts by the imprest/sub-imprest holder, in absence of which the Imprest Cash Book shall not be passed by the Executive Engineer.

Recoupment of sub-imprest

(Rule 128 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

When a bill for recoupment of sub-imprest is received, the Executive Engineer shall, after examining the propriety of the payments, clarity and accuracy of the entries, sufficiency of the vouchers and the totals of the accounts, reimburse the sub-imprest holder with the exact sum expended, so as to bring again the sub-imprest cash in hand upto the initial amount. The sub-vouchers shall be defaced by him so that they may not be used again.

Closure of Account

(Rule 131 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The account shall be closed on the 27th or the next working day, if it is a holiday, of every month in order to record the transactions upto that date in the corresponding monthly accounts of the ZP.

Audit points to be seen in respect Imprest Account

The auditor should examine whether—

- a. The ceiling limits of the Imprest and the sub-imprest were not exceeded;
- b. The monetary limit of a single voucher was not exceeded;
- c. Total recoupment and balances were in order;
- d. Imprest account was closed on 27th or next working day, as the case might be, every month;
- e. All corrections were duly attested by the payee or the imprest/sub-imprest holder, as the case might be; and,
- f. All sub-vouchers were duly defaced by the Executive Engineer at the time of passing a bill for recoupment of imprest/sub-imprest.

Record of Public Works Basics of Accounts

(Rule 133 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The initial records upon which the accounts of works shall be based are:

- Muster Roll;

- Measurement Book; and,
- Claim Voucher

Muster Roll

(Rule 134 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The Muster Roll shall be the initial record of the labour employed each day on a work and shall be written up daily by the authorised officer.

One or more Muster Roll may be kept for each work, but it shall never be prepared in duplicate.

For implementation of any scheme or work sponsored and funded, fully or in part, by the Govt. Of India, the ZP/PS shall follow the guidelines and any subsequent order governing such scheme, and shall make such use of format of Muster Roll as may be provided in the guidelines or the orders.

Abstract of work

(Rule 135 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

For all large works or groups of work, an abstract of work done shall ordinarily be endorsed on the muster roll and the quantity of work done shall be compared with the cost of labour employed. Any deficiency in this respect shall be noted by the paying officer and clarified.

Closing of Muster Roll

(Rule 137 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The Muster Roll shall be closed immediately after the close of the work or the period for which it is kept and the labourers shall be paid as soon thereafter as possible.

Procedure for payment through Muster Roll

(Rule 138 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The payment shall be made in the presence of one or more members of the Beneficiary Committee or member (s) of the ZP or PS and the officers associated with the scheme.

Both groups of members as may be available and the senior-most officer present at the spot shall put their signature with date against the group of labourers to be paid on that date as token of identification.

The amount paid on each date shall be noted in words as well as in figures at the foot of the Muster Roll.

The disbursement certificate at the foot of the Muster Roll shall also be signed by the members of both the groups and by the officer witnessing the disbursement.

Wages remaining unclaimed *(Rule 139 of WBP (ZP & PS) Accounts & Financial Rules, 2003)*

Wages not claimed within three months of their falling due shall not be paid without written orders of the Executive Engineer of ZP or EO of the PS and the wages not

claimed within six months of their falling due shall not be entertained without approval of the Artha Sthayee Samiti.

Audit points to be seen in respect of Muster Roll

The auditor should verify that—

1. The Muster Roll was written up daily by the authorized person;
2. No duplicate Muster Roll was maintained under ordinary circumstances;
3. In case of maintenance of a duplicate Muster Roll in exceptional circumstances, the same did not contain any order for payment;
4. An abstract of work done was ordinarily endorsed on the Muster Roll and the quantity of work done compared with the cost of labour employed, and deficiency, if any, noted and clarified by the paying officer;
5. The Muster Roll was closed immediately after the close of the work or the period for which it was kept;
6. The payment was made in the presence of one or more members of the Beneficiary Committee or member/members of the ZP/PS and officers associated with the scheme who put their dated signatures as a token of identification;

7. The disbursement certificate at the foot of the Muster Roll was also signed by the members of both the groups and the officer witnessing the disbursement;

8. Wages not claimed within the prescribed period were not paid without the approval of the competent authority; and

9. The Muster Roll was reconciled with the Measurement Book.

Measurement Book (MB)

(Rule 140 and 141 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The Measurement Book records the accounts of quantities irrespective of whether the work is done by engaging daily labourers or by entering into a contract at a fixed rate for the entire work or at different rates for specified items of work as may be identified and measured or materials received which have to be counted or measured. The following instructions should be followed in maintenance of MB:

1. Payment for all works, except for those which do not require any quantification or measurement to ascertain whether the claim made is justified, shall be made on the basis of measurement recorded in the MB;

2. MB should be numbered serially;

3. A stock register of MB shall be maintained in Form No. 30 showing the serial number of each book, the names and designation of the subordinate officer to whom issued, number of pages contained and their serial numbers, the date of issue and the date of its return, so that its eventual return to the issuing authority may be watched; and

4. Books no longer in use shall be withdrawn promptly from the subordinate officers, even though not completely used up.

Procedure for detailed measurements

(Rule 142 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

Measurements shall be recorded only by the officer-in-charge of works to whom the Measurement Book has been supplied.

Each measurement shall commence with entries stating:

- In the case of bills for work done-
 - Full name of work as given in estimate;
 - Location of work;
 - Name of contractor;
 - Number & date of his agreement;
 - Number & date of written order to commence work;
 - Date of actual completion of work;
- and

- Date of measurement.
- In case of bills for supply of materials-
 - Name of supplier and No. & date of his agreement or order;
 - Purchase of supply in one of the following forms applicable to the case-
 - 'Stock' (for suppliers for the purpose of building up stock);
 - 'Purchases' for direct issue for a specific work;
 - Purpose for issue to different contractors with dates of issue;
 - Date of written order to commence supplies;
 - Date of actual completion of supplies;
 - Date of measurement; and,
 - An abstract showing the total quantities of each work done.

Procedure for keeping records
(Rule 142 (iv) of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The person taking measurements shall see that-

- Reference to the last set of measurements is recorded;
- If the entire job or contract has been completed, the date of completion is duly noted in the prescribed place;

- If the measurements taken are the first set of measurements on a running account, or the first and final measurements, the fact shall be noted suitably against the entries in the MB, and in the latter case, the actual date of completion shall be noted in the prescribed place;
- Entries in the MB shall be recorded in consecutive pages and no blank pages shall be left or any page torn out. Any page left blank inadvertently shall be cancelled by drawing diagonal lines, the cancellation being attested and dated;
- Each MB shall be provided with an index, which shall be kept up-to-date; and,
- All records maintained should be clear and specific so that it may be produced, if necessary, as evidence in a court of law.

Review of measurements
(Rule 144 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The officer-in-charge of a work or the sectional officers having jurisdiction shall submit the MB in use to the Executive Engineer (for ZP) or EO (for PS) from time to time, so that at least once in three months the entries recorded in each book may be subjected to check by the Executive

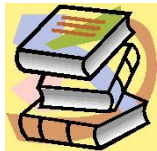
Engineer through the machinery at his disposal.

Audit points in respect of Measurement Book

1. Pages are machine numbered;
2. While issuing a MB the name of the officer to whom they are issued along with date of issue should be entered in the MB under the signature of the head of office along with a certificate that it contains all the pages;
3. There are no cases of overwriting in entries;
4. Corrections should be made by a single line crossing with initialing by the enterer;
5. If due to unavoidable circumstances any measurement is taken on paper other than MB, the same may be copied from that paper, but that should also be kept with the MB as a part of the MB;
6. All entries should be made in ink. If due to any unavoidable circumstances measurement is made in pencil, the same should not be inked over except the computed portion;
7. All payments have a reference to the pages and the numbers of the MB;
8. Where more than single entry for a single item of work is there for any work, an

item-wise abstract has been drawn in the MB;

9. The number and date of payment vouchers are noted below the abstract measurement;
10. All measurement pages should be scored out by a diagonal red ink line;
11. There is a register showing the movement of the MB; and
12. Any bills submitted for payment are accompanied by relevant MB; and
13. The auditor should also verify that -
 - a) All the used up books were retrieved and kept properly;
 - b) Entries were made at the site and not copied into from loose sheets;
 - c) Method of measurements was capable of giving accurate results;
 - d) All corrections in quantity were duly attested;
 - e) All recoveries due from a contractor were made and duly acknowledged; and
 - f) The entries recorded in the book were subjected to check at least once in three months.



General principles of Public Works Accounts Detailed Completion Report (Rule 148 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

A detailed Completion Report, of all completed works shall be prepared before payment of the final bill in respect of work and be submitted by the Executive Engineer or by the Sub-Assistant Engineer in charge of the work to the respective EO of ZP/PS for placement before the Sthayee Samiti concerned and through it, to the ZP or the PS, as the case may be.

Audit Points regarding the Completion Report

The auditor should see that -

1. The Completion Report was prepared before making payment of the final bill;
2. The Completion Report was duly placed before the Sthayee Samiti of the ZP/PS.

Contractor's Ledger (Rule 149 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

The Contractor's Ledger is an important initial record and it should maintain in the following way:

1. The accounts relating to contracts shall be kept as personal account and a separate

folio shall be opened in the Contractors' Ledger for each contractor;

2. The entries on the Debtor side shall show the payments made to the contractors and those on the Creditor side, the value of work done as shown in the Contractor's bills passed from time to time;

3. The account shall encompass all transactions to which the contractor is a party;

4. The number and amount of each passed bill, the name of the work and the number and amount of each cheque shall be shown in the ledger;

5. The value of materials made over or labours supplied to a contractor shall be debited to his account and receipt for the value there-of taken from him in support of the debit;

6. The ledger shall be posted as bills are passed and the pay orders are signed;

7. The Accountant shall not pass contractor's bill without referring to the ledger.

8. The ledger shall be closed and balanced monthly;

9. When there are balances due to a contractor on more than one bill the amount

due on each bill shall be detailed in the ledger;

10. The Executive Engineer's initials shall be obtained below each of these entries in token of his having satisfied himself that the balances are carried forward correctly. Similar action *mutatis mutandis* shall be taken at the PS; and

11. Security Deposits shall not be recorded in the Contractor's Ledger.

Audit points in respect of Contractor's Ledger

At the time of audit scrutiny-

- a) The Debtor side of the ledger should be checked with the relevant Contractor's Bills and Works Register; and,
- b) The creditor side of the ledger should be checked with the value of works done by the contractor as shown in Contractor's Bill from time to time.

The auditor should also see whether:

1. The ledger recorded all transactions to which the contractor was a party;
2. The number and amount of each passed bill, the name of the work and the number and amount of each cheque was recorded in the ledger;
3. The cost of materials/labour supplied to the contractor for the concerned work

was debited to the contractor's account and receipt thereof obtained from him;

4. Cross reference was kept in the ledger as to the number of each Contractor's Bill;

5. The balances due to a contractor were recorded in the ledger;

6. The ledger was closed and balanced monthly;

7. The competent officer's initials were obtained below the different entries in token of his having satisfied himself that the balances were carried forward correctly; and,

8. Security Deposits were not recorded in the Contractor's Ledger.

Register of Bills

(Rule 150 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

On receipt of Contractor's Bills, Muster Rolls and other bills for payment, the same shall be entered in the Register of Bills in which the date of passing for payment and other particulars shall be entered at the appropriate time.

Works Abstract

(Rule 151 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

An account of all transactions relating to a work during a month shall be prepared in the Works Abstract. Ordinarily there shall

be one Works Abstract monthly for each, but if the estimate is for a large work, which is divided into several sub-works, it may be convenient to have a works abstract separately for each sub-work.

Register of Works

(Rule 152 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

This register is the permanent and collective record of expenditure incurred during a year on each work. The following instructions should be borne in mind while maintaining this register:

- a) The register shall be posted monthly from Works Abstracts;
- b) A separate folio shall be assigned to each estimate;
- c) When separate Works Abstracts are prepared for the sub-works, the transactions relating to each Works Abstract shall be posted separately and an abstract for the entire work shall be prepared on a separate folio or set of folios for comparing the cost of the work and its sub-works with the provision in the estimate;
- d) The amount of each sanctioned estimate, the allotment for the year and the name of work shall be entered in the Register of Works;
- e) Any addition or reduction in the appropriations made during the year shall be noted therein;
- f) Monthly progressive total of the expenditure shall be made in the Register of Works. The monthly total of the expenditure shall be written below the last 'Monthly Total of Progress' and the rate of progress of work shall be worked out under each sub-head;
- g) If materials are purchased on behalf of contractors and made over to them, the value of materials shall be entered in the column "Due from Contractors". When the value is recovered by deduction from the contractor's bills, the amount shall be deducted by a minus entry in the column "Due from contractor";
- h) When on account of bad work by a contractor, it is necessary to incur expenditure for the same work through departmental agency, the amount shall be entered in the column "Due from Contractor" and not under the sub-head to which the work belongs. When the Contractor's next bill is received, the amount shall be deducted from the total of his bill;
- i) All minus entries shall be in red ink;

j) When materials are purchased for departmental works or for works for which the contract is for labour only the value of such materials shall be entered in the column for "Material at site". When actually used, the value of the materials so used shall be included in the quantity of work done under the appropriate sub-head; and,

k) When work is completed, a double line in red ink shall be drawn below the last entry and the following note made- "Work completed and completion report forwarded to the EO for placement before the Sthayee Samiti".

Audit points in respect of Register of Works

During scrutiny the auditor should verify the following:

1. A monthly Works Abstract showing all transactions relating to a work during a month was properly prepared;
2. The postings of the Works Register were made from the Works Abstract;
3. A separate folio was assigned to each estimate;
4. The postings of all passed bills could be traced into the Works Register;
5. In case of maintenance of subsidiary registers for sub-works, postings of documents could be checked to see that the

same could be traced into the Works Register;

6. Works registers could be compared with the sanctioned estimate, and excesses, if any, could be brought to light;

7. Adequate control was exercised by the administration over the closure of the accounts, preparation of completion report of works and delays in adjustment of released materials or other points contributing to the delay in closing the accounts, were avoided;

8. Expenditure was proportionately progressive as against allotment;

9. No expenditure was incurred in regards to items not included in the estimate;

10. Additions or reductions in the appropriations made during the year were properly noted; and,

11. In case of additional expenditure through departmental agency or otherwise necessitated due to bad performance of work by the contractor, the amount so incurred was properly noted in the column "*Due from Contractor*" and the amount was actually deducted from the total of the contractor's bill.



Preparation, examination and payment of Bills

Contractor's Bill

(Rule 157 to 160 of WBP (ZP & PS) Accounts & Financial Rules, 2003)

- a) Contractor's Bill shall be prepared by the Sub-Assistant Engineer in charge, after the measurements are entered in the MB;
- b) The bill together with the MB shall then be sent to the Executive Engineer (in ZP) or EO (in PS) for his scrutiny and check;
- c) If payment is made for an item of work which is not complete at the time of taking measurements, only such a fraction of the full rate may be allowed as is considered reasonable, with due regard to the work remaining to be done;
- d) Before signing the bill, the officer concerned shall compare the quantities in the bill with those recorded in the MB and see that all the rates are correctly entered;
- e) When the bill is on a running account, it shall be compared with the previous bill;
- f) The memorandum of payments shall then be prepared, any recoveries that may be made on account of the work or supply of any material being shown therein;
- g) From the MB all quantities shall be clearly traceable into the documents on which payments are made;
- h) When a bill is prepared for the work or supplies measured, every page containing the detailed measurements shall be scored out by drawing a diagonal line in red ink;
- i) When the payment is made, an endorsement shall be made in red ink on the abstract measurements, giving a reference to the number and date of the voucher of payment;
- j) Payments for work done or supplies made on a running account shall ordinarily be made monthly;
- k) When a final payment is made on a running account, the payee shall record in his own handwriting that the payment is "in full settlement of all demands". If the payee is illiterate or is unable to write beyond signing his name, these words may be recorded by the officer making the payment; and,
- l) A separate running account shall be maintained in respect of each contract. Transactions relating to two or more separate working estimates shall not be brought on to the same running account

and, therefore, shall not be covered by a single contract.

Audit points in respect of Contractor's Bill

The auditor should verify that-

1. The payments were made in accordance with the contract;
2. The bill was prepared only after recording of measurement in the MB;
3. Extra-contractual payments, if any, were justified and authorized;
4. Quantities in the bills could be compared with those provided in the estimate;
5. Deductions for overpayments (*minus figure*), if any, were duly made in the final bill;
6. Necessary supervision or freight charges were made for materials supplied outside the contract or used materials in excess of requirement;
7. In the case of running 'on account' bills, which were not the first of the series, it could be verified that all up-to-date and other figures were correct in reference to the previous bill;
8. The usual 10% deduction on account of Security Deposit was made from the 'on account' bills and that proper entries were made in the security deposit register; and,

9. The amount paid in all previous 'on account' bills were deducted from the total amount of the final bills.

Session 4.2

Session Title

Audit of Stock and Stores in ZP and PS



- **Instructor's Guide**
- **PowerPoint Slides**
- **Participants' Note**

Instructor's Guide
Session 4.2

Session Title: Audit of stock and stores of ZP and PS		Session Guide
Instructor's Guide	Reference	Participant Response
Session Overview		
<p>Welcome participants to the session and remind them that their active participation is critical for the success of each session.</p>		
Learning Objective		
<p>Tell: By the end of this session, we will be familiar with the procedure followed by ZP and PS for keeping records of stocks and stores, procedure for issue of materials etc., which will help us to draw audit conclusions during audit of ZP and PS stocks and stores in a practical job scenario.</p>		
Basic Concepts		
<p>Discuss:</p> <ul style="list-style-type: none"> • Custody of stock • Payment for stock received • Indent of stores • Maintenance of Bin Card • Procedure for issue of materials • Tools and Ledger • Old stores and • Verification of stock <p>Ask the participants what should be the probable audit points to be looked into the general procedure maintained in the above mentioned areas.</p> <p>Discuss the suggested audit points.</p>	<p>Slide :SESSION 4.2 AUDIT OF STOCK AND STORES ACCOUNTS IN ZP AND PS</p>	
Summarise:		
<p>Delineate: During the session, we discussed the procedure relating to maintenance of stock and stores in ZP and PS and audit points thereon.</p> <p>Distribute Participants' Note</p> <p>Thank the participants and bring the session to a close.</p>	<p>SESSION 4.2 P.NOTE</p>	


ZP PS Stocks and Stores PPS

Session 4.2


Audit of ZP and PS Stock and Stores

Slide 1

**Audit of Stock and Stores
in
Zilla Parishad
and
Panchayat Samiti**



Session 4.2




Slide 4


Stock & Stores

Payment for stock received

- Payment shall be made on the basis of entries recorded in the Goods Received Sheet
- A Register shall be maintained under the control of the XEN (in ZP) or Sub-Asstt. Eng. (for PS) showing the date of issue, serial number of each booklet, the name of the officer to whom the booklets are issued and the date of return of the used booklets with office copies so that its eventual return to the concerned Engineer may be watched



Session 4.2



AUDIT OF ZP AND PS 4

Slide 2


Stock & Stores

Custody of stock


- The stock may be kept in a single store in charge of a store keeper or any other officer as may be entrusted upon by the EO in consultation with the Artha Sthayee Samiti
- If it is kept in more than one store in the direct custody of any sub-ordinate officer, all such stores shall be under overall charge of the XEN Or Sub-Asstt. Eng. concerned

Order for supply

- All orders for supplies required for works to be executed shall be issued duly signed by the EO in presence of the decision of the Sthayee Samiti



Session 4.2




AUDIT OF ZP AND PS 2

Slide 5


Stock & Stores

Indent of stores

- Indent of stores shall be prepared in quadruplicate with the description of stores and other particulars being filled in
- The fourth copy of the indent shall be retained as office copy and the other three, which shall be marked "Original", "Duplicate", "Triplicate", given to the supplying office. Indent shall be the basis of all subsequent accounting records and shall be filled with due care and diligence



Session 4.2




AUDIT OF ZP AND PS 5

Slide 3


Stock & Stores

Goods Received Sheet

- This sheet shall be printed in the form of a booklet and serially numbered with the office copy stitched and counterpart perforated
- It shall be prepared in triplicate, one copy being received by the goods receiving officer and the other two sent to the XEN or the Sub-Asstt. Eng., out of which one copy shall be passed on to the supplier and other to the Accountant for posting in the Priced Stores Ledger for the purpose of making payment in due course



Session 4.2




AUDIT OF ZP AND PS 3

Slide 6


Stock & Stores

Maintenance of Bin Card

- Bin Card keeps basic quantity record of the stock transaction
- All the Bin Cards shall be serially numbered and a register of Bin Cards shall be maintained
- A chronological record of receipts, issues and the running balance of each article of stock shall be kept in the Bin Card and maintained at the place where the materials are stored. The Bin Cards shall be posted from the Goods Received Sheets and the stores indents



Session 4.2



AUDIT OF ZP AND PS 6

ZP PS Stocks and Stores PPS



Session 4.2

Slide 7

Stock & Stores

Procedure for issue of materials

- When issuing materials from stock, the officer in charge of the store shall examine the indent and sign it in the space provided for the purpose, after entering in all the copies the quantity issued
- An entry of the stores issued shall simultaneously be made in the Bin Card
- One copy of the indent shall be retained in the store as a voucher in support of the entry in the Bin Card, the second being returned at once to the indenting Officer. The third copy shall be sent to the issuing authority for posting entries in the Register of Purchases

AUDIT OF ZP AND PS



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Slide 10

Stock & Stores

Verification of stock

- The balance of any stores shall be examined half-yearly by the XEN (in ZP) or Sub-Asstt. Eng. (in PS) with the approval of EO subject to any direction of the Artha Sthayee Samiti to see whether the balance in hand represents the quantities as well as the value borne on the account books

AUDIT OF ZP AND PS



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Slide 8

Stock & Stores

Tools and Plant Ledger

- The accounts of tools and plant shall be maintained in this Ledger
- The expenditure on tools and plants shall be entered in the Register of Works in the same manner as works and repair
- At the end of every year the XEN (in ZP) or EO (in PS) shall verify the entries in the Ledger by actual counting of the articles and certify the fact on the body of the ledger, any difference in balance at the end of year being fully explained



AUDIT OF ZP AND PS

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Slide 11

Audit points regarding Stock and Stores

- Was there proper arrangement for storage of various items of stock?
- Who was the custodian of stock and stores? Was the Artha Sthayee Samiti consulted before appointing the custodian?
- Were all items of stores examined, counted or measured before taking into stock and all the particulars actually recorded in the Goods Received Sheet?
- Were the particulars of total numbers or quantity of the materials received recorded simultaneously in the Bin Cards?
- How was the cost of acquisition of stores charged? Was proper categorization followed in every case? If not, why?
- Was posting of the Priced Stores Ledger done correctly?
- Were the payments made correctly for stores received?

AUDIT OF ZP AND PS



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Slide 9

Stock & Stores

Old stores

- Materials received from buildings, culverts, bridges or any other construction dismantled or undergoing repairs shall:
 - Be brought on the stock accounts of the material with a reference to the official concerned by making entries in the Bin Card, or
 - Be sold at once by public auction or disposed of in any other lawful manner as may be decided by the ZP or PS
 - Materials which shall be found serviceable may be utilised for works in progress under the orders of XEN (in ZP) or Engineer-in-charge (in PS)

AUDIT OF ZP AND PS



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Slide 12

Audit points regarding Stock and Stores contd.

- Did the appropriate authority verify the correctness of the stock through physical verification of stock at least annually?
- Were there any items of stores rejected during examination of the same at the time of receipt? Was proper recovery from the supplier made on this account?
- Was there a Tools & Plants Register and was it properly maintained? Was there evidence of its periodical verification by actual count?
- How were the excess/ unserviceable items of stores disposed of? Was there a proper record of such disposal?
- Was there any case of sale of stores? If so, was the sale in accordance with the extant rules? Was the credit thereof accounted properly? Could the amount of sale be traced into the Cash Book?

Home

AUDIT OF ZP AND PS

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Session Title

Audit of Stock and Stores of ZP and PS

Session Overview

We are now in the module wherein audit of stores and stock of ZP and PS and relevant records could be carried out.

In the previous sessions, evolution of PRI, constitution of ZP and PS, Audit of ZP and PS Fund, Audit of financial accounting and Audit of ZP and PS works accounts were discussed.

In this session we will discuss audit of store and stocks of ZP and PS.

Learning Object

At the end of this session we will learn the procedure of maintaining store and stock accounts to the extent that during the audit of store and stock of ZP and PS we will be able to draw the audit conclusion which indicates-

- Whether the procedure of maintaining store and stock accounts is as per rules and
- Audit points are supported by evidence.

Basic Concept

Custody of stock

*(Rule 175 of WBP (Zilla Parishad & Panchayat Samiti) Accounts and Financial Rule, 2003)**

The stock may be kept in a single store in charge of an officer as may be

entrusted upon by the Executive Officer in consultation with the Artha Sthayee Samiti.

If it is kept in more than one store in the direct custody of any sub-ordinate officer, all such stores shall be under overall charge of the Executive Engineer or Sub-Asstt. Engineer concerned.

Order for supply

(Rule 176 of WBP (Zilla Parishad & Panchayat Samiti) Accounts and Financial Rule, 2003)

All orders for supplies required for works to be executed shall be issued duly signed by the Executive Officer in pursuance of the decision of the Sthayee Samiti.

Goods Received Sheet

(Rule 180 of WBP (Zilla Parishad & Panchayat Samiti) Accounts and Financial Rule, 2003)

This sheet shall be printed in the form of a booklet and serially numbered with the office copy stitched and counterpart perforated.

It shall be prepared in triplicate, one copy being received by the goods receiving officer and the other two sent to the Executive Engineer or the Sub-Asstt. Engineer, out of which one copy shall be passed on to the supplier and other to the Accountant for posting in the Priced Stores

* To be adopted as per state specific scenario.

Ledger for the purpose of making payment in due course.

Payment for stock received

(Rule 181 of WBP (Zilla Parishad & Panchayat Samiti) Accounts and Financial Rule, 2003)

Payment shall be made on the basis of entries recorded in the Goods Received Sheet.

A register for them shall be maintained under the control of the Executive Engineer (in ZP) or Sub-Asstt. Engineer (for PS) showing the date of issue, serial number of each booklet, the name of the officer to whom the booklets are issued and the date of return of the used booklets with office copies so that its eventual return to the concerned Engineer may be watched.

Indent of stores

(Rule 184 of WBP (Zilla Parishad & Panchayat Samiti) Accounts and Financial Rule, 2003)

Indent of stores shall be prepared in quadruplicate by the description of stores and other particulars being filled in.

The fourth copy of the indent shall be retained as office copy and the other three, which shall be marked "Original", "Duplicate", and "Triplicate", given to the supplying office. Indent shall be the basis of all subsequent accounting records and shall be filled with due care and diligence.

Maintenance of Bin Card

(Rule 186 of WBP (Zilla Parishad & Panchayat Samiti) Accounts and Financial Rule, 2003)

Bin Card keeps basic quantity record of the stock transaction.

All the Bin Cards shall be serially numbered and a register of Bin Cards shall be maintained.

A chronological record of receipts, issues and the running balance of each article of stock shall be kept in the Bin Card and maintained at the place where the materials are stored. These Cards shall be posted from the Goods Received Sheets and the stores Indents.

Procedure for issue of materials

(Rule 185 of WBP (Zilla Parishad & Panchayat Samiti) Accounts and Financial Rule, 2003)

When issuing materials from stock, the officer in charge of the store shall examine the Indent and sign it in the space provided for the purpose, after entering in all the quantity issued.

An entry of the stores issued shall simultaneously be made in the Bin card.

One copy of the indent shall be retained in the store as a voucher in support of the entry in the Bin Card, the second being returned at once to the indenting officer. The third copy shall be sent to the issuing

authority for arranging entries in the Register of Purchases.

Tools and Plants Ledger

(Rule 190 of WBP (Zilla Parishad & Panchayat Samiti) Accounts and Financial Rule, 2003)

The accounts of tools and plants shall be maintained in this Ledger.

The expenditure on tools and plants shall be entered in the Register of Works in the same manner as works and repair.

At the end of every year the Executive Engineer (in ZP) or Executive Officer (in PS) shall verify the entries in the ledger by actual counting of the articles and certify the fact on the body of the ledger, any difference in balance at the end of year being fully explained.

Old stores

(Rule 193 of WBP (Zilla Parishad & Panchayat Samiti) Accounts and Financial Rule, 2003)

Materials received from buildings, culverts, bridges or any other construction dismantled or undergoing repairs shall:-

- Be brought on the stock accounts of the material with a reference to the official concerned by making entries in the Bin Card, or
- Be sold at once by public auction or disposed of in any other lawful manner as may be decided by the ZP or PS

- Materials which shall be found serviceable may be utilised for works in progress under the orders of Executive Engineer (in ZP) or Engineer-in-charge (in PS).

Verification of stock

(Rule 196 of WBP (Zilla Parishad & Panchayat Samiti) Accounts and Financial Rule, 2003)

The balance of any stores shall be examined half-yearly by the Executive Engineer (in ZP) or Sub-Asstt. Engineer (in PS) with the approval of Executive Officer subject to any direction of the Artha Sthayee Samiti to see whether the balance in hand represents the quantities as well as the value borne on the account books.

Audit points:

1. Was there proper arrangement for storage of various items of stock?
2. Who was the custodian of stock and store? Was the Artha Sthayee Samiti consulted before appointing the custodian?
3. Were all items of stores examined, counted or measured before taking into stock and all the particulars actually recorded in the Goods Received Sheet? Could the auditor ensure that the particulars of total numbers or quantity

of the materials received were recorded simultaneously in the Bin cards?

4. How was the cost of acquisition of stores charged? Was proper categorization followed in every case? If not, why?

5. Could the auditor ensure correct posting of the Priced Stores Ledger?

6. Could the auditor ensure correctness for making payments for stores received?

7. Did the appropriate authority verify the correctness of the stock through physical verification of stock at least annually?

8. Were there any items of stores rejected during examination of the same at the time of receipt? Was proper recovery from the supplier made on this account?

9. Was there a Tools & Plants Register and was it properly maintained? Was there evidence of its periodical verification by actual count?

10. How were the excess/ unserviceable items of stores disposed of? Was there proper record of it?

11. Was there any case of sale of stores? Could the auditor ensure that the sale was in accordance with the extant rules? Was the credit thereof accounted properly? Could the amount of sale be traced into Cash Book?

Session 5.1

Session Title

Audit of scheme implemented through ZP and PS



- **Instructor's Guide**
- **PowerPoint Slides**
- **Exercise**
- **Solution**
- **Participants' Note**

Instructor's Guide
Session 5.1

Session Title: Audit of Schemes implemented through ZP and PS		Session Guide
Instructor's Guide	Reference	Participants' Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of each session.		
Learning Object		
<p>Delineate: By the end of this session, we will be familiar with the procedure followed by ZP and PS for implementation of various schemes which will help us to draw audit conclusions during regarding schemes undertaken by ZP and PS in a practical job scenario.</p> <p>Inform: As the schemes sponsored by state governments vary from state to state and also from time to time, we will discuss only a few major schemes which are sponsored by the Central Government. However, at the end of session, we will understand that any other schemes can also be audited on a similar pattern with the knowledge acquired by us in this session.</p>		
Basic Concepts		
<p>I. Explain: Indira Awas Yojana(IAY), its strategies, target group, components of the scheme, funding pattern, earmarking of funds, allocation of funds, administrative expenses, implementing agencies, implementation approaches, sensitization of beneficiaries, release of instalment to beneficiaries, timelines for construction, release of funds, management of funds, capacity buildings, role of panchayats, accountability and audit, monitoring.</p> <p>Encourage the participants to think of the probable audit points regarding IAY.</p> <p>Advise them to jot down their points and Discuss the suggested audit points.</p> <p>II. Explain: National Social Assistance Programme (NSAP), the schemes under this programme IGNOAPS, IGNWPS, IGNDPS, NFBS, Annapurna scheme, key principles, eligibility criteria and scale of assistance, norms for central assistance, selection of beneficiaries, administrative arrangements, allocation of Central Funds, release of funds, disbursement of pensions, monitoring and evaluation.</p>	<p>Slide : SESSION 5.1 AUDIT OF IAY</p> <p>Slide : SESSION 5.1 AUDIT OF NSAP</p> <p>Slide : SESSION 5.1 AUDIT OF MGNREGA</p>	

Instructor's Guide
Session 5.1

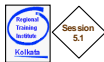
<p>Encourage the participants to think of the probable audit points regarding NSAP.</p> <p>Advise them to jot down their points and Discuss the suggested audit points.</p> <p>III. Explain: Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS): its salient features i.e. right to workers, planning, roles and responsibilities of panchayats, functions of the district panchayat, functions of the intermediate panchayat, function of the district programme coordinator, function of the programme officer, implementation, funding, audit of accounts, transparency and accountability, NREGAsoft, social audit, implementing, monitoring and evaluation.</p> <p>Encourage the participants to think of the probable audit points regarding SGRY.</p> <p>Advise them to jot down their points.</p> <p>Discuss the suggested audit points.</p>		
<p>Summarise:</p>		
<p>Highlight: During the session, we discussed the procedure relating to implementation of various schemes in ZP and PS and audit points thereon.</p> <p>Distribute Participants' Note</p> <p>Thank the participants and bring the session to a close.</p>	<p>SESSION 5.1 PARTICIPANTS' NOTE</p>	

Audit of Indira Awas Yojana

Slide 1

Audit of Indira Awas Yojana


Regional Training Institute, Kolkata



Slide 4

Target Group

- Indira Awas Yojana is a housing scheme for the houseless poor families those living in dilapidated and kutcha houses
- The scheme is designed to enable Below Poverty Line (BPL) households
- Households are identified by the community through Gram Sabhas following criteria suggested for such identification contd. to next slide

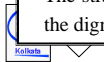


AUDIT OF ZP AND PS 4

Slide 2

Introduction

- Indira Awas Yojana (IAY) was launched during 1985-86 as a sub-scheme of Rural Landless Employment Guarantee Programme (RLEGP) and continued as a sub-scheme of Jawahar Rozgar Yojana (JRY) since its launching from April, 1989
- It has been made an independent scheme with effect from January 1, 1996
- The strategy is to reduce rural poverty and to provide the dignity of an address to the poor households




AUDIT OF ZP AND PS 2

Slide 5

Components of the scheme

Assistance for construction of a new house

- IAY house has to be pucca with a minimum built up area of at least 20 sq. mts.
- House should withstand for at least 30 years
- House should include a toilet, soak pit and compost pit
- It should have a verandah and a stair case to go to the top of the house

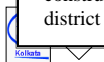


AUDIT OF ZP AND PS 5

Slide 3

Strategies

- Strengthening the ongoing process and helping people to carry it forward
- Supporting the construction of a 'core house'
- Determining the design of dwelling units on the basis of user requirements
- Identifying appropriate building technologies and upgrading of traditional and local technologies
- Promoting equity and social justice by enabling SC/ST families, marginalized groups to access the scheme and construct proportion to the SC/ST population in the district



AUDIT OF ZP AND PS 3

Slide 6

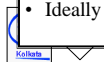
Components of the scheme

Upgradation of kutcha or dilapidated houses

- Upgradation of roof/walls, repair/replacement of parts
- Upgradation includes reuse/recycle material
- Use of additional material/replacement of material

Provision of house sites

- Assistance is provided for the purpose of providing house sites
- Entitlements for house sites are notified by State Governments
- Ideally 10 cents of land should be provided



AUDIT OF ZP AND PS 6

Slide 7

Components of the scheme

Special projects

- Five percent of IAY allocation retained at the Central level as reserve fund
- States/UTs decides the purpose of utilizing the reserve fund. Purposes are:
 - Rehabilitation of BPL families affected by natural calamities, violence and law and order problems, **occupational diseases like Silicosis, Asbestos, overuse of pesticides**
 - Settlement of freed bonded labourers, liberated manual scavengers, vulnerable tribal groups

AUDIT OF ZP AND PS 7

Slide 10

Earmarking and Allocation of funds

- Upto 4 per cent of the funds released can be utilised for administering the scheme
- Administrative expenses includes:
 - Upto 1 per cent for IEC activities
 - Upto 1 per cent for Social Audit
 - Imparting training
 - Cost of photographs of the houses, models for demonstration

AUDIT OF ZP AND PS 10

Slide 8

Funding pattern

- The cost of the scheme shared between Government of India and State Governments in the ratio 75:25 except the component of House Sites.
- For North Eastern States the ratio is 90:10.
- Cost of providing house sites are shared 50:50 between Government of India and State Governments.
- Government of India provides the full cost for UTs

AUDIT OF ZP AND PS 8

Slide 11

Implementing Agencies

- At the district level Zilla Parishad
- At the local level the Village Panchayat,
- If Village Panchayats are too small, Panchayat at the intermediate level would implement

AUDIT OF ZP AND PS 11

Slide 9

Earmarking and Allocation of funds

- 60 per cent of fund for SCs and STs
- 15 per cent for beneficiaries from minorities
- 3 per cent of beneficiaries should be from disable person
- 95 per cent of allotment of fund for the components of new houses, upgradation of houses, provision of house sites and administrative expenses
- 5 per cent for special project
- 20 per cent of district allocation to be used for upgradation of kutchha/dilapidated houses of BPL families

AUDIT OF ZP AND PS 9

Slide 12

Implementation approaches

- IAY should be implemented following the habitation approach
- All habitations of PTGs and Beneficiary families of the Forest Rights Act to be covered on priority
- Other habitations to be identified by the State Government are:
 - families of manual scavenger
 - women in difficult circumstances
 - mentally and physically challenged persons
 - Household with Leprosy, Cancer, HIV patient
 - Other houseless BPL families

AUDIT OF ZP AND PS 12

Slide 13

Implementation approaches

- The habitations to be prioritized using the SECC baseline data
- A five year and annual priority list to be developed by State Govt.
- List to be approved in the Gram Shabha meeting within 30th November

AUDIT OF ZP AND PS 13

Slide 16

Release of Funds

- Ministry release funds to Districts directly on the basis of consolidated proposal of States
- The annual allocation will be on two instalments
- First instalment shall be equal to 50 per cent of annual allocation
- Second instalment shall be equal to the annual allocation minus first instalment
- Release of second installment is subject to:
 - Utilization of at least 60% of total available funds
 - Data entry in AwaasSoft
 - Completion of 100% of sanctioned houses more than three years old and 75% of houses sanctioned two to three years ago

AUDIT OF ZP AND PS 16

Slide 14

Sensitisation of beneficiaries

- Beneficiaries will be sensitized on the housing designs and construction to make an informed choice
- A sanction order shall be issued in favour of each beneficiary
- An entitlement card has to be given to every beneficiary
- The payment will be made in Gram Sabha meeting
- The construction should be carried out by the beneficiary himself/herself
- Technical and managerial guidance should be provided

AUDIT OF ZP AND PS 14

Slide 17

Role of Panchayats

- The Gram Panchayats have the most critical role to play in identifying the beneficiaries
- The **Panchayats at the** intermediate level should:
 - provide technical assistance
 - act as a resource centre to assist the beneficiaries
 - custodian of the publications and electronic material on different aspects of construction
 - conduct field-level monitoring and send reports to the Zilla Parishad
 - have special role in getting the houses completed without delay

AUDIT OF ZP AND PS 17

Slide 15

Release of installments to beneficiaries and completion

- First instalment should not be more than 25 per cent of the unit cost
- Second installment not less than 60 per cent should be released on reaching the level lintel
- Third instalment not more than 15% should be given only after the house including the sanitary latrine is constructed and the beneficiary starts living in the house
- Construction should not take more than two years from the date of release of 1st instalment.

AUDIT OF ZP AND PS 15

Slide 18

Role of Panchayats

- The **Zilla Parishad** should :
 - coordinate the overall implementation of the programme in the district
 - Ensure the adherence of different provisions of the guidelines
 - sort out the issues relating to delays in implementation and other problems
 - monitor the overall progress of the scheme
 - ensure smooth flow of funds

AUDIT OF ZP AND PS 18

Slide 19

Accountability and Audit
<ul style="list-style-type: none"> • Details of implementation of all component should be disclosed in the local area. • Accounts at all levels are to be audited by a Chartered Accountant. • Social Audit is to be conducted in every Gram Panchayat at least once in a year. • There should be a grievance redressal system at the block and district level.

AUDIT OF ZP AND PS 19

Slide 22

Audit Points To Be Looked In To
<ul style="list-style-type: none"> • Whether all habitations of PTGs and Beneficiary families of the Forest Rights Act are covered? • Did all the beneficiaries actually reside in the rural areas? • Were all the houses for which grant was given actually constructed within the village concerned? • Did the families of manual scavengers get first priority in selection?

AUDIT OF ZP AND PS 22

Slide 20

MONITORING
<ul style="list-style-type: none"> • All data shall be placed on AwaasSoft for monitoring at Government of India Level. • Officers at the Block level should inspect 10% of the houses at each stage of construction. • A system of quality monitoring should be established to guide and assist the beneficiary. • AwaasSoft a workflow-based transaction level Management Information System. • Reports generated by the MIS used for monitoring and reporting purposes.

AUDIT OF ZP AND PS 19

Slide 23

Audit Points To Be Looked In To
<ul style="list-style-type: none"> • Were all the beneficiaries actually houseless or in need of shelter or shelter up-gradation? • Was the allotment made for upgradation of houses more than 20% of the total Fund? • Did the Panchayat body take up the work of construction of the houses of beneficiaries other than physically handicapped persons? • Were all the conditions for release of central assistance fulfilled? • Could the ZP, at the time of applying for the 2nd instalment, actually utilize 60% of the total available funds including the State share?

AUDIT OF ZP AND PS 23

Slide 21

Audit Points To Be Looked In To
<ul style="list-style-type: none"> • Were the proportionate shares of contribution by the Central and State Governments in the ratio 75/25 duly received? If not, why? What were the reasons for non-receipt of the contributions? Was there any lapse by the ZP/PS? • Were all the conditions in respect of giving the benefits duly fulfilled? • Was any part of the grant utilised for any purpose other than those prescribed?

AUDIT OF ZP AND PS 19

Slide 24


Audit Points To Be Looked In To
<p>Were the following complied with at the time of applying for the 2nd instalment</p> <ul style="list-style-type: none"> ○ Data entry in AwaasSoft reflecting utilisation of funds and completion of houses ○ Submission of utilisation certificate for the previous year in the prescribed form ○ Completion of 100% of sanctioned houses more than three years old and 75% of houses sanctioned two to three years ago.

AUDIT OF ZP AND PS 24

Slide 25

Audit Points To Be Looked In To

- Whether separate separate bank account maintained for IAY?
- Was the fund allotted for GPs released promptly to the GPs directly?
- Was the amount of interest earned on the deposit of IAY utilised for any purpose other than for construction / up-gradation of IAY houses?




AUDIT OF ZP AND PS 25

Slide 3

Introduction

The NSAP at present includes five components:

- Indira Gandhi National Old Age Pension Scheme (IGNOAPS)
- Indira Gandhi National Widow Pension Scheme (IGNWPS)
- Indira Gandhi National Disability Pension Scheme (IGNDPS)
- National Family Benefit Scheme (NFBS)
- Annapurna Scheme



Session 5.1


AUDIT OF ZP AND PS 3

Audit of NSAP

Slide 1

**Audit of
National Social Assistance Programme**

Regional Training Institute, Kolkata




Session 5.1

Slide 4

Introduction contd.

- Persons of the most vulnerable category of society eligible for pensions/assistance under this scheme
- Persons are selected with least burden on them, in the identification, sanction and verification processes.




Session 5.1

AUDIT OF ZP AND PS 4

Slide 2

Introduction

- National Social Assistance Programme (NSAP) a fully funded Centrally Sponsored Scheme was introduced on 15th August 1995.
- The scheme was launched with the objective of providing a basic level of financial support to the destitute.
- The scheme had three components namely:
 - National Old Age Pension Schemes (NOAPS)
 - National Family Benefit Scheme (NFBS)
 - National Maternity Benefit Scheme (NMBS)




Session 5.1

AUDIT OF ZP AND PS 2

Slide 5

Key Principles

- **Universal coverage of eligible persons and pro-active identification - Implementing agency should ensure coverage on special priority for the vulnerable groups.**
- **Transparent and people friendly process for application, sanction, appeal and review - Support to be given to the eligible people in obtaining their documents to establish their eligibility.**
- **Regular monthly disbursement of pensions and benefits preferably at the door-step of the beneficiaries.**




Session 5.1

AUDIT OF ZP AND PS 5

Slide 6

Key Principles

- **Electronic Transfer** - To ensure efficiency and regular transfer, payment into the bank account/post office account or through electronic money order is preferred.
- **Robust Social Audit and Annual Verification** - Regular social audit by gram sabhas constituting Social Audit Committee to be ensured.
- **Key role for local self-government institutions** - District, Block / Intermediate panchayats and Village level panchayats should play a vital role in creating awareness.



Session 5.1

AUDIT OF ZP AND PS 6

Slide 9

Eligibility Criteria and Scale of Assistance

IGNOAPS


The eligible age is 60 years. The pension is

- Age 60 years to 79 years Rs.200 p.m.
- 80 years and above Rs.500 p. m.

IGNWPS

Pension to widows below poverty line is:

- Age 40 years to 79 years Rs.300 p m
- 80 years and above Rs.500 p.m.




Session 5.1

AUDIT OF ZP AND PS 9

Slide 7

Key Principles

- **IT based MIS** - MIS should be adopted for sanction, disbursement and monitoring of programme.
- **Robust grievance redressal system** - Grievance redressal system at the Gram / Intermediate Panchayat / District / level should be adopted .
- **Automatic Convergence** - Convergence with other schemes will provide maximum benefit to the beneficiaries from BPL families which are the target group of other schemes.



Session 5.1

AUDIT OF ZP AND PS 7


Slide 10

Eligibility Criteria and Scale of Assistance

IGNDPS

Pension to be given to persons suffering from severe or multiple disabilities. The eligible age is 18 years and above , disability level has to be 80%. The amount:

- Rs.300 p.m. 18 years to 79 years
- Rs.500 p.m. 80 years and above




Session 5.1

AUDIT OF ZP AND PS 10

Slide 8

State Specific Guidelines

- States are to formulate guidelines adhering the key principle.
- Guidelines require one time approval of NSAAC.
- State guidelines should contain :
 - Procedure for identification
 - Time lines for the different process
 - Administrative arrangements
 - Mode of disbursement
 - Process for social audit
 - Road map for electronic transfer MIS and monitoring



Session 5.1

AUDIT OF ZP AND PS 8

Slide 11


Eligibility Criteria and Scale of Assistance

NFBS

- In the event of death of the bread-winner Rs. 20000/- will be given as a lumpsum assistance to the bereaved household.

Annapurna Scheme

- 10 kgs of food grains (wheat or rice) is given per month per beneficiary. Assistance to be given to eligible old aged persons who have remained uncovered under the IGNOAPS.





Session 5.1

AUDIT OF ZP AND PS 11

Slide 12

Norms for Central Assistance

- Central assistance is determined on the basis of BPL population of the State.
- Number of beneficiaries each year is determined on the reports of the previous year submitted by the State Governments.
- If there are more deserving beneficiaries, the State has the option to give them pension from its own resources.






AUDIT OF ZP AND PS 12

Slide 15

Selection of Beneficiaries

- The time for processing till sanction or rejection should not exceed sixty days.
- Every beneficiary shall be issued a **Pension Passbook**.
- Passbook shall contain details of the Sanction Order, particulars of the pensioner and disbursement details.






AUDIT OF ZP AND PS 15

Slide 13

Selection of Beneficiaries

- One of the main tasks is awareness generation among the people through District, Block/Intermediate and Village level panchayats.
- Applicants whose socio-economic and health condition is vulnerable should be given priority.
- Only BPL persons from the eligible categories would be considered.
- Annual verification of the existing beneficiaries should be carried out for continuation or deletion






AUDIT OF ZP AND PS 13

Slide 16

Administrative Arrangements

- Zilla Parishads are entrusted to implement the scheme at district level.
- If Gram Panchayat is small to implement at local level the intermediate panchayat will implement.






AUDIT OF ZP AND PS 16

Slide 14

Selection of Beneficiaries

- Beneficiaries should be proactively identified by reaching out to their households.
- Applications should be verified within two weeks.
- Applications will be discussed in the Gram Sabha.
- Sanctioning Authority will convey approval in the form of a sanctioned order.



AUDIT OF ZP AND PS 14

Slide 17

Administrative Arrangements

State level administrative function :

- Ensure timely disbursement of funds,
- Constitute State level and District Level Committees,
- Identify/nominate, at least one Nodal Officer
- Furnish a certificate annually by 15th December
- Adopt and use NSAP-MIS


AUDIT OF ZP AND PS 17

Slide 18

Administrative Arrangements

District Level administrative function:

- Ensuring efficient implementation ,
- Giving wide publicity for generation of awareness,
- Convening meetings of the District Level Committee regularly
- Monitoring and compiling information




AUDIT OF ZP AND PS 18

Slide 21

Release of Funds

- Funds will be released to the Consolidated Fund of the State Government ,
- Annual allocation will be released in two instalments,
- First installment equal to 50% of the annual allocation,
- **The unspent balance, if any, will be temporarily deducted from the first installment**
- Second installment shall be equal to the annual allocation minus first instalment




AUDIT OF ZP AND PS 21

Slide 19

Administrative Arrangements

Gram / Intermediate Panchayat Level:

- Disseminating information regarding procedure for obtaining benefits,
- Periodic reviews, discussions in Gram Sabha Ward level meetings,
- The identification could be own volition of Gram Panchayat or report of any other competent authority,
- Monitoring and necessary follow-up ,




AUDIT OF ZP AND PS 19

Slide 22

Release of Funds

Release of second instalment requires:

- Utilisation of at least 60% of total available funds,
- Scheme wise utilization Certificate,
- A certificate that the 3% administrative expenses are incurred




AUDIT OF ZP AND PS 22

Slide 20

Allocation of Central Funds

- Allocation of funds based on eligible population arrived at using the SECC data on criteria fixed by the Ministry of Rural Development,
- If the number of eligible beneficiaries is more than the estimated number of beneficiaries the expenditure on excess number of beneficiaries to be met from the resources of the State/UT.
- Three percent of the funds are for administrative expenses




AUDIT OF ZP AND PS 20

Slide 23

Disbursement of Pensions

- Procedure for disbursement of pension has to be convenient and according to the choice of the beneficiary.
- The possible modes of payment are Banks, Post Office Account, Money Order and Cash disbursement.
- Postal Money Order ensures door step delivery of pension .




AUDIT OF ZP AND PS 23

Slide 24

Disbursement of Pensions

- Payment of assistance in cash should be adopted only if other modes are not workable.
- In order to enhance efficiency in implementing scheme all States to adopt MIS which is transaction and work flow based




Session 5.1

AUDIT OF ZP AND PS 24

Slide 27

Audit points to be looked into

5. Was there any case of grant of the benefit under IGNOAPS even after the death of the pensioner?
6. Was there any case of lump sum grant of NFBS in excess of Rs.20,000/- for an individual family? Was the legal entitlement of the beneficiary established before grant of the benefit?
7. Was Social Audit conducted once in every six months? If not, what are the reasons?
8. Were there any cases of irregular grant of NSAP schemes due to wrong/false declaration of the recipients? If so, were the due recoveries made from them?




Session 5.1

AUDIT OF ZP AND PS 26

Slide 25

MONITORING AND EVALUATION

- A National Social Assistance Advisory Committee (NSAAC) will assist the Ministry of Rural Development in the monitoring and evaluation.
- The State level Committee will monitor and evaluate programme in States.
- District level Committee will be responsible for implementation, monitoring and evaluation of the programme within the district.




Session 5.1

AUDIT OF ZP AND PS 25

Slide 28

Audit points to be looked into

9. Was a District Level Committee (DLC) constituted in the district for monitoring and evaluating the programmes under the NSAP schemes, as required under the conditions of the NSAP?
10. Was proper identification of the beneficiaries of the NSAP made consequent on the fixing of targets? If not, why? Did such non-identification/ delay in identification lead to non-utilization of the allotted Funds?
11. Were all the necessary reports/returns including furnishing of utilization certificates sent in due course?




Session 5.1

AUDIT OF ZP AND PS 24

Slide 26

Audit points to be looked into

1. Were all the beneficiaries of NSAP actually destitute and the families below the poverty line?
2. Did the beneficiaries of IGNOAPS have no other means of subsistence from their own sources of income or through financial support of family members or other sources?
3. Were the benefits under NFBS given to the families only after the death of their primary bread earners and the families lived below the poverty line?
4. Were all the beneficiaries of IGNOAPS in the age group of 60 years or above?




Session 5.1

AUDIT OF ZP AND PS 26

Slide 29

Audit points to be looked into

12. Were there any cases of curtailment of allotments due to non-compliance of the conditions of NSAP?
13. Did State Government prepare State Specific Guidelines with the approval of NSAAC?



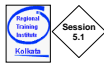
Session 5.1

AUDIT OF ZP AND PS 29

Audit of Mahatma Gandhi National Rural Employment Guarantee Scheme

Slide 1


Audit of Mahatma Gandhi National Rural Employment Guarantee Scheme



Slide 2

Introduction

- The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) was notified on September 7, 2005
- Objective of the Act was to provide at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work
- In the first phase the Act was notified in 200 districts
- From April 2008 MGNREGA covers the entire country

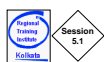


AUDIT OF ZP AND PS 2

Slide 3

Introduction

- Every State Government was empowered to formulate a scheme called the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) under Section 4 of the Act
- MGNREGA ensures-
- Social protection for the most vulnerable people living in rural India
- Livelihood security for the poor through creation of durable assets, improved water security etc.




AUDIT OF ZP AND PS 3

Slide 4

Introduction

- Empowerment of the socially disadvantaged, especially women, SC, ST
- Deepening democracy at the grass-roots by strengthening Panchayati Raj Institutions
- Effecting greater transparency and accountability in governance




AUDIT OF ZP AND PS 4

Slide 5

Rights to workers

Every household residing within the GP has right to register to apply for work

- Gram Panchayat after conducting enquiry register the household and issue a job card
- Every adult member of a registered household is entitled to apply for unskilled manual work and 100 days work per household shared between adult members
- Applicant shall be provided with work within fifteen days of receipt of an application




AUDIT OF ZP AND PS 5

Slide 6

Rights to workers

- The workers are to be paid 10 per cent of the wage rate as extra wages for allotting work beyond 5 km. of their residence
- Workers are entitled to a daily unemployment allowance if an applicant is not provided employment within fifteen days of receipt of application
- At least one-third of the registered beneficiaries shall be women
- Workers are to be paid not later than a fortnight after the date on which such work was done




AUDIT OF ZP AND PS 6

Slide 7

Rights to workers

- Workers are entitled to receive payment of compensation if payment is not made within the period specified
- In work site, workers have write to get safe drinking water, shade for children and periods of rest, first-aid box and crèche in case the number of children below the age of six years accompanying the women working at any site are five or more.



Session 5.1

AUDIT OF ZP AND PS

7


Slide 10

Annual Plan and Labour Budget

The Programme Officer, will:

- Scrutinize the GP Annual Plans against the list of permissible works
- Check the wage material ratio meets the requirements of the Act
- Collate all works within the Block
- Present the Block Plan before the Block Panchayat

The Block Panchayat will maintain the priority indicated by the GP and consolidate a block level annual development plan for submission to the District Panchayat.



Session 5.1

AUDIT OF ZP AND PS

10


Slide 8

Annual Plan and Labour Budget

Matching of demand for work and supply of work achieved through the preparation of a Labour Budget

A Labour Budget (LB) must, include:

- Anticipated quantum of demand for work
- Precise timing of the demand for work
- A plan that outlines the quantum and schedule of work to be provided to those who demand work



Session 5.1

AUDIT OF ZP AND PS


8

Slide 11

Annual Plan and Labour Budget

The District Programme Coordinator will:

- Scrutinize the Block Annual Development plan of works against the list of permissible works
- Collate all works within the District
- Ensure Plan has adequate number of schemes
- Present District Annual Development Plan and District Labour Budget before the District Panchayat



Session 5.1

AUDIT OF ZP AND PS


11

Slide 9

Annual Plan and Labour Budget

Process for preparation of LB:

- conducting a survey of job card holders in every Gram Panchayat
- attempt to converg with other schemes
- projects of all implementing agencies including line departments, District Panchayat, Intermediate Panchayats etc. send to GP to be included in LB
 - LB to be presented to GS by the GP for discussion in the meeting and approval
 - GP will submit its Annual Plan and LB to the Programme Officer



Session 5.1


AUDIT OF ZP AND PS

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Slide 12

Annual Plan and Labour Budget

- The District Panchayat approve the District Annual Development Plan and Labour Budget
- MIS entry for LB to be completed by 31st December
- Ministry of Rural Development analyse the LB and a final LB for the State as a whole is agreed to



Session 5.1

AUDIT OF ZP AND PS

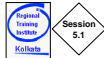
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Slide 13

Roles and Responsibilities of Panchayats

Panchayats at the district level:

- finalise and approve blockwise shelf of projects
- supervise and monitor the projects taken up at the Block level and district level
- carry out such other functions as may be assigned to it by the State Council

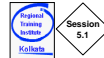


AUDIT OF ZP AND PS 13

Slide 16

District Programme Coordinator

- Ensure that priority of new projects added at block and district level are fixed before administrative sanction is accorded
- Ensure wage-seekers are provided work
- Conduct periodic inspection of the works in progress and verification of Muster Rolls
- Carry out responsibilities related to grievance redressal
- Submit periodic progress and updates to the State Government
- Ensure that social audits are done in all GPs



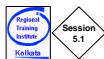
AUDIT OF ZP AND PS 16

Slide 14

Roles and Responsibilities of Panchayats

Panchayat at intermediate level (PS):

- approve the Block level Plan and forward it to the district Panchayat for approval
- supervise and monitor the projects taken up at the Gram Panchayat
- carry out such other functions as may be assigned to it by the State Council




AUDIT OF ZP AND PS 14

Slide 17

District Programme Coordinator

- Works taken up under the programme should be of Ensure that all transactions are made through NREGASoft only
- Ensure that all entries relating to works are entered in NREGASoft at every required stage
- Ensure that all funds received by Implementing Agencies and District level authorities are posted in NREGASoft no later than two days of receipt of such funds
- Ensure that all required entries in NREGASoft are made by all concerned officials



AUDIT OF ZP AND PS 17

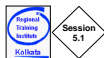
Slide 15

District Programme Coordinator

District Programme Coordinator (DPC) is in the rank of the Chief Executive Officer of the District Panchayat or the Collector of the district, for the implementation of the Scheme in the district

The functions of the District Programme Coordinator are:

- Assist the DP
- consolidate Block Panchayat plans for inclusion in the District Plan
- Accord timely sanction to shelf of projects



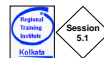
AUDIT OF ZP AND PS 15

Slide 18

Programme Officer

At every **Panchayat at intermediate** level there will be a **Programme Officer** in the rank of Block Development Officer

- The primary responsibility of the PO is to ensure that anyone who applies for work gets employment within 15 days




AUDIT OF ZP AND PS 18

Slide 19

Programme Officer

The other functions of the PO are:

- Consolidating Block Plan and submitting it to the District Panchayat
- Ensuring baseline surveys to assess work demand
- Monitoring and supervising implementation of works taken up by GPs
- Ensuring prompt and fair payment of wages to all labourers and payment of unemployment allowance
- Ensuring conduct of social audits and following up on required actions
- Setting up Cluster-Level Facilitation Teams (CFTs)
- Ensuring all the required information and records provided to the Social Audit Unit (SAU)



AUDIT OF ZP AND PS 19

Slide 22

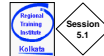
Funding

Central Government shall meet the cost of:

- 100% of wages for unskilled manual work
- 75% of material cost
- 6% of the total expenditure as administrative expenses

State Government shall meet:

- 25% of material including payment of wages to skilled and semi skilled workers cost
- 100% of unemployment allowance payable under the Scheme

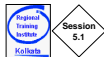


AUDIT OF ZP AND PS 22

Slide 20

Implementation

- Only works which result in creation of durable assets and strengthen livelihood resources to be taken up
- The 60:40 ratio for wage and material costs should be maintained
- No contractors and no labour-displacing machinery shall be used in execution of works
- A simple and accessible template of SoRs should be developed
- Preparation of weekly muster rolls shall be adopted



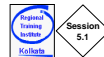
AUDIT OF ZP AND PS 21

Slide 23

AUDIT OF ACCOUNTS

The audit be carried out by the

- Director, Local Fund Audit or
- by equivalent authority or
- by Chartered Accountant
- The Comptroller and Auditor General of India, conduct audit at such intervals as he may deem fit

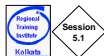


AUDIT OF ZP AND PS 23

Slide 21

Implementation

- Measurement of works should be undertaken
- Workers attendance and the wages paid will be shown against each name in the muster roll
- Payment of wages shall be made through individual or joint savings accounts
- On completion of every project, a Project Completion Report (PCR) should be prepared

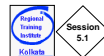


AUDIT OF ZP AND PS 20

Slide 24

Transparency and Accountability-NREGASoft

- Transparency and Accountability are at the core of MGNREGA
- Concurrent monitoring plays an important role in effectively deploying resources towards meeting the objectives
- Programme can be effectively and conveniently monitored using Information and Communication Technology (ICT)
- NREGASoft provides for recording of all transaction details



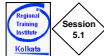
AUDIT OF ZP AND PS 24

Slide 25

Transparency and Accountability-NREGASoft

The advantages of managing implementation through NREGASoft :

- enables capturing data in real-time from the field
- becomes easier to comply with many of the conditions stipulated
- putting transaction data in public domain, concurrent social audit is enabled
- aggregation of data originating at different levels is substantially reduced

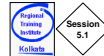


AUDIT OF ZP AND PS 25

Slide 28

Audit points

- Did Block Panchayat consolidate block level Annual Development Plan and submit to District Panchayat?
- Did District Panchayat and Intermediate Panchayats forward list of projects to their respective GP for inclusion in LB?
- Was mandatory survey conducted to assess the quantum and timing of demand for employment before preparation of Labour Budget?

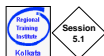


AUDIT OF ZP AND PS 30

Slide 26

Social Audit

- MGNREGA institutionalized ‘Social Audit’ as a means of continuous public vigilance
- Social audit ensures public accountability in the implementation of projects, laws and policies
- To ensure proper implementation of Social Audit Government of India framed Audit of Scheme Rules 2011
- Government of India also published Social Audit Manual in March 2015

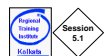


AUDIT OF ZP AND PS 28

Slide 29

Audit points

- **Whether convergence with other scheme was ensured while preparing Annual Development Plan?**
- **Did annual plan include works permissible under the scheme?**
- **Did panchayat at intermediate level supervise the project taken up by GPs? Was corrective action taken in projects where shortfall was noticed?**




AUDIT OF ZP AND PS 31

Slide 27

IMPLEMENTING AND MONITORING AUTHORITIES

- Central Employment Guarantee Council advise the Central Government on all matters concerning the implementation
- CEGC established a central evaluation and monitoring system
- State Employment Guarantee Council advise the State Government on matters of implementation
- SEGC monitor and evaluate the implementation of the Schemes in the State

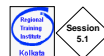


AUDIT OF ZP AND PS 29

Slide 30

Audit points

- Whether the wage material ratio for the list of works proposed meets the requirements of the Act?
- Was the objective to provide at least 100 days of guaranteed wage employment in a financial year to every rural household achieved?
- Were all applicants provided with work within fifteen days of receipt of an application? If not, whether employment allowance was paid?




AUDIT OF ZP AND PS 32

Slide 31

Audit points

- Could the auditor ascertain that one third of the total beneficiaries were women?
- Did worker receive payment within a fortnight after the date on which such work done? If not, whether compensation was paid to the worker?
- Did authority make arrangement of safe drinking water, shade for children, first-aid box and crèche for the worker at the site of work?




Session 5.1

AUDIT OF ZP AND PS 33

Slide 33

Audit points

- Was there any case of misappropriation or financial irregularity? If yes, whether FIR was filed and reasons analysed?
- Was regular social audit conducted? Were all the records required by social audit unit furnished? Whether follow up action on social audit report ensured?
- Were all works taken up under the scheme resulted in creation of durable assets and strengthen livelihood resources of the rural poor? If not, reasons may be analysed and commented with shortfall.




Session 5.1

AUDIT OF ZP AND PS 35

Slide 32

Audit points

- Is there any system of supervising and monitoring of the projects taken up at the Block level and district level by the panchayat at district level?
- Whether block level plan was approved by the panchayat at intermediate level and forwarded to district level panchayat?
- Did the system of recording applications for work, allocation of work, generation of wage slips and Fund Transfer Orders (FTOs), entries relating to work performed, delayed payment of wages etc. in NREGAsoft ensure?




Session 5.1

AUDIT OF ZP AND PS 34

Slide 34

Audit points

- Was any part of the fund utilised for land acquisition against the norms of the scheme?
- Was the landowner on whose land the work taken up, a job card holder?
- Were the available fund utilised properly according to the prescribed procedure? Were there cases of shortfall in utilisation? If so, why?
- Could auditor ensure that the administrative expenditure incurred by the authority was within the prescribed limit?



Session 5.1

AUDIT OF ZP AND PS 36

**Exercise
Session 5.1**

Time 20 minutes

Tick the correct answer:

1. The cost of the IAY scheme except the component for provision of house sites is to be shared between Government of India and State Governments in the ratio ... (i)75:25.....(ii) 50:50
2. IAY Funds are earmarked at national level for SCs and STs.....(i)50 per cent(ii) 60 per cent
3. The NSAP at present includes total components(i) Seven (ii) Five
4. For IGNOAPS the eligible age is (i)65years (ii) 60 years
5. Pension to widows was introduced for beneficiaries of(i)BPL(ii)BPL &APL both

State True (T) or False (F):

6. Under NSAP the time for processing of application from the time of receipt till sanction or rejection should not exceed seventy days. **True/False**
7. If Gram Panchayat is small the intermediate panchayat will implement the NSAP. **True/False**
8. The annual allocation will be released in four instalments under NSAP **TRUE/FALSE**
9. Objective of MGNREGA is to provide at least 100 days of guaranteed wage employment in a financial year to every rural household. **TRUE/FALSE**
10. Every applicant shall be provided with work under MGNREGS within fifteen days of receipt of an application. **TRUE/FALSE**
11. The interest amount accrued on the deposits of IAY shall not be treated as part of the resources. **TRUE/FALSE**
12. At the work site workers have write to get safe drinking water, shade for children etc. under MGNREGS. **TRUE/FALSE**

Tick the correct answer:

13. Under MGNREGS workers are entitled to being paid a) quarterly basis, b) monthly basis, c) fortnightly basis and d) weekly basis
14. If payment of wages under MGNREGS is not made within the period specified, the workers are a) not entitled for any additional amount, b) entitled to receive compensation, c) not entitled for any additional benefit, d) none of the above
15. IAY funds shall be kept in a ...a) nationalised bank in a separate savings account, b) nationalised bank in a current account, c) any bank in a current account, d) None of the above
16. Under IAY all payments to beneficiaries must be reflected initially in....a) NREGAsoft, b) AwaasSoft, c) PRIYAssoft, d) none of the above
17. Release of second installment under IAY is subject to utilization of at least a) 80% of total available funds, a) 50% of total available funds, c) 60% of total available funds d) none of the above
18. The State Government should release IAY Central share among the districts....

Exercise Session 5.1

- a) within 15 days of release, b) within 20 days of release, c) within 30 days of release, d) none of the above
19. Under NSAP Annual verification of the existing beneficiaries should be carried out by ... A) intermediate panchayat (PS), b) village panchayat (GP) c) Special Verification Teams, d) none of the above.
20. Procedure for disbursement of pension should be a) according to decision of the State Government, b) according to the choice of the beneficiary, c) according to decision of the district level panchayat, d) none of the above.
21. Social Audit Committee will comprise of atleast a) five members from beneficiaries, b) four members from beneficiaries, c) two members from beneficiaries, d) none of the above.
22. Second instalment not less than 60% of IAY assistance should be released a) on completion of the construction, b) on reaching the level lintel, c) immediately on taking up the work, d) none of the above

Tick True or False

- 23 A National Social Assistance Advisory Committee (NSAAC) assist the Ministry of Rural Development in the monitoring and evaluation under NSAP. **TRUE/FALSE**
- 24 MGNREGA does not provide social protection for the most vulnerable people living in rural India. **TRUE/FALSE**
- 25 At least one-fourth of the beneficiaries shall be women under MGNREGS. **TRUE/FALSE**
- 26 MIS entry for Labour Budget of MGNREGS should be made by the state and completed by 31st December. **TRUE/FALSE**
- 27 Upto 10% of the funds released FOR IAY can be utilised for administering the scheme,. **TRUE/FALSE**
- 28 Every house constructed under IAY must be provided with a fuel efficient 'Chullah'. **TRUE/FALSE**
- 29 Central Assistance for IAY is released every year in single installment. **TRUE/FALSE**
-

Solution 1
Session 5.1

Tick the correct answer:

1. (i)
2. (ii)
3. (ii)
4. (ii)
5. (i)

True (T) or False (F):

6. F
7. T
8. F
9. T
10. T
11. F
12. T

Tick the right choice

13. d
14. b
15. a
16. b
17. c
18. a
19. c
20. b
21. c

22. b

Tick True or False

23. T
 24. F
 25. F
 26. T
 27. F
 28. T
 29. F
-

Session Title

Audit of Schemes implemented through ZP and PS

Session Overview

We are now in the module wherein audit of different schemes of ZP and PS and relevant records could be carried out.

In the previous sessions, the evolution of PRIs, constitution of ZP and PS, audit of ZP and PS Fund, audit of accounts and audit of works accounts were discussed.

As the schemes funded by the state governments vary from state to state, it is not possible to discuss all schemes in this session. We shall, therefore, discuss only a few schemes funded by the Central Government.

Learning Object

At the end of this session we will learn the procedure of implementing different schemes to the extent that during the audit of schemes in ZP and PS we will be able to draw the audit conclusions which indicate-

- Whether the procedures followed for implementing different schemes are as per rules, and
- Audit point is supported by evidence.

Basic Concept

Indira Awas Yojana (IAY)

IAY was launched during 1985-86 as a sub-scheme of Rural Landless Employment Guarantee Programme (RLEGP) and continued as a sub-scheme of Jawahar Rozgar Yojana (JRY) since its launching from April, 1989. It was delinked from the JRY and made an independent scheme with effect from January 1, 1996.

IAY is a flagship programme of the Ministry of Rural Development as part of the larger strategy of rural poverty eradication, in order to reduce the rigours of poverty and to provide the dignity of an address to the poor households to enable them to access different rural development programmes.

Strategies

Rural housing development has to be seen in the context of poverty alleviation and overall rural development. Relevant strategies of the programme are:

- Strengthening the ongoing process and helping people to carry it forward.
- Supporting the construction of a 'core house' with adequate provisions for incremental expansion and improvement.

- Promoting choice of materials and construction technologies keeping in view affordability.
- Determining the design of dwelling units on the basis of user requirements.
- Identifying appropriate building technologies and upgrading of traditional and local technologies.
- Promoting affirmatively equity and social justice by enabling SC/ST families, women-headed households and people with disabilities and, particularly marginalized groups who cannot even express their need for shelter, to access the scheme and construct houses.

Target Group

Indira Awaas Yojana is essentially a public housing scheme for the houseless poor families and those living in dilapidated and kutcha houses with a component for providing house sites to the landless poor as well. The scheme is designed to enable Below Poverty Line (BPL) households identified by the community through Gram Sabhas following criteria suggested for such identification from time to time, to build their houses or get house sites with financial and technical assistance from the Government.

Components of the scheme

- **Assistance for construction of a new house**
IAY house has to be pucca with a minimum built up area of at least 20 sq. mts. and should be able to withstand normal wear and tear with reasonable maintenance for at least 30 years. Every house should include a toilet, soak pit and compost pit and Smokeless chulhas. House should have adequate space for pursuing livelihood activities, a verandah and a stair case to go to the top of the house.
- **Upgradation of kutcha or dilapidated houses**
This involves upgradation of roof/walls, repair/replacement of parts and the like. Upgradation includes reuse/recycle material, use of additional material/replacement of material, changes in design enabling durability.
- **Provision of house sites**
Assistance is provided for the purpose of providing house sites. State Governments may notify the entitlements for house sites in their respective States. Ideally 10 cents of land should be provided.
- **Special projects**
Five percent of IAY allocation would be retained at the Central level as reserve

fund. Special Projects for utilizing the reserve fund can be posed by the States/UTs for the purposes:

- Rehabilitation of BPL families affected by natural calamities, violence and law and order problems, **occupational diseases like Silicosis, Asbestos, overuse of pesticides etc.**
- Settlement of freed bonded labourers, liberated manual scavengers, vulnerable tribal groups, **households** as FRA beneficiaries etc.

Funding pattern

The cost of the scheme except the component for provision of house sites is to be shared between Government of India and State Governments in the ratio 75:25. In the case of North Eastern States the ratio is 90:10. The cost of providing house sites would be shared 50:50 between Government of India and State Governments. In respect of Union Territories (UTs) Government of India provides the full cost.

Earmarking of funds

Funds are earmarked at national level as follows:

- 60 per cent for SCs and STs with the proportion being decided from time

to time by the Ministry of Rural Development.

- 15 per cent for beneficiaries from among the minorities.

State should ensure that atleast 3% of beneficiaries are from among persons with disabilities. Targets for SCs and STs can be interchanged if there are no eligible beneficiaries in either of the group.

Allocation of funds

- Out of the total budget 95% will be utilized for the components relating to new houses, upgradation of houses, provision of house sites and administrative expenses. The remaining 5% will be reserved for special project.

Allocation to States/UTs and from States/UTs to districts, blocks, to the Village Panchayats would be for houseless people from among the BPL population for each category i.e. SC, ST, minorities and others, on the basis of Socio Economic Caste Census (SECC).

Out of total district allocation 20 per cent can be used for upgradation of kutcha/dilapidated houses of BPL families.

Administrative expenses

Upto 4% of the funds released can be utilised for administering the scheme, of which upto 0.5% can be retained at the state level and the balance shall be distributed to the districts. Administrative expenses includes:

- Upto 1% should be used for IEC activities for preparation of IEC material including electronic material.
- Upto 1% for Social Audit.
- Imparting habitat and housing literacy to beneficiaries.
- Cost of photographs of the house, models for demonstration, supervision and monitoring, hardware/software, data entry in AwaasSoft etc.
- Imparting training as per guidelines.

Implementing Agencies

- At the district level Zilla Parishad or its equivalent body, where there is no Zilla Parishad, will implement the scheme.
- At the local level, the Village Panchayat, (GP) or its equivalent where the State has no Village Panchayats, would implement the programme.
- If Village Panchayats are too small the State may entrust the task to the Panchayat at the intermediate level (PS).

Implementation approaches

IAY should be implemented following the habitation approach. All habitations of the following categories may be covered on priority to achieve saturation:

- PTGs
- Beneficiary families of the Forest Rights Act

Other habitations may be identified by the State Government using locally relevant, transparent socio-economic criteria by adopting individual household approach. First priority should be given to families of manual scavengers. Thereafter the priority will be:

- Women in difficult circumstances such as widowed, divorced, deserted;
- Households with a single girl child;
- Mentally and physically challenged persons;
- Transgender persons;
- Household with Leprosy, Cancer, HIV patient
- Other houseless BPL families

The habitations have to be prioritized on the basis of transparent criteria to be developed by the State Government - with a five year and annual

priority list. Priority should be prepared using the SECC baseline data through a participatory process following the methodology for participatory identification of the poor (PIP). List should be verified through a survey involving the Village Panchayats and local community. List will be approved in the Gram Shabha meeting within 30th November and sent to the Zilla Parishad before 31st December.

Sensitisation of beneficiaries

- Selected beneficiaries will be assembled at a place and sensitized in detail on the housing designs and construction technologies which are available and their costs, to make an informed choice.
- A sanction order shall be issued in favour of each beneficiary detailing the terms and conditions.
- An entitlement card has to be given to every beneficiary.
- The payment will be made in Gram Sabha meeting.
- Receipt of payment shall be taken from the beneficiary. This will be verified specifically in Social Audit.
- The construction should be carried out by the beneficiary himself/herself. No

contractor should be involved in the construction of houses under IAY.

- Support in the form of technical and managerial guidance should be provided for construction of house.

Release of installments to beneficiaries

- First instalment should be given on the Awaas Divas. It should not be more than 25% of the unit cost.
- Second instalment not less than 60% should be released on reaching the level lintel.
- Third instalment not more than 15% should be given only after the house including the sanitary latrine is constructed and the beneficiary starts living in the house.

Release of each instalment will be made after site visit and uploading the work details in the website i.e. Awaasoft.

Timelines for construction

Stages of construction should be managed within the following timelines:

Stage	Level	Time line
1 st	Construction upto lintel level	Nine months from the date of release of 1 st instalment
2 nd	Completion	Nine months from the date of release of 2 nd instalment

Construction should not take more than two years from the date of release of 1st instalment.

Release of Funds

- The State shall send one consolidated proposal to Ministry of Rural Development for each instalment, giving District wise information required for the release. The Ministry will continue to release funds to Districts directly on the basis of the consolidated proposal.
- The annual allocation will be released in two instalments. First instalment shall be equal to 50% of annual allocation.
- Second instalment shall be equal to the annual allocation minus first instalment.
- 1st instalment shall be released in respect of all Districts who have taken the 2nd instalment in the previous year. From 2014-15 fulfilment of the condition of selection of beneficiaries and uploading in AwaasSoft is mandatory.
- Release of second installment is subject to:
 - ✓ Utilization of at least 60% of total available funds.
 - ✓ Completion of 100% of sanctioned houses more than three years old and

75% of houses sanctioned two to three years ago.

✓ Data entry in AwaasSoft reflecting utilisation of funds and completion of houses.

- The State Government should release the full state share and allocate it among the districts within 15 days of release of central share.
- If there is shortfall in state share proportionate deduction shall be made from the 2nd instalment of central share.

Management of Fund

- IAY funds shall be kept in a nationalised bank in a separate savings account.
- The interest amount accrued on the deposits shall be treated as part of the IAY resources.
- Drawal of funds from the accounts shall be spent only for IAY purpose.
- All such accounts will be auditable by the CAG.
- Payment to beneficiaries shall be made into her/his Bank/Post Office account only.
- All payments to beneficiaries must be reflected in AwaasSoft.

Capacity Building

States should prepare a capacity building plan to strengthen the quality of implementation which will include:

- Training of district level officials;
- Training of cutting edge level functionaries;
- Training of Community Resource Persons, other workers;

Role of Panchayats

The Gram Panchayats have the most critical role to play in the actual implementation of the scheme. Those are:

- conducting baseline survey,
- ensuring maximum participation in the Gram Sabha,
- conducting IEC campaign,
- arranging the meeting of beneficiaries either at Village Panchayat or at cluster of Village Panchayats,
- identifying the beneficiaries with the help of the Gram Sabha,
- facilitate the beneficiaries in accessing materials,
- ensuring convergence of schemes using resources of MGNREGS, BRGF, State and Central Finance Commission grants etc.,
- assisting the social audit teams

The **Panchayat at the** intermediate level should provide technical assistance especially relating to building materials and construction technologies. It should act as a resource centre to assist the beneficiaries on a continuing basis and redress grievances of the beneficiaries. It should be the custodian of the publications and electronic material on different aspects of construction and proactively disseminate their contents. Intermediate panchayat will conduct field-level monitoring and send reports to the Zilla Parishad. It has a special role in getting the houses completed without delay.

The **Zilla Parishad** should coordinate the overall implementation of the programme in the district by ensuring that the different provisions of the guidelines are adhered to. Wherever there are delays and other problems, the Zilla Parishad has to sort out the issues concerned. ZP should monitor the overall progress of the scheme and ensure smooth flow of funds.

State Government should:

- Organise training programme to equip the Panchayats,
- Provide the Panchayats IEC material,

- Provide share of administrative expenses,
- Issue an order specifying the roles and responsibilities of each tier of Panchayat.

Accountability and Audit

- Details of implementation of all components of IAY should be proactively disclosed in the local area.
- The State will ensure that the accounts at all levels are audited by a Chartered Accountant selected from a panel approved by the C&AG. The auditing should be completed before 31st August of the next financial year. Accounts at all levels shall also be open to audit by the C&AG.
- Social Audit is to be conducted in every Gram Panchayat at least once in a year, involving a mandatory review of all aspects and ensuring public accountability in implementation. Social Audit Units (SAU) set up by the state government under MGNREGA can be roped in to facilitate conduct of Social Audit of all components of IAY.
- There should be a grievance redressal system at the block and district level.

MONITORING

- All data regarding beneficiaries, progress of construction and release of funds, including photographs and inspection reports shall be placed on AwaasSoft for monitoring at Government of India Level. National level Monitors and Area Officers of the Ministry would also visit IAY houses during the field visits.
- Officers at the Block level should inspect 10% of the houses at each stage of construction.
- District level officers should inspect 2% of the houses at each stage of construction.
- The State Government should put in place a system of quality monitoring to guide and assist the beneficiary.
- AwaasSoft is a local language-enabled workflow-based transaction level Management Information System (MIS) in place to facilitate e-governance of IAY accessible to all including the national/international community. A number of reports are generated by the MIS which can be used for monitoring and reporting purposes.

Audit Points regarding IAY

1. Were the proportionate shares of contribution by the Central and State Governments in the ratio 75/25 duly received? If not, why? Was there any lapse by the ZP/PS?
2. Were all the conditions in respect of giving the benefits duly fulfilled?
3. Was any part of the grant utilised for any purpose other than those prescribed?
4. Whether all habitations of PTGs and Beneficiary families of the Forest Rights Act are covered?
5. Did all the beneficiaries actually reside in the rural areas?
6. Were all the houses for which grant was given actually constructed within the village concerned?
7. Were all the beneficiaries actually houseless or in need of shelter or shelter upgradation?
8. Did the families of manual scavengers get first priority in selection?
9. Was the allotment made for upgradation of houses for more than 20% of the total Fund?
10. Did the Panchayat body take up the work of construction of the houses of beneficiaries other than physically handicapped persons?
11. Were all the conditions for release of central assistance fulfilled?
12. Could the ZP, at the time of applying for the 2nd instalment, actually utilize 60% of the total available funds including the State share?
13. Were the following complied with at the time of applying for the 2nd instalment
 - a. Data entry in AwaasSoft reflecting utilisation of funds and completion of houses
 - b. Submission of Utilisation Certificate for the previous year in the prescribed form
 - c. Completion of 100% of sanctioned houses more than three years old and 75% of houses sanctioned two to three years ago.
14. Whether separate Bank account maintained for IAY?
15. Was the amount of interest earned on the deposit of IAY utilised for any purpose other than for construction/upgradation of IAY houses?
16. Was the fund allotted for GP released promptly to the GPs directly?

National Social Assistance Programme (NSAP)

National Social Assistance

Programme (NSAP) a fully funded Centrally Sponsored Scheme was introduced on 15th August 1995 targeting the destitute. Destitute is defined as any person who has little or no regular means of subsistence from his / her own source of income or other sources. The scheme was launched with the objective of providing a basic level of financial support to the destitute with three components namely:

- National Old Age Pension Schemes (NOAPS)
- National Family Benefit Scheme (NFBS)
- National Maternity Benefit Scheme (NMBS)

Subsequently several changes in the composition of the NSAP took place from time to time. The NSAP at present includes five components:

- Indira Gandhi National Old Age Pension Scheme (IGNOAPS)
- Indira Gandhi National Widow Pension Scheme (IGNWPS)
- Indira Gandhi National Disability Pension Scheme (IGNDPS)

- National Family Benefit Scheme (NFBS)

- Annapurna Scheme

The implementing agency should ensure that the persons eligible for pensions/assistance under this scheme belong to the most vulnerable category of society and they are selected with least burden on them, in the identification, sanction and verification processes.

Key Principles

- **Universal coverage of eligible persons and pro-active identification:** It should be ensured that onus is not on the beneficiary to prove her/his eligibility. The implementing agency should ensure coverage on special priority for the vulnerable groups.
- **Transparent and people friendly process for application, sanction, appeal and review:** This would include providing support to the eligible people in obtaining their documents to establish their eligibility. If documents are not available procedure for certification by local government may be devised.
- **Regular monthly disbursement of pensions and benefits preferably at the door-step of the beneficiaries:** As far as

possible monthly disbursement should be ensured.

- **Electronic Transfer:** The mode of disbursement may be decided on the basis of choice and convenience of the beneficiaries. To ensure efficiency and regular transfer, payment into the bank account/ post office account or through electronic money order is preferred.

- **Robust Social Audit and Annual Verification:** Conducting regular social audit by gram sabhas constituting Social Audit Committee to be ensured.

- **Key role for local self-government institutions:** District (ZP), Block / Intermediate panchayats (PS) and Village level panchayats (GP) should play a vital role in creating awareness among the people and implementation of the scheme. Self-Help Groups (SHGs) of the poor also have a critical role to play.

- **IT based MIS:** MIS should be adopted for sanction, disbursement and monitoring of programme.

- **Robust grievance redressal system:** Grievance redressal system at the Gram / Intermediate Panchayat / District / levels should be adopted with provision for appeal and review. An officer with

appropriate seniority should be designated to whom the grievances can be addressed.

- **Automatic Convergence:** Convergence with other schemes will provide maximum benefit as the beneficiaries under the NSAP are from BPL families which are the target group in most other Schemes.

- **State Specific Guidelines-** The key principles governing the implementation of the scheme varies from state to state as a result of local requirement. States are to formulate guidelines within the key principle which requires one time approval of NSAAC.

The State guidelines should contain the following details:

- Procedure for identification of beneficiaries, sanction of pension
- Time lines for the different process including appeal and review
- Administrative arrangements
- Mode of disbursement
- Process for social audit and annual verification
- Road map for electronic transfer, MIS and monitoring

Eligibility Criteria and Scale of Assistance **IGNOAPS**

The eligible age is 60 years. The pension is Rs.400 p.m. for persons between 60 years and 79 years. For persons who are

80 years and above the pension is Rs.700/- per month.

IGNWPS

In **February 2009**, pension to widows below poverty line was introduced. The eligible age is 40 years and the pension is Rs.500 per month.

IGNDPS

Pension to persons suffering from severe or multiple disabilities was also introduced in the year 2009. The eligible age for the pensioner is 18 years and above and the disability level has to be 80%. The amount is Rs.500 per month. **Dwarfs will also be an eligible category for this pension.**

NFBS

In the event of death of the breadwinner Rs. 20000/- will be given as a lumpsum assistance to the bereaved household. Any event of death (natural or otherwise) would make the family eligible for assistance. The death of such a breadwinner should have occurred whilst he/she is more than 18 years of age and less than 60 years of age. **The assistance would be given to every case of death of breadwinner in a family.**

Annapurna Scheme

10 kgs of food grains (wheat or rice) is given per month per beneficiary. The scheme aims at providing food security to meet the requirements of those eligible old aged persons who have remained uncovered under the IGNOAPS.

Norms for Central Assistance

Central assistance to States / UT under NSAP is determined on the basis of BPL population of the State. Number of beneficiaries each year is determined on the reports of the previous year submitted by the State Governments. **If there are more deserving beneficiaries, the State has the option to give them pension from its own resources.**

States urged to provide an equivalent amount to the assistance provided by the Central Government so that the beneficiaries can get a decent level of assistance.

Selection of Beneficiaries

- One of the main tasks for attaining the objective of the schemes of NSAP is awareness generation among the people through District, Block/Intermediate and Village level panchayats.

- Implementing authorities should adhere to a policy of prioritising in favour of those applicants whose socio-economic and health condition is vulnerable such as transgender, manual scavengers, bonded labourers etc. or suffering from ailments like leprosy, TB, AIDS, Cancer etc.. Only BPL persons from the eligible categories would be considered except widows suffering from AIDS who will be considered if they are not attracted by any of the exclusion criteria.
- Annual verification of the existing beneficiaries should be carried out by Special Verification Teams for confirmation of continuation or deletion duly recording the reasons for deletion.
- Based on the available BPL list, the beneficiaries should be proactively identified by reaching out to their households. Field level workers / officials should be entrusted with the task of identifying beneficiaries and filling up the application form by the beneficiaries.
- Verification Officer or Verification Team under an authorized officer should verify the applications within two weeks and applications will be discussed in the Gram Sabha.

- Sanctioning Authority, designated by the State Government, after receipt of verified application will convey approval to the applicant in the form of a Sanction order. **The time for processing of application from the time of receipt till sanction or rejection should not exceed sixty days.**

- Every beneficiary who has been sanctioned pension under schemes of NSAP shall be issued a **Pension Passbook**. The Passbook shall contain details of the Sanction Order, particulars of the pensioner and disbursement details.

Administrative Arrangements

Zilla Parishads are entrusted to implement the scheme at district level. At local level the Gram Panchayat would implement the programmes. If Gram Panchayat is small the intermediate panchayat will implement. However Gram Panchayat will select beneficiaries, supervise and monitor the programme.

The administrative function will be dealt with at State level, District Level and Panchayat Level as follows:

State level

- Ensure timely disbursement of funds,

- Comply with modifications Intimate to the Ministry the number of beneficiaries,
- Constitute State level and District Level Committees,
- Identify/nominate, at least one Nodal Officer at the district and Intermediate Panchayat level,
- Furnish a certificate annually by 15th December each year,
- Adopt and use NSAP-MIS.

District Level

- Ensuring efficient implementation of the NSAP in accordance with the guidelines and the procedures therein ,
- Giving wide publicity to NSAP and generation of awareness,
- Convening meetings of the District Level Committee regularly.
- Monitoring and compiling information about the implementation of the scheme and furnishing it to the State authorities on a quarterly basis, for onward transmission to the Ministry.

Gram / Intermediate Panchayat

- Disseminating information about NSAP regarding procedure for obtaining benefits,

- Periodic reviews, discussions should be held in Gram Sabha Ward level meetings,
- The identification could be based on application by the candidate or own volition of Gram Panchayat or report of any other competent authority,
- Monitoring and necessary follow-up in sanctions and disbursement,
- Reporting of every case of death of pensioner to the designated Sanctioning Authority.

Allocation of Central Funds

The allocation of funds to the States / UTs will be on the basis of the number of old aged, widowed and disabled people from among the eligible population arrived at using the SECC data on criteria fixed by the Ministry of Rural Development. In case the number of eligible beneficiaries is more than the estimated number of beneficiaries in any State / UT, the expenditure on excess number of beneficiaries can be met from the resources of the State/UT.

- **Three percent** of the funds allotted to a State/UT may be used for **administrative expenses** such as printing and distribution of Pension Passbook,

printing of application forms, organising Camps, training, entering data, conducting supervision etc.

- **Within a month after the allocation of Central Fund, State/UTs shall intimate to the Ministry of Rural Development the distribution of the funds among different components.**

Release of Funds

Funds will be released to the Consolidated Fund of the State Government as follows:

- The annual allocation will be released in two instalments.
- First installment equal to 50% of the annual allocation shall be released automatically who have taken the second installment in the previous year.
- **The unspent balance, if any, will be temporarily deducted from the first installment and made good at the time of the second installment if the dues to the beneficiaries of the previous financial year have been fully cleared and the amount spent by the State Government.**
- Second installment shall be equal to the annual allocation minus first instalment.
- Release of second instalment requires:

- Utilisation of at least 60% of total available funds,
- Scheme wise utilization Certificate,
- A certificate that the 3% administrative expenses are incurred

Disbursement of Pensions

- Procedure for disbursement of pension has to be convenient and according to the choice of the beneficiary.
- The possible modes of payment are Banks, Post Office Account, Money Order and Cash disbursement.
- Postal Money Order ensures door step delivery of pension and can be used where beneficiaries prefer that mode.
- Payment of assistance in cash to beneficiaries should be adopted only if other modes are not workable.

In order to enhance efficiency in implementing scheme both for sanction and disbursement of pensions, use of IT enabled system NSAP MIS developed by the Ministry is essential. All States and UTs to adopt MIS which is transaction and work flow based.

MONITORING AND EVALUATION

- A National Social Assistance Advisory Committee (NSAAC) will assist the Ministry of Rural Development in the monitoring and evaluation and will advise on

matters related to policy and its effective implementation.

- The State level Committee will be responsible for implementation, monitoring and evaluation of the programme in States.
- There will be District level Committee headed by the Chairperson of Zilla Parishad/ District Collector and representatives from Grams and Intermediate Panchayats. Committee will be responsible for implementation, monitoring and evaluation of the programme within the district.
- The States / UTs will identify a nodal department with a nodal officer, other than the Secretary of the nodal department, for coordinating. Nodal Officer will report to the Ministry of Rural Development.
- Social Audit is an integral part for effective implementation of the schemes, enhancing transparency and accountability besides redressing grievances of the beneficiaries. Social audit should be held at least **once in every six months by the Social Audit Committee framed by Gram Sabhas. Committee will comprise atleast two members from beneficiaries. The staff implementing the programme at**

intermediate panchayat shall be present during social audit.

- In order to ensure wider social security it is necessary to converge different anti poverty programmes with NSAP.

Audit points

1. Were all the beneficiaries of NSAP actually destitute and the families below the poverty line?
2. Did the beneficiaries of IGNOAPS have no other means of subsistence from their own sources of income or through financial support of family members or other sources?
3. Were the benefits under NFBS given to the families only after the death of their primary bread earners and the families lived below the poverty line?
4. Were all the beneficiaries of IGNOAPS in the age group of 60 years or above?
5. Was there any case of grant of the benefit under IGNOAPS even after the death of the pensioner?
6. Was there any case of lump sum grant of NFBS in excess of Rs.20,000/- for an individual family? Was the legal entitlement of the beneficiary established before grant of the benefit?

7. Was the eligible criteria kept in view for granting pension under IGNWPS?
8. Were there any cases of irregular grant of NSAP schemes due to wrong/false declaration of the recipients? If so, were due recoveries made from them?
9. Was a DLC constituted in the district for monitoring and evaluating the programmes under the NSAP schemes, as required under the conditions of the NSAP?
10. Was proper identification of the beneficiaries of the NSAP made consequent on the fixing of targets? If not, why? Did such non-identification/delay in identification lead to non-utilization of the allotted Funds?
11. Were all the necessary reports/returns including furnishing of utilization certificates sent in due course?
12. Were there any cases of curtailment of allotments due to non-compliance of the conditions of NSAP?
13. Was Social Audit conducted once in every six months? If not, what are the reasons?
14. Did State Government prepare State Specific Guidelines with the approval of NSAAC?

MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME

Introduction

The Mahatma Gandhi National Rural Employment Guarantee Act, 2005 (MGNREGA) was notified on September 7, 2005 with the objective to provide at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. Every State Government was empowered to formulate a scheme called the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) under Section 4 of the Act for the purpose of giving effect to the provision of the Act. In the first phase the Act was notified in 200 districts. From April 2008 MGNREGA covers the entire country with the exception of districts that have a hundred percent urban population. The Ministry of Rural Development is the nodal Ministry for the implementation of MGNREGA.

MGNREGA is a powerful instrument for ensuring:

- Social protection for the most vulnerable people living in rural India,

- Livelihood security for the poor through creation of durable assets, improved water security etc,
- Empowerment of the socially disadvantaged, especially women, SC, ST,
- Deepening democracy at the grass-roots by strengthening Panchayati Raj Institutions,
- Effecting greater transparency and accountability in governance

Salient Features

Rights to workers

- Every household residing within the GP has right to register to apply for work and be willing for manual work. The application for registration can be given in writing on plain paper or orally to GP.
- Gram Panchayat after conducting enquiry register the household and issue a job card.
- Every adult member of a registered household whose name appears in the job card is entitled to apply for unskilled manual work.
- Entitlement of 100 days work per household are shared between different adult.
- Every applicant shall be provided with work within fifteen days of receipt of

an application and a period of employment shall ordinarily be at least fourteen days continuously.

- If some applicants are directed to report for work beyond 5 km. of their residence, the workers are required to be paid 10 per cent of the wage rate as extra wages.
- If an applicant is not provided employment within fifteen days of receipt of his/her application seeking employment, he/she shall be entitled to a daily unemployment allowance.
- Priority shall be given to women so that at least one-third of the beneficiaries shall be women who have registered and requested for work.
- Workers are entitled to being paid on weekly basis or in any case not later than a fortnight after the date on which such work was done.
- If payment of wages is not made within the period specified, the workers are entitled to receive payment of compensation.
- At the work site workers have write to get safe drinking water, shade for children and periods of rest, first-aid box and crèche in case the number of children

below the age of six years accompanying the women working at any site are five or more.

Planning

Annual Plan and Labour Budget

Matching of demand for work and supply of work is the process of planning and this is achieved through the preparation of a Labour Budget (LB).

A Labour Budget (LB) must, include:

- Anticipated quantum of demand for work;
- Precise timing of the demand for work,
- A plan that outlines the quantum and schedule of work to be provided to those who demand work.

Process for preparation of LB:

- conducting a survey of job card holders in every Gram Panchayat (GP) is mandatory in order to prepare a base line to assess the quantum and timing of demand for employment in the GP.
- all attempts to converge with other schemes,
- list of projects of all implementing agencies including line departments, District Panchayat, Intermediate

Panchayats etc. to be send to their respective GP for inclusion in LB,

- LB to be presented to GS by the GP for approval
- the plan presented by the GP will be discussed in the meeting of the GS,
- each GP will submit its Annual Plan and LB to the Programme Officer,
- The Programme Officer, will:
 - Scrutinize the GP Annual Plans against the list of permissible works as specified in MGNREGA
 - Check whether the wage material ratio for the list of works proposed meets the requirements of the Act
 - Collate all works within the Block
 - Present the Block Plan before the Block Panchayat by 15th September.

The Block Panchayat will maintain the priority indicated by the GP and consolidate a block level annual development plan for submission to the District Panchayat.

The District Programme Coordinator will:

- Scrutinize the Block Annual Development plan of works against the list of permissible works

- Collate all works within the District into the District Annual Development Plan
- Ensure that the District Annual Development Plan has adequate number of schemes
- Present District Annual Development Plan and District Labour Budget before the District Panchayat.

The District Panchayat shall approve the District Annual Development Plan and Labour Budget.

MIS entry for LB should be made by the state and completed by 31st December. Ministry of Rural Development will analyse the LB and a final LB for the State as a whole will be agreed to.

Roles and Responsibilities of Panchayats

The Panchayats at district, intermediate and village levels shall be the principal authorities for planning and implementation of the scheme.

Functions of the Panchayats at the district level:

- to finalise and approve blockwise shelf of projects to be taken up under a programme under the Scheme,
- to supervise and monitor the projects taken up at the Block level and district level; and

- to carry out such other functions as may be assigned to it by the State Council, from time to time.

The functions of the Panchayat at intermediate level:

- to approve the Block level Plan for forwarding it to the district Panchayat at the district level for final approval;
- to supervise and monitor the projects taken up at the Gram Panchayat and Block level; and
- to carry out such other functions as may be assigned to it by the State Council, from time to time.

There will be a **District Programme Coordinator (DPC)**, in the rank of the Chief Executive Officer of the District Panchayat or the Collector of the district, for the implementation of the Scheme in the district. The DPC is responsible for the implementation of the scheme in the district, in accordance with the provisions made in the MGNREGA 2005 and rules and guidelines made thereunder.

The functions of the District Programme Coordinator are:

- Assist the DP in discharging its functions,

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- Receive the Block Panchayat plans and consolidate them along with project proposals received from other implementing agencies for inclusion in the District Plan for approval by the DPs,
 - Accord timely sanction to shelf of projects,
 - Ensure that any new projects added at block and district level are presented again for ratification and fixing priority by concerned GS(s) before administrative sanction is accorded to them,
 - Ensure timely release and utilization of funds,
 - Ensure wage-seekers are provided work as per their entitlements under this Act,
 - Review, monitor and supervise the performance of the POs and all implementing agencies in relation to MGNREGA works,
 - Conduct and cause to be conducted periodic inspection of the works in progress and verification of Muster Rolls,
 - Ensure that First Information Report(FIR) is filed in every case in which there is *prima facie*, evidence of misappropriation or financial irregularity,
 - Appoint Project Implementation Agencies (PIAs) throughout the district,
 - Carry out responsibilities as given in Schedule II related to grievance redressal,
 - Coordinate an Information Education and Communication (IEC) campaign for MGNREGA within the district,
 - Develop annual plans for training and capacity building of various stakeholders within the district,
 - Submit periodic progress and updates to the State Government,
 - Ensure that social audits are done in all GPs once in six months and ensure follow up action on social audit reports,
 - Ensure that all transactions including issue of JCs, recording of applications for work, allocation of work, generation of wage slips and Fund Transfer Orders (FTOs), entries relating to work performed, delayed payment of wages, and unemployment allowance are made through NREGAsoft only,
 - Ensure that all entries relating to works such as details of the shelf of works, GPS coordinates, status of implementation, photographs of works at three different stages are entered in NREGAsoft at every required stage. Information regarding
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completion of work should be entered in as soon as possible but in any case no later than 2 months from the time of physical completion,

- Ensure that all funds received by Implementing Agencies and District level authorities including Panchayats are posted in NREGASoft no later than two days of receipt of such funds.
- Ensure that all required entries in NREGASoft are made by all concerned officials including the line departments, in the district

At every **Panchayat at intermediate** level there will be a **Programme Officer (PO)** in the rank of Block Development Officer. The primary responsibility of the PO is to ensure that anyone who applies for work gets employment within 15 days.

The other functions of the Programme Officer are:

- Consolidating, after scrutiny, all project proposals received from GPs into the Block Plan and submitting it to the District Panchayat for scrutiny and consolidation,
- Matching employment opportunities arising from works within the Block Plan

with the demand for work at each GP in the Block,

- Ensuring baseline surveys to assess work demand,
- Monitoring and supervising implementation of works taken up by GPs and other implementing agencies within the Block,
- Ensuring prompt and fair payment of wages to all labourers and payment of unemployment allowance in case employment is not provided on time,
- Maintaining proper accounts of the resources received, released and utilized,
- Redressing grievances within the Block. The PO shall enter every complaint in a complaint register and issue dated and numbered acknowledgement,
- Ensuring conduct of social audits and following up on required actions,
- Ensuring all the required information and records of all implementing agencies such as JC register, employment register, work register, GS resolution, copies of the sanctions (administrative or technical or financial), work estimates, work commencement order, Muster Roll issue and receipt register, Muster Rolls, wage payment acquaintance, materials -

bills and vouchers (for each work), measurement books (for each work), asset register, action taken report on previous social audits, grievance or complaints register,

- Ensuring any other documents that the Social Audit Unit (SAU) requires to conduct the social audit processes are properly collated in the requisite formats; and provided along with photocopies to the SAU for facilitating conduct of social audit at least fifteen days in advance of the scheduled date of meeting of the GS.
- Setting up Cluster-Level Facilitation Teams (CFTs) to provide technical support to GPs within each Cluster of GPs.
- Facilitating technical support to Gram Panchayats by CFTs,
- Liaison with Banks and Post Offices in opening up of new accounts and making regular and timely payments to labour. Liaison between GPs and Block as also between Block and District for all correspondence and communication,
- Organise formal monthly meetings with civil society organizations (CSOs) involved in facilitating MGNREGS implementation in the block

The **Gram Panchayats** are responsible for identification of the projects in the Gram Panchayat area to be taken up under a Scheme as per the recommendations of the Gram Sabha and the Ward Sabhas and for executing and supervising such works.

Implementation

Works are to be provided in accordance with the scheme guidelines. While taking up works under MGNREGA, the following conditions must be followed:

- Only those works can be taken up which result in creation of durable assets and strengthen livelihood resources of the rural poor. Items of expenditure that are recurring in nature and/or do not lead to creation of durable assets, are not permitted under the scheme.
- The order of priority of works will be determined within the GP and will be reflected in the Annual Plan ratified by the GS on 15th August.
- The 60:40 ratio for wage and material costs should be maintained at GP level for all works to be taken up by GP and for works to be taken by all other agencies it should be maintained at the Block/ Intermediate Panchayat level.

- No contractors and no labour-displacing machinery shall be used in execution of works.
- Funds cannot be used for land acquisition.
- For works to be taken up on private land and homestead, the individual land owner shall be a job card holder and also work in the project.
- A simple and accessible template of SoRs should be developed during execution of works.
- The work-estimates for each work should be prepared. The estimates will depict an abstract of materials so that quantity of material in the estimate can be easily compared with (i) the quantities booked in the MB (ii) quantities used in the work as evaluated by the person who checks the measurement and (iii) quantities as reported by local residents during social audit.
- Before starting a work PO issues muster rolls. Each muster roll should be identified and certified by PO. Preparation of weekly muster rolls shall be adopted to ensure timely payment of wages.
- All measurements of work done shall be recorded in the MB issued by competent authority.
- Measurement of works should be undertaken by measurement officers weekly, within 3 days after close of weekly muster.
- Measurements should be recorded work-wise to determine valuation of work done.
- Wages to be paid to workers shall be calculated on the basis of work out-turn.
- Workers attendance and the wages paid will be shown against each name in the muster roll with the signature/ thumb impression of the worker.
- Payment of wages shall be made through individual or joint savings accounts of workers. PO shall proactively help workers open Bank/ Post Office accounts.
- On completion of every project, a Project Completion Report (PCR) should be prepared as per the prescribed format in the Works Register and the details entered therein should be verified by a senior officer. Summary details should also be made available to concerned ward, block and district panchayat member, MLA and MP.

Funding

Central Government shall meet the cost of:

- 100% of wages for unskilled manual work
- 75% of material cost of the schemes including payment of wages to skilled and semi skilled workers.

State Government shall meet

- 25% of material including payment of wages to skilled and semi skilled workers cost
- 100% of unemployment allowance payable under the Scheme

Central Government provides upto 6% of the total expenditure on MGNREGA in a FY as administrative expenses. At least two-thirds of this 6% should be spent at the block-level and below. Administrative expenditure are training, IEC activities, MIS related, quality management, social audit, work sites facilities etc.

Releases of Central Share of funds are based on the projection of labour demand in the agreed-to (between Central Government and State Government) Labour Budget (LB). The central releases are based on District/State specific anticipated labour demand proposals. LB estimate is based on the amount of total

cost (viz. cost towards wage, material and administrative costs) to be incurred while generating a person-day wage employment.

Central share of funds under MGNREGA are normally released in two trenches. 1st trenches (including upfront money) of central share is based on proportionate fund requirement as per the agreed to LB to take care of requirement for the first six months of the financial year subject to a maximum of 50 per cent of the total fund required for a whole year. The release of 2nd tranche is based on (i) unspent balances and (ii) actual performance against the agreed to LB during the year.

AUDIT OF ACCOUNTS

The audit of the accounts of a scheme under the Act for each year shall be carried out by the Director, Local Fund Audit or equivalent authority or by Chartered Accountants.

The accounts of the schemes of every State Government as certified together with the audit report thereon shall be forwarded to the Comptroller and Auditor General of India and the Central Government by the State Government. The Audited Accounts/ Statement of

expenditure are to be laid by the State Government before the State Legislature

The Comptroller and Auditor General of India, or any person appointed by him in this behalf, shall have the right to conduct audit of the accounts of schemes at such intervals as he may deem fit.

The Comptroller and Auditor General (CAG) of India shall use social audit's findings as an input.

Transparency and Accountability

NREGASoft

Concurrent monitoring plays an important and crucial role in effectively deploying resources towards meeting the objectives of MGNREGA. A programme of the scale and architecture that MGNREGA is, can be effectively and conveniently monitored using Information and Communication Technology (ICT).

Transparency and Accountability are at the core of MGNREGA. Act stipulates that all information relating to the implementation of the Act shall be proactively put in public domain.

Towards these two goals, the Central Government has developed a work flow based, web enabled application (known

as NREGASoft) which is hosted at the portal accessible as <http://nrega.nic.in>. NREGASoft provides for recording of all transaction details of different processes in implementation of MGNREGA and putting the same in public domain. The advantages of managing implementation of MGNREGA through NREGASoft are:

- It enables capturing data in real-time from the field which helps in quick and easy analysis,
- With a number of checks provided in NREGASoft, it becomes easier to comply with many of the conditions stipulated e.g. the system ensures that the cap of 100 days on the number of days a household can be given employment in a year, is not breached inadvertently,
- By putting transaction data in public domain, concurrent social audit is enabled. This also helps in meeting the norms of proactive disclosure,
- The paper work, time and effort involved in preparing reports required for a process intensive programme such as MGNREGA, aggregation of data originating at different levels etc. is substantially reduced,

○ It facilitates smooth and seamless exchange of information with external agencies such as banks and post offices that have a critical role in the implementation of MGNREGA.

At Central Level Central Employment Guarantee Council (CEGC) and at the State level State Employment Guarantee Council (SEGC) reviews the monitoring and redressal mechanisms and suggests improvements in the implementation of the scheme.

Social Audit

An innovative feature of the MGNREGA is that it has institutionalized 'Social Audit' as a means of continuous public vigilance. The basic objective of social audit is to ensure public accountability in the implementation of projects, laws and policies. The process of Social Audit combines people's participation and monitoring with the requirements of the audit discipline. Social Audit is not a fault finding but a fact finding process. With a view to ensure proper implementation of Social Audit Government of India framed Audit of Scheme Rules 2011 and published Social Audit Manual in March 2015. Manual has described the

process for conducting social audit. Importance and procedure for social Audit will be discussed in the respective session.

IMPLEMENTING AND MONITORING AUTHORITIES

Central Employment Guarantee Council

Central Government by notification shall constitute a Council to be called the Central Employment Guarantee Council. Council will consist of with the members as specified in the Act and advise the Central Government on all matters concerning the implementation. Council will establish a central evaluation and monitoring system and monitor the implementation of the scheme.

State Employment Guarantee Council

State Government shall constitute a State Employment Guarantee Council with a Chairperson and such other members as determined. Council will advise the State Government on all matters concerning the Scheme and its implementation. Council will monitor and evaluate the implementation of the Schemes in the State and coordinate the Central Council.

Audit points

1. Did Block Panchayat consolidate block level Annual Development Plan and submit to District Panchayat?

2. Did District Panchayat and Intermediate Panchayats forward list of projects to their respective GP for inclusion in LB?
3. Was mandatory survey conducted to assess the quantum and timing of demand for employment before preparation of Labour Budget?
4. Whether convergence with other scheme was ensured while preparing Annual Development Plan?
5. Did annual plan include works permissible under the scheme?
6. Did panchayat at intermediate level supervise the project taken up by GPs? Was corrective action taken in projects where shortfall was noticed?
7. Whether the wage material ratio for the list of works proposed meets the requirements of the Act?
8. Was the objective to provide at least 100 days of guaranteed wage employment in a financial year to every rural household achieved?
9. Were all applicants provided with work within fifteen days of receipt of an application? If not, whether employment allowance was paid?
10. Could the auditor ascertain that one third of the total beneficiaries were women?
11. Did worker receive payment within a fortnight after the date on which such work done? If not, whether compensation was paid to the worker?
12. Did authority make arrangement of safe drinking water, shade for children, first-aid box and crèche for the worker at the site of work?
13. Is there any system of supervising and monitoring of the projects taken up at the Block level and district level by the panchayat at district level?
14. Whether block level plan was approved by the panchayat at intermediate level and forwarded to district level panchayat?
15. Did the system of recording applications for work, allocation of work, generation of wage slips and Fund Transfer Orders (FTOs), entries relating to work performed, delayed payment of wages etc. in NREGAsoft ensure?
16. Was there any case of misappropriation or financial irregularity? If yes, whether FIR was filed and reasons analysed?

17. Was regular social audit conducted?

Were all the records required by social audit unit furnished? Whether follow up action on social audit report ensured?

18. Were all works taken up under the scheme resulted in creation of durable assets and strengthen livelihood resources of the rural poor? If not, reasons may be analysed and commented with shortfall.

19. Was any part of the fund utilised for land acquisition against the norms of the scheme?

20. Was the landowner on whose land the work taken up, a job card holder?

21. Were the available fund utilised properly according to the prescribed procedure? Were there cases of shortfall in utilisation? If so, why?

22. Could auditor ensure that the administrative expenditure incurred by the authority was within the prescribed limit?

Session 5.2

Session Title

Monitoring of ZP and PS





- **Instructor's Guide**
- **PowerPoint Slides**
- **Participants' Note**

Session Title: Monitoring of ZP and PS.		Session Guide
Instructor’s Guide	Reference	Participants’ Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of this session.		
Learning Objective		
Delineate: By the end of this session, we will acquire knowledge on the system of monitoring / oversight of ZP and PS, which will facilitate an understanding of the checks and balances within the PRI system, enabling us to draw audit conclusions in respect of ZP & PS.	Lecture	
Basic Concepts		
Discuss: How the administrative regulations, supervision and reporting requirements have resulted, in effect, in a structure in which ZPs supervise both GPs and PSs and how the state government oversees the entire legal-administrative framework relating to PRIs. Distribute Participants’ Note	Lecture Slide: SESSION 5.2 Monitoring System SESSION 5.2 PARTICIPANTS’ NOTE	
Summarise		
Highlight: During the session, we discussed the system of monitoring of ZP & PS. Thank the participants and bring the session to a close.		

Monitoring of ZP and PS

Slide 1

**Monitoring of Zilla Parishad (ZP)
and
Panchayat Samiti (PS)**






AUDIT OF ZP AND PS 4

Slide 4

**Salient provisions
for the monitoring of ZP and PS**

- The ZP shall prepare and submit annually in the prescribed manner a report on the work done during the previous year and the work proposed to be done during the following year to Director, Panchayat Department within the prescribed time. (Section 152 of the W.B. Panchayat Act, 1973);
- A PS may be vested by the state government with such powers under any local or special Act or such other powers and functions as the state government may think fit. [cf. Sec. 114/1 & 114/3 of the Act];






AUDIT OF ZP AND PS 4

Slide 2

Monitoring of ZP and PS

- The three tiers of local self-government in West Bengal have executive authority and are supposed to be independent of one another;
- In practice, however, the administrative regulations, supervision and reporting requirements have resulted in effect in a structure in which Zilla Parishad (ZP) has a supervisory role over the Panchayat Samiti (PS) ;
- The state government oversees the entire legal-administrative framework relating to PRIs.






AUDIT OF ZP AND PS 2

Slide 5

**Salient provisions
for the monitoring of ZP and PS Contd.**

- The state government may, by order, direct the PS to make such contribution and grant to one or more GPs out of the tolls, rates and fees levied by it under section 133 as may be specified in the order, or authorize any officer to render advice, technical or otherwise, to the PS on the performance of its functions. [cf. Sec. 144/A 3&4 of the Act]; and,
- A ZP may be vested by the state government with such powers under any local or special Act or such other powers and functions as the state government may think fit. [cf. Sec. 160/1 of the Act].






AUDIT OF ZP AND PS 5

Slide 3

**Salient provisions
for the monitoring of the ZPs and PSs**

- Copies of the Annual and Half-yearly reports of the PS on its workings are to be sent to the ZP. (Section 107 of the W.B. Panchayat Act, 1973);
- The monitoring by the State Government is exercised through the Block Development Officer who shall attend the meetings *ibid* of the PS and shall participate in the deliberations thereof. (Section 108 of the W.B. Panchayat Act, 1973); and,






AUDIT OF ZP AND PS 3

Slide 6

**Salient provisions for the monitoring of ZP and PS
Contd.**

- Copies of the approved budget and the Supplementary Estimate of the PS are to be sent to the ZP [cf. Sec. 136 & 138 of the Act]; and,
- The ZP may either approve the budget or return it to the PS for such modifications as it may direct and the PS shall resubmit it to the ZP accordingly [cf. Sec. 136 & 138 of the Act];
- Copies of the annual budget and the Supplementary Estimate of the ZP are to be sent to the state government [cf. Sec. 183/b & 184/2 of the Act];






AUDIT OF ZP AND PS 6

Slide 7

Salient provisions for the monitoring of ZP and PS Contd.

- A ZP shall exercise general powers of supervision over PS & GP in the district and it shall be the duty of these authorities to follow the directions given by the ZP. [cf. Sec. 163/1 of the Act];
- A ZP may direct a PS or GP to discharge any duty within a specified period, if such PS or GP fails to discharge such duty in accordance with the prescribed provisions. If such duty is not discharged within the aforesaid period, the ZP may appoint any person or persons or authority to discharge such duty and direct that the expenses thereof shall be paid by the PS or GP concerned within such period as it may fix [cf. Sec. 163(3)(b)];






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AUDIT OF ZP AND PS 7

Slide 10

Salient provisions for the monitoring of ZP and PS Contd.

- The state government may issue direction for special audit of the accounts of the funds of GP/PS/ZP by such authority as the state government may direct [cf. Sec.196B of the Act];
- The state government shall appoint a Director of Panchayats and such other officers as it may consider necessary for the purpose of inspecting or superintending the work of all the units of PRIs and the latter will have to produce any book, record, correspondence, plan, document, return etc called for by the former [cf. Sec. 205 of the Act];






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AUDIT OF ZP AND PS 10

Slide 8

Salient provisions for the monitoring of ZP and PS Contd.

- A ZP may direct a PS or GP to levy any tax, toll, fee or rate, if it fails to do so in accordance with the provisions of the Act [cf. Sec. 163 (3) (c)];
- **7)** A ZP may call for meetings of a PS or any of its Sthayee Samitis or a GP, if no meeting of such PS/Sthayee Samiti/GP is held in accordance with the provisions of the Act [cf. Sec. 163 (3) (d)];
- **8)** A PS or a GP may appeal to the state government against any direction of the ZP and the decision of the state government will be final [cf. Sec. 163(5) of the Act];






Session 5.2


AUDIT OF ZP AND PS 8

Slide 11

Salient provisions for the monitoring of ZP and PS Contd.

- The state government may, by order in writing, rescind any resolution passed by a GP/PS/ZP, if in its opinion such resolution has not been legally passed, or is in excess of or abuse of the powers conferred by or under the Act or any other rules made there under [cf. Sec. 209 of the Act].





Session 5.2


AUDIT OF ZP AND PS 11


Home

Slide 9

Salient provisions for the monitoring of ZP and PS Contd.

- The accounts of the funds of a GP/PS/ZP shall be examined and audited by an auditor appointed by the state government [cf. Sec.186 of the Act]. As per state government Notification No. 1149/PN/01/3C-2/2000 (Pt. II) dated: 28.03.03, the AG, Local Bodies Audit, West Bengal has been appointed by the Governor of West Bengal to examine and audit cent percent accounts of the funds of GP and the audit shall be done in accordance with the Rules;





Session 5.2

AUDIT OF ZP AND PS 9



Session Title

Monitoring of ZP and PS.

Session Overview

We are now on the topic, wherein an appreciation of the oversight of the ZP & PS of West Bengal could be carried out as an end in itself.

In the previous sessions, audit of different Central / State Schemes were discussed. In this session we will discuss monitoring of the PS by ZP, and of the ZP & PS by the state government within the regulatory framework relating to PRIs.

Learning Object

At the end of the session, the auditor will acquire knowledge on the monitoring of the ZP & PS which will facilitate on understanding of the checks and balances within the PRI system during audit.

Basic Concept

The three tiers of local self-government in West Bengal have executive authority and are supposed to be independent of one another. In practice, however, the administrative regulations, supervision and reporting requirements have resulted in effect in a structure in which Zilla Parishad (ZP) has a supervisory role over the Panchayat Samiti (PS). The state

government oversees the entire legal-administrative framework relating to PRIs.

Some of the salient provisions for the monitoring of the ZP & PS are as under:

1) a] Copies of the Annual and Half-yearly reports of the PS on its workings are to be sent to the ZP. (Section 107 of the W.B. Panchayat Act, 1973)*;

b] The monitoring by the State Government is exercised through the Block Development Officer who shall attend the meetings *ibid* of the PS and shall participate in the deliberations thereof. (Section 108 of the W.B. Panchayat Act, 1973); and,

c] The ZP shall prepare and submit annually in the prescribed manner a report on the work done during the previous year and the work proposed to be done during the following year to Director, Panchayat Department within the prescribed time. (Section 152 of the W.B. Panchayat Act, 1973);

2) a] A PS may be vested by the state government with such powers under any local or special Act or such other powers and functions as the state government may

* To be adopted as per state specific scenario.

think fit. [cf. Sec. 114/1 & 114/3 of the Act];

b] The state government may, by order, direct the PS to make such contribution and grant to one or more GPs out of the tolls, rates and fees levied by it under section 133 as may be specified in the order, or authorize any officer to render advice, technical or otherwise, to the PS on the performance of its functions. [cf. Sec. 144/A 3&4 of the Act]; and,

c] A ZP may be vested by the state government with such powers under any local or special Act or such other powers and functions as the state government may think fit. [cf. Sec. 160/1 of the Act].

3) a] Copies of the approved budget and the Supplementary Estimate of the PS are to be sent to the ZP [cf. Sec. 136 & 138 of the Act]; and,

b] The ZP may either approve the budget or return it to the PS for such modifications as it may direct and the PS shall resubmit it to the ZP accordingly [cf. Sec. 136 & 138 of the Act];

c] Copies of the annual budget and the Supplementary Estimate of the ZP are to be sent to the state government [cf. Sec. 183/b & 184/2 of the Act];

4) A ZP shall exercise general powers of supervision over PS & GP in the district and it shall be the duty of these authorities to follow the directions given by the ZP. [cf. Sec. 163/1 of the Act];

5) A ZP may direct a PS or GP to discharge any duty within a specified period, if such PS or GP fails to discharge such duty in accordance with the prescribed provisions. If such duty is not discharged within the aforesaid period, the ZP may appoint any person or persons or authority to discharge such duty and direct that the expenses thereof shall be paid by the PS or GP concerned within such period as it may fix [cf. Sec. 163(3)(b)];

6) A ZP may direct a PS or GP to levy any tax, toll, fee or rate, if it fails to do so in accordance with the provisions of the Act [cf. Sec. 163 (3) (c)];

7) A ZP may call for meetings of a PS or any of its Sthayee Samitis or a GP, if no meeting of such PS/Sthayee Samiti/GP is held in accordance with the provisions of the Act [cf. Sec. 163 (3) (d)];

8) A PS or a GP may appeal to the state government against any direction of the ZP and the decision of the state

government will be final [cf. Sec. 163(5) of the Act];

9) The accounts of the funds of a GP/PS/ZP shall be examined and audited by an auditor appointed by the state government [cf. Sec.186 of the Act]. As per state government Notification No. 1149/PN/O/I/3C-2/2000 (Pt. II) dated: 28.03.03, the Accountant General, Local Bodies Audit, West Bengal has been appointed by the Governor of West Bengal to examine and audit cent percent accounts of the funds of GP and the audit shall be done in accordance with the W.B. Panchayat (Gram Panchayat Miscellaneous Accounts and Audit) Rules, 1990;

10) The state government may issue direction for special audit of the accounts of the funds of GP/PS/ZP by such authority as the state government may direct [cf. Sec.196B of the Act];

11) The state government shall appoint a Director of Panchayats and such other officers as it may consider necessary for the purpose of inspecting or superintending the work of all the units of PRIs and the latter will have to produce any book, record, correspondence, plan, document, return etc

called for by the former [cf. Sec. 205 of the Act];

12) The state government may, by order in writing, rescind any resolution passed by a GP/PS/ZP, if in its opinion such resolution has not been legally passed, or is in excess of or abuse of the powers conferred by or under the Act or any other rules made thereunder [cf. Sec. 209 of the Act].

Session 6

Session Title

Duties and Powers of Auditor



- **Instructor's Guide**
- **PowerPoint Slides**
- **Participants' Note**

Instructor's Guide
Session 6

Session Title: Duties and powers of Auditor , Auditing Standards and Certification of Audit		Session Guide
Instructor's Guide	Referen ce	Participants' Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of each session. In the previous sessions, we discussed the constitution, accounting systems and works accounts along with schemes of ZP and PS and audit points thereon.		
Learning Objective		
Delineate: By the end of this session, we will be familiar with the duties and powers of the Auditor as well as Auditing Standards, laid down by C&AG and the procedure of certification audit of annual accounts of ZP and PS, which will enable us to conduct audit of ZP and PS in a practical job scenario.		
Basic Concepts		
Discuss the procedure and manner of audit, preparation of audit report and follow up action as stated in West Bengal Panchayat (Zilla Parishad & Panchayat Samiti) Accounts and Financial Rule, 2003 Explain: I. The objectives of audit of ZP and PS, scope of audit, auditing standards as stated in the guidelines of C&AG of India II. Certification audit of accounts of ZP and PS, its object, planning and standard form of Audit certificate. III. The standards for drafting of audit inspection report	Slide SESI ON 6 DUTIE S POWE RS STAN DARD S, CERTI FICAT ION	
Summarise:		
Highlight: During the session, we have discussed the procedure relating to duties and powers of the auditor, Auditing Standards, Certification Audit of Annual Accounts, Drafting of Audit Inspection Report and follow up action thereon. Distribute Participants' Note Thank the participants and bring the session to a close	Session 6 PARTI CIPAN TS' NOTE	



Duties Powers PPS

Session 6




Duties and powers of Auditor

Slide 1


DUTIES & POWERS OF AUDITOR






Regional Training Institute, Kolkata


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Manner of Audit contd. 




- ⊙ The payments are supported by relevant vouchers and incurred against formal authority as per the rules and Act
- ⊙ All types of receipts are brought into account and entered in the Cash Book
- ⊙ Receipts and expenditure in all cases are such as are authorised by rules and the Act

  AUDIT OF ZP AND PS 


Slide 2

Procedure of Statutory Audit 




The Accounts of the PS and ZP shall be audited by the auditor at least once a year in the manner prescribed in rule 218 (1) of 'The West Bengal Panchayat (Zilla Parishad and Panchayat Samiti) Accounts and Financial Rules, 2003

  AUDIT OF ZP AND PS 


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Manner of Audit contd. 

- ⊙ Reconciliation of accounts with Bank(s) and Treasury are regularly done at least once in every month
- ⊙ The Auditor shall verify the liquid cash balance in the hands of the Drawing and Disbursing Officer and or imprest cash holder during the course of audit




  AUDIT OF ZP AND PS 

Slide 3


Manner of Audit 

It shall be the duty of the Auditor to verify that-




- ⊙ The accounts have been kept and are presented in approved form and manner with due regard to these rules and other rules not inconsistent with these rules and the Act
- ⊙ The particular items of receipts and payments are stated in sufficient details

  AUDIT OF ZP AND PS 

Slide 6

Powers of Auditor 

- ⊙ If any person neglects or refuses directly or indirectly to comply with the requisition made by the Auditor, the Auditor shall have the right to refer the matter to the DM (in case of PS) or Divisional Commissioner (in case of ZP)

  AUDIT OF ZP AND PS 


Duties Powers PPS

Session 6

Slide 7

Powers of Auditor contd.

- ⦿ The Auditor shall have the authority for:
 - ⦿ Production of any document including internal audit report and or any information which may be necessary for the audit in course of inspection
 - ⦿ Any technical or non-technical official accountable for any work done shall be liable to make personal appearance before the audit, if so required



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AUDIT OF ZP AND PS

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Preparation of report and follow up action contd.

- ⦿ Part II shall highlight the irregularities, indiscipline and improprieties noticed during audit
- ⦿ The Auditor shall send his report to the Sabhapati or the Sabhadhipati, as the case may be, with a copy to the EO of the PS or the ZP, as the case may be, and a copy thereof to the State Government



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AUDIT OF ZP AND PS

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Powers of Auditor contd.

- ⦿ Any person so appearing before the audit shall be liable to make or sign declaration in respect of any such document or to answer any question or prepare and submit any statement
- ⦿ It shall be the duty of the EO as well as the Drawing and Disbursing Officer of the ZP/PS to ensure the personal appearance of and or supply of the records, documents, explanation etc. before the



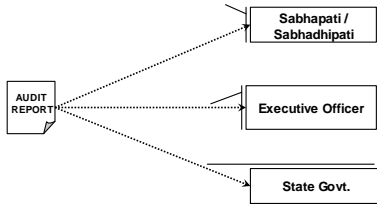

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AUDIT OF ZP AND PS

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Preparation of report and follow up action contd.

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AUDIT OF ZP AND PS

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Preparation of report and follow up action

- ⦿ Within two months from the date on which the audit is completed, the auditor shall prepare and send Audit Report in two parts
- ⦿ Part I shall contain the outstanding objections from the previous inspection report and



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AUDIT OF ZP AND PS

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Preparation of report and follow up action contd.

- ⦿ The Auditor shall append to his report *interalia* a statement showing
 - ⦿ The grants and grants-in-aid received by the PS and the ZP and the expenditure incurred therefrom
 - ⦿ Any material impropriety or irregularity observed in the expenditure or in the recovery of the money due to the PS or the ZP or in the accounts of the fund of the PS or the ZP
 - ⦿ Any loss or wastage of money or other property owned by or vested in the PS or ZP



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AUDIT OF ZP AND PS

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Duties Powers PPS

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Preparation of report and follow up action contd.




- On receipt of the audit report, the EO of the PS/ZP, in consultation with the Sabhapati/Sabhadhipati, shall place within two months the audit report in a specially convened meeting of the Artha Sthayee Samiti of the PS/ZP for comprehensive discussions and observations of the Auditor on any material irregularity or impropriety in expenditure

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Preparation of report and follow up action contd.




- The SDO with his comments on the audit replies shall forward the same in duplicate to the concerned DM who with his comments thereon shall forward one copy to the Auditor in respect of the PS audit report
- The ZP, after the special meeting on audit report, shall prepare and forward a statement containing the views and action taken against each audit note

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Preparation of report and follow up action contd.




- After discussions of the audit report in detail, the Artha Sthayee Samiti shall place recommendations on the actions to be taken by the PS/ZP to remedy the defects or the irregularities
- Thereafter, the EO of the PS/ZP, after a meeting specially convened for this purpose, shall inform the Auditor about the actions taken on the audit report appending therewith a statement giving item wise replies or comments on the audit or inspection notes

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Preparation of report and follow up action contd.




- One copy of such statement shall be sent to the Commissioner for onward transmission with his comments to the Auditor, the second copy shall be sent to the State Govt. and the third copy to the Director
- If within two months, no information is received by the Auditor from the PS or ZP or if the reasons or explanation given by it for not rectifying any defects or irregularities pointed out in the audit report is not considered sufficient by the Auditor, the Auditor may refer the matter to the DM (in case of PS) or to the Divisional Commissioner (in case of ZP)

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Preparation of report and follow up action contd.




- The entire process of submission of replies to the Auditor, shall be completed within a period of two months from the date of receipt of the report
- The EO of the PS shall forward a copy of the replies along with the audit report or notes to the Director and also to the concerned SDO in triplicate stating therein the date and decisions of the Artha Sthayee Samiti meeting

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Power of Auditor to Surcharge


- As per Section 192 of the West Bengal Panchayat Act, 1973, the auditor may, after giving the person concerned an opportunity to submit an explanation and after considering such explanation, charge against any person responsible for the amount of any loss incurred by the negligence or misconduct of that person and shall certify the amount due from such person

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Duties Powers PPS

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Power of Auditor to Surcharge contd. 



- The auditor may in his discretion waive the surcharge or charge in cases where the amount involved does not exceed Rs.25

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AUDIT OF ZP AND PS


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Auditing Standards for Panchayati Raj Institutions 




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AUDIT OF ZP AND PS

Slide 20


Power of Auditor to Surcharge contd. 

- The auditor shall record in writing his reasons for every disallowance, surcharge and charge and shall send a certificate of the amount due and a copy of the reasons for his decision to the person in respect of whom the certificate is made and shall also furnish copies to the Sabhapati or Sabhadhipati, as the case may be, and the state government

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Auditing Standards 


We will be discussing the major areas of Auditing Standards viz.

- General Standards
- Field Standards
- Reporting Standards




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AUDIT OF ZP AND PS

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Power of Auditor to Surcharge contd. 

- The sum, as certified by the auditor to be due from any person or as ordered by the State Govt. (where there is an appeal), shall be paid by such person to the concerned PS or ZP



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AUDIT OF ZP AND PS

Slide 24

General Standards 

The general auditing standards define the basic professional needs of the auditor, his awareness of his responsibilities and zeal to develop necessary skills and tasks, so that the audit of ZP or PS is performed efficiently and economically

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AUDIT OF ZP AND PS

Duties Powers PPS

Session 6


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General Standard Contd

The salient features are as follows:

The Auditor

- Must be institutionally independent
- Must be free from personal or external impairments to independence
- Shall maintain an independent attitude and appearance



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AUDIT OF ZP AND PPS

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Field Standard-Applicability

- The Auditor should plan the audit in a manner, which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner
- The Auditor should design audit steps and procedures to provide reasonable assurance of detecting errors, irregularities, and illegal acts that could have a direct and material effect on the financial statement accounts
- In regularity audit Auditor should analyse the financial statements to establish whether prescribed accounting procedure are complied with



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AUDIT OF ZP AND PPS

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General Standard Contd

- Must possess the required competence
- Must be alert to detect control weaknesses, inadequacies in record keeping, errors and unusual transactions which could be indicative of fraud, improper or unlawful expenditure
- Must exercise due care in planning, specifying gathering and evaluating evidence and in reporting findings and conclusions



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AUDIT OF ZP AND PPS

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Field Standard-Audit Evidence

- Sufficient, competent, relevant and reliable evidence should be obtained to support the Auditor's conclusions
- The data collection and sampling techniques should be carefully chosen



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AUDIT OF ZP AND PPS

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Field Standard

The field standards establish the criteria or overall framework for the purposeful, systematic and balanced steps

We will discuss three major components of field standards, viz.:

- Applicability
- Audit Evidence
- Internal Control



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AUDIT OF ZP AND PPS

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Field Standard-Audit Evidence

- Adequate documentation is important. It will
 - Confirm and support the auditor's opinions
 - Increase the efficiency and effectiveness of the audit
 - Serve as a source of information for preparing reports or answering any enquiries from the audited entity



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AUDIT OF ZP AND PPS

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Duties Powers PPS

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Field Standard- Internal Control

- The Auditor should study and evaluate the reliability of internal control. The study may be carried out according to the type of audit undertaken
- In case of financial audit, study and evaluation are made mainly on controls that assist in safeguarding assets and resources and assure the accuracy and completeness of accounting records
- In case of performance audit, the study shall be made of the internal control system applicable to the audited body, programme, activity or function under audit





AUDIT OF ZP AND PPS 31

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Reporting Standards contd

- With regard to performance or value for money audit, the report should include a description of the scope and coverage of audit, objective of audit, area of audit and recommendations suggesting improvements that are needed
- With regard to audit of financial statements the Auditor should prepare a report expressing opinion on the fair presentation of the financial position of the auditee entity in the financial statement





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Reporting Standards

- Reporting standards constitute the framework for the audit organisation and the Auditor to report the results of audit of regularity or performance audit or express his opinion on a set of financial statements





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Reporting Standards-Audit Certificate contd

The Auditor's certificate shall state expressly-

- The financial statements to which it relates
- That the audit has been carried out in accordance with the relevant statutory authority and with auditing standards
- An opinion about the accounts which the Auditor has formed as a result of the audit





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Reporting Standards contd

- The report *ibid* will include, *interalia*, a certificate
- With regard to regularity audits, the Auditor should prepare a written report which may either be a part of the report on the financial statements or the value for money audit





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Reporting Standards contd.

- The procedure at the end of the audit should ensure that the account has been prepared in the correct form and all disclosure requirements have been met; all information has been obtained to enable the auditor to arrive at the audit opinion and determine the form of the certificate; and working papers have been documented and are adequate to support the audit opinion



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Duties Powers PPS


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Reporting Standards

The position obtaining in West Bengal

- The statutory provisions contained in the West Bengal Panchayat Act, 1973 and the rules framed there under do not provide for the certification of accounts of ZP and PS by statutory Audit
- However keeping in view the guidelines issued by the Comptroller & Auditor General of India a certification audit of ZP and PS accounts should also be done by the office of the Accountant General/Local Bodies Audit, West Bengal and an audit certificate be enclosed with the issue of the Audit Inspection report. The audit certificate *ibid* should express the auditor's views in the prescribed format on the financial performance of the ZP / PS in respect of the maintenance of accounts in accordance with The West Bengal Panchayat(ZP & PS) Rules, 2003



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AUDIT OF ZP AND PS

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Drafting of Audit Inspection Report contd

- The subject matter of the objections should be arranged in logical sequence
- It should be kept in mind that it is in the treatment of results of audit that the auditorial function demands the highest qualities of understanding, balanced judgment and sense of proportion
- Mention of the names of the officials should be avoided except in case of personal claim



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AUDIT OF ZP AND PS


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Drafting of Audit Inspection Report

The following major points should be kept in view as regards drafting of Audit Inspection Reports

- Draft Inspection Reports should be written up continuously as the inspection proceeds so as to be ready as soon as it is completed
- The comments of audit should be brief, intelligible and to the point



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Drafting of Audit Inspection Report contd

- The culmination of the audit process is the reporting which summarises the evidence gathered during the conduct of audit and communicates the audit opinion and other findings. It is essential for the Auditor to prepare report in such a way so that audit observations are easy to understand
- Timeliness of the report is the essence as delay may make the report irrelevant and corrective action may not be practicable



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Drafting of Audit Inspection Report contd

- The objections should be made out in courteous and gentle language, and always in impersonal terms
- It is of utmost importance that any statement or criticism should be accurate, fair, moderately worded and dispassionate
- The write up should contain full reference to the relevant documents



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AUDIT OF ZP AND PS

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Session Title: Duties and powers of Auditors, auditing standards, Reporting standards, Certification of annual accounts of PRIs

Session Overview

In the previous sessions, the evolution of PRIs, and Audit of constitution of ZP & PS, Audit of ZP & PS Fund, Audit of ZP & PS Accounts, Audit of Works executed by ZP & PS and Audit of Schemes implemented through ZP & PS, were discussed.

We are now in the module on topics, wherein statutory provisions for Audit, duties and powers of the Auditors, Auditing Standards for audit of ZP & PS and drafting of audit inspection report could be carried out.

Learning Objective

In this session we will discuss statutory provisions for Audit, duties & powers of Auditors, auditing standard for audit of ZP & PS and drafting of audit inspection etc. to the extent that at the end of the session the Auditor is familiar with-

- The statutory provisions for audit;
- The duties & powers of auditors;

- The auditing standards for audit of ZP & PS;
- Method of certification of annual accounts of ZP & PS; and
- Drafting of audit inspection report.

Procedure of audit

*[Rule 218 of WB Panchayat (Zilla Parishad & Panchayat Samiti) Accounts and Financial Rule, 2003)]**

The Accounts of the ZP and PS shall be audited by the auditor at least once a year in the manner prescribed in rule 218 (1) of 'The West Bengal Panchayat (Zilla Parishad and Panchayat Samiti) Accounts and Financial Rules, 2003

Manner of audit

(Rule 218 (1) of WB Panchayat (Zilla Parishad & Panchayat Samiti) Accounts and Financial Rule, 2003)

It shall be the duty of the Auditor to verify that-

- The accounts have been kept and are presented in approved form and manner with due regard to these rules and other rules not inconsistent with these rules and the Act;
- The particular items of receipts and payments are stated in sufficient details;

* To be adopted as per state specific scenario.

- The payments are supported by relevant vouchers and incurred against formal authority as per the rules and Act;
- All types of receipts are brought into account and entered in the Cash Book;
- Receipts and expenditure in all cases are such as are authorised by rules and the Act;
- Reconciliation of accounts with Bank(s) and Treasury are regularly done at least once in every month;
- The Auditor shall verify, the liquid cash balance in the hands of the Drawing and Disbursing Officer and or imprest cash holder, during the course of audit;
- If any person neglects or refuses directly or indirectly to comply with the requisition made by the Auditor, the Auditor shall have the right to refer the matter to the DM (in case of PS) or Divisional Commissioner (in case of ZP);
- The Auditor shall have the authority for:
 - Production of any document including internal audit report and or

any information which may be necessary for the audit in course of inspection;

- Any technical or non-technical official accountable for any work done shall be liable to make personal appearance before the audit, if so required;
- Any person so appearing before the audit shall be liable to make or sign declaration in respect of any such document or to answer any question or prepare and submit any statement; and,
- It shall be the duty of the EO as well as the Drawing and Disbursing Officer of the ZP/PS to ensure the personal appearance of and or supply of the records, documents, explanation etc. before the audit.

Preparation of report and follow up action

(Rule 219 of WBP (Zilla Parishad & Panchayat Samiti) Accounts and Financial Rule, 2003)

- Within two months from the date on which the audit is completed, the auditor shall prepare and send Audit Report in two parts.

- Part I shall contain the outstanding objections from the previous inspection report.
 - Part II shall highlight the irregularities, indiscipline and improprieties noticed during audit.
 - The Auditor shall send his report to the Sabhapati or the Sabhadhipati, as the case may be, with a copy to the EO of the PS or the ZP, as the case may be, and a copy thereof to the State Government.
 - The Auditor shall append to his report, *interalia*, a statement showing:-
 - The grants and grants-in-aid received by the PS and the ZP and the expenditure incurred therefrom;
 - Any material impropriety or irregularity observed in the expenditure or in the recovery of the money due to the PS or the ZP or in the accounts of the fund of the PS or the ZP; and
 - Any loss or wastage of money or other property owned by or vested in the PS or ZP.
- On receipt of the Audit Report, the EO of the PS/ZP, in consultation with the Sabhapati/Sabhadhipati, shall place within two months the Audit Report in a specially convened meeting of the Artha Sthayee Samiti of the PS/ZP for comprehensive discussions and observations of the Auditor on any material irregularity or impropriety in expenditure.
 - After discussions of the Audit Report in detail, the Artha Sthayee Samiti shall place recommendations on the actions to be taken by the PS or ZP to remedy the defects or the irregularities.
 - Thereafter, the EO of the PS/ZP, after a meeting specially convened for this purpose, shall inform the Auditor about the actions taken on the audit report appending therewith a statement giving item-wise replies or comments on the audit or inspection notes.
 - The entire process of submission of replies to the Auditor shall be completed within a period of two

months from the date of receipt of the report.

- The EO of the PS shall forward a copy of the replies along with the audit report or notes to the Director and also to the concerned SDO in triplicate stating therein the date and decisions of the Artha Sthayee Samiti meeting.
- The SDO with his comments on the audit replies shall forward the same in duplicate to the concerned DM who with his comments thereon shall forward one copy to the Auditor in respect of the PS audit report.
- The ZP, after the special meeting on audit report, shall prepare and forward a statement containing the views and action taken against each audit note.
- One copy of such statement shall be sent to the Commissioner for onward transmission with his comments to the Auditor, the second copy shall be sent to the State Govt. and the third copy to the Director.
- If within two months, no information is received by the Auditor

from the PS or ZP or if the reasons or explanation given by it for not rectifying any defects or irregularities pointed out in the audit report is not considered sufficient by the Auditor, the Auditor may refer the matter to the DM (in case of PS) or to the Divisional Commissioner (in case Of ZP).

Power of Auditor to Surcharge

(Section 192 of the West Bengal Panchayat Act, 1973)

The auditor may, after giving the person concerned an opportunity to submit an explanation and after considering such explanation, charge against any person responsible for the amount of any loss incurred by the negligence or misconduct of that person and shall certify the amount due from such person.

The auditor may in his discretion waive the surcharge or charge in cases where the amount involved does not exceed Rs.25.

The auditor shall record in writing his reasons for every disallowance, surcharge and charge and shall send a certificate of the amount due and a

copy of the reasons for his decision to the person in respect of whom the certificate is made and shall also furnish copies to the Sabhapati or Sabhadhipati, as the case may be and the State Government.

The sum, as certified by the auditor to be due from any person or as ordered by the State Govt. (where there is an appeal), shall be paid by such person to the concerned PS/ZP.

Auditing Standards

Auditing Standards prescribe the norms which the Auditors are expected to follow in the conduct of audit. They provide minimum guidance to the Auditor that helps determine the extent of auditing steps and procedure that should be applied in the audit and it constitutes the criteria or yardstick against which the quality of audit results are evaluated. The Auditor must exercise due care and concern in complying with the auditing standards.

Detailed instructions on the issue have been prescribed by the Comptroller & Auditor General of India in the manual entitled "Auditing Standards for Panchayati Raj Institutions & Urban Local

Bodies". Now we will be discussing some major areas of Auditing Standards viz.

- General Standards
- Field Standards
- Reporting Standards

1. General Standards

1.1 The general auditing standards define the basic professional needs of the auditor, his awareness of his responsibilities and zeal to develop necessary skills and tasks, so that the audit of ZP or PS is performed efficiently and economically. The salient features are as follows:

- The Auditor must be independent. In all matters relating to audit work the Auditor must be free from personal or external impairments to independence, must be institutionally independent and shall maintain an independent attitude and appearance. Any imposition of restrictions by the executive, which would constrain the exercise of mandate by the Audit Institution, would be a matter for reporting to the appropriate authority;
- The Auditor must possess the required competence. Performance and exercise of technical skill should be of a

quality appropriate to the complexities of a particular audit. Auditors need to be alert to detect control weaknesses, inadequacies in record keeping, errors and unusual transactions or results which could be indicative of fraud, improper or unlawful expenditure, unauthorized operations, waste, inefficiency or lack of probity; and,

- The Auditor must exercise due care in planning, specifying, gathering and evaluating evidence and in reporting findings, conclusions and recommendations.

2. Field Standards

2.1 The field standards establish the criteria or overall framework for the purposeful, systematic and balanced steps or actions that the Auditor has to follow in conducting or managing audit work. Now we will discuss three major components of Field Standards, viz.:

- Applicability
- Audit Evidence
- Internal Control

2.2 Applicability- The field standards applicable to all types of audit are:

- The Auditor should plan the audit in a manner, which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner;
- The work of the audit staff at each level and audit phase should be properly supervised during the audit and a senior member of the audit staff should review documented work;
- In conducting regularity (financial) audits, a test should be made of compliance with applicable laws and regulations. The Auditor should design audit steps and procedures to provide reasonable assurance of detecting errors, irregularities, and illegal acts that could have a direct and material effect on the financial statement accounts; and,
- In regularity (financial) audit and in other types of audit when applicable, Auditors should analyze the financial statements to establish whether prescribed accounting procedure for financial reporting and disclosure are complied with. Analysis of financial statements should be performed to such a degree that a rational basis is obtained to

express an opinion on financial statements.

2.3 Audit Evidence

- Sufficient, competent, relevant and reliable evidence should be obtained to support the Auditor's judgment and conclusions regarding the body, programme, activity or function under audit;
- The data collection and sampling techniques should be carefully chose;.
- The audit evidence should be adequately documented in working papers, including the basis and extent of the planning, work performed and the findings of the audit;
- Adequate documentation is important for several reasons. It will
 - Confirm and support the Auditor's opinions and reports;
 - Increase the efficiency and effectiveness of the audit; and
 - Serve as a source of information for preparing reports or answering any enquiries from the audited entity or from any other party.

2.4 Internal Control

- The Auditor should study and evaluate the reliability of internal control. The study and evaluation of

internal control should be carried out according to the type of audit undertaken;

- In the case of financial audit, study and evaluation are made mainly on controls that assist in safeguarding assets and resources, and assure the accuracy and completeness of accounting records;
- In case of performance audit, the study and evaluation shall be made of the internal control systems applicable to the audited body, programme, activity or function under audit; and,
- Where accounting or other information systems are computerized, the Auditor should determine whether internal controls are operating effectively to provide reliability of and security over the data being processed.

The object is to point out, *interalia*:

- Absence of appropriate segregation of duties consistent with appropriate control objectives;
- Absence of appropriate reviews and approvals of transactions, accounting, entries or systems output;

- Inadequate provisions for the safeguarding of assets;
- Evidence of failure to safeguard assets from loss, damage or misappropriation;
- Evidence that a system fails to provide complete and accurate output consistent with the Auditee's control objectives because of the misapplication of control procedures;
- Evidence of failure to perform tasks that are part of internal control, such as reconciliation not prepared or not timely prepared; and,
- Failure to follow up and correct previously identified deficiencies in internal control.

3. Reporting Standards

3.1.1. Reporting standards constitute the framework for the audit organization and the Auditor to report the results of audit of regularity or performance audit or express his opinion on a set of financial statements. The report *ibid* will include, *interalia*, a certificate. Detailed instructions in this regard have been prescribed by the Comptroller & Auditor General of India

in Chapter IV of the Manual entitled "Auditing Standards for Panchayati Raj Institutions & Urban Local Bodies".

3.1.2. With regard to regularity audits, the Auditor should prepare a written report which may either be a part of the report on the financial statements or the value for money audit or a separate report on the tests of compliance of applicable laws and regulations.

3.1.3. 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 recommendation suggesting the improvements that are needed.

3.1.4. With regard to audit of financial statements, the Auditor should prepare a report expressing opinion on the fair presentation of the financial position of the audited entity in the financial statements.

3.2.1 The Auditor's certificate shall state expressly:

- The financial statements to which it relates;
- That the audit has been carried out in accordance with the relevant statutory authority and with auditing standards; and
- An opinion about the accounts which the Auditor has formed as a result of the audit.

3.2.2. Audit has to be planned to enable the certificate to be given. The planning of audit follows familiarisation with the auditee's financial and accounting system and control procedures. It would, *inter alia*, involve:

- Examining the legislation which affects the auditee i.e. legislation that governs the PRIs;
- Confirming the scope of audit and the authority for it;
- Acquainting with the form of accounts and disclosure requirements;
- Studying and evaluating the reliability of internal controls;

- Occurrence - all recorded transactions properly occurred and were relevant to the year of account;
- Disclosure - the recorded transactions have been properly classified where appropriate; and
- Regularity - the recorded transactions are in accordance with the legislation and other specific provisions.

3.2.3. The procedure at the end of the audit should ensure that the account has been prepared in the correct form and all disclosure requirements have been met; all information has been obtained to enable the auditor to arrive at the audit opinion and determine the form of the certificate; and working papers have been documented and are adequate to support the audit opinion.

3.2.4. The position obtaining in West Bengal

The statutory provisions contained in the West Bengal Panchayat Act, 1973 and the rules framed thereunder do not provide for the certification of accounts of ZP or PS by statutory Audit.

However keeping in view the guidelines issued by the Comptroller & Auditor General of India a certification audit of ZP and PS accounts should also be done by the office of the Accountant General/Local Bodies Audit, West Bengal and an audit certificate enclosed accordingly with the issue of the Audit Inspection report. The audit certificate *ibid* should express the auditor's views in the prescribed format on the financial performance of the ZP and PS in respect of the maintenance of accounts in accordance with The West Bengal Panchayat (ZP and PS) Accounts & Financial Rules, 2003. It is desirable that the State Government may incorporate a statutory provision for the certification of ZP and PS accounts by making suitable amendment in the Act/Rules in this regard, with a view to providing greater transparency in the maintenance of accounts.

3.3 Drafting of Audit Inspection Report

3.3.1 The effectiveness of audit inspections lies in reporting the results of inspections to the appropriate authority of the auditee organisation, so that

necessary action may be initiated by the latter to rectify the irregularity and prevent recurrence of the same or similar irregularity.

3.3.2. The following major points should be kept in view as regards drafting of Audit Inspection Reports:

- Draft Inspection Reports should be written up continuously as the inspection proceeds so as to be ready as soon as it is completed;
- The comments of audit should be brief, intelligible and to the point;
- The objections should be made out in courteous and gentle language, and always in impersonal terms;
- It is of utmost importance that any statement or criticism should be accurate, fair, moderately worded and dispassionate.
- One must not forget that innuendo is forbidden. If a charge cannot be substantiated, there should not be even any hint of it in the write up;
- The write up should contain full reference to the relevant documents;
- The statutory orders or rules, considered to have been violated, should be explicitly stated;

- The subject matter of the objections should be arranged in logical sequence;
- All objections of similar type should be grouped together, and generalised comments made wherever desirable;
- It should be kept in mind that it is in the treatment of results of audit that the auditorial function demands the highest qualities of understanding, balanced judgment and sense of proportion;
- Undue insistence on trifling errors and use of too much technical expression should be avoided as far as possible;
- Mention of the names of the officials should be avoided except in case of personal claim;
- Suggested headings should be given above the different paragraphs in indication of contents. General headings like 'cash book', 'credit sales', etc. do not indicate anything. But headings like 'irregularities in the maintenance of cash book' 'outstanding dues from Government officers' etc. give a definite idea and make one inquisitive about the subject contained;
- The culmination of the audit process is the reporting which summarises the

evidence gathered during the conduct of audit and communicates the audit opinion and other findings. It is essential for the Auditor to prepare report in such a way so that audit observations are easy to understand;

- Timeliness of the report is the essence as delay may make the report irrelevant and corrective action may not be practicable; and
- The tone of reports should encourage decision-makers to act on the Auditor's findings and recommendations. Although findings should be presented clearly and forthrightly, the Auditors should keep in mind that one of their objectives is to persuade and this can be done by avoiding language that generates defensiveness and opposition.

3.4 Submission of Inspection Reports:

3.4.1 The West Bengal Panchayat Act, 1973 does not prescribe any format for submission of the Audit Inspection Report. Clause 2 of section 190 of the Act, however, provides that an auditor shall append to his report a statement showing -

- a) Grants-in aid received by the ZP or PS and the expenditure incurred thereon,

b) Any material impropriety or irregularity which he may observe in the expenditure or in the recovery of money due to ZP or PS or in the accounts in the ZP or PS ,

c) Any loss or wastage of money or other property owned by or vested in the ZP or PS.

3.4.2. The format in which Audit Inspection Report is being issued by office of the Accountant General/Local Bodies Audit, West Bengal broadly covers the above provisions. Copies of the format have been distributed for familiarization.

Session 7

Session Title

Right to Information Act and Social Audit



- **Instructor's Guide**
- **PowerPoint Slides**
- **Participants' Note**


Instructor's Guide
Session 7

Session Title: Right to Information and Social Audit		Session Guide
Instructor's Guide	Reference	Participants' Response
Session Overview		
<p>Welcome participants to the session and remind them that their active participation is critical for the success of each session.</p>		
Learning Objective		
<p>Delineate: By the end of this session, we will gather knowledge on Right to Information Act and understand social audit, the role of NGOs in this sphere and the value of institutionalizing a process of social audits of Panchayats.</p>		
Basic Concepts		
<p>Explain:</p> <ul style="list-style-type: none"> • The provision of Right to Information Act 2005 • The object of social audit. • The Audit of Scheme Rules 2011 and Social Audit Manual 2015 issued by the Ministry of Rural Development (MORD) for statutory social audit of rural development works. • Need for more interfaces between social audit and statutory audit. <p>Distribute Participants' Note</p>		
Experience:		
<p>Inform: We will now watch a documentary-movie on 'Right to Information' which shows how 'Jan Sunwai' (public hearing) plays a major role in social audit.</p>		
<p>Thank the participants and bring the session to a close.</p>		
	<p>Slide : Session 7 Social Audit and Right To Information</p> <p>Session 7 Participants' Note</p>	
	<p>Movie on 'Right to Information'</p>	

Right To Information and Social Audit

Slide 1

**Right to Information
and
Social Audit**




Session 8

Slide 2

Right to Information Act 2005

- The Right to Information Act came into force on October 2005
- Act empowered the citizens to secure access to information of **public authorities** in order to:
 - promote transparency and accountability in the working of the Government
 - contain corruption
 - enhance people’s participation in democratic process




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AUDIT OF ZP AND PS 2

Slide 3

Public Authority

A "public authority" is any authority or body or institution of self government established or constituted by or under the Constitution; or by any other law made by the Parliament or a State Legislature; or by notification issued or order made by the Central Government or a State Government



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AUDIT OF ZP AND PS 3

Slide 4

Right to Information

Every public authority should:

- maintain all its records duly catalogued and indexed to facilitate the right to information
- provide as much information suo motu to the public through various means
- publish details of its organisation as stipulated under section 4(1)(b) of the Act i.e.
 - the particulars of organisation, functions and duties;
 - the powers and duties of its officers and employees;




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AUDIT OF ZP AND PS 4

Slide 5

**Right to Information
(contd.)**

- norms set by it for the discharge of its functions;
- the rules, regulations, instructions, manuals and records, held by it;
- a statement of the categories of documents that are held by it;
- the particulars of any arrangement that exists for consultation with public for formulation of its policy and implementation;




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AUDIT OF ZP AND PS 5

Slide 6

**Right to Information
(Contd.)**

- These binding instructions also require that details in respect of the information, available to or held by it, reduced in an electronic form;
- the particulars of facilities available to citizens for obtaining information;
- the names, designations and other particulars of the Public Information Officers;
- designate Public Information Officers (PIO) and First Appellate Authorities;
- purpose of conduct of social audit;




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AUDIT OF ZP AND PS 6

Slide 7

Right to Information
(contd.)

Record includes any document, manuscript and file; any microfilm, microfiche and facsimile copy of a document any reproduction of image or images embodied in such microfilm, any other material produced by a computer or any other device




AUDIT OF ZP AND PS 7

Slide 10

Information Exempted From Disclosure

- disclosure of which would prejudicially affect the sovereignty and integrity of India,
- disclosure of which would cause a breach of privilege of Parliament or State Legislature,
- Cabinet papers including records of deliberations of the Council of Ministers, Secretaries and other Officers

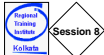


AUDIT OF ZP AND PS 10

Slide 8

Right to Information
(contd.)

Information means any material in any form including records, documents, memos, e-mails, opinions, advices, press releases, circulars, orders, log books, contracts, reports, papers, samples, models, data materials, held in any electronic form and information relating to any private body




AUDIT OF ZP AND PS 8

Slide 11

Time Period for Supply of Information

- In normal course, information shall be supplied within 30 days from the receipt of application;
- Additional 05 days shall be added if the application is received through APIO;
- In cases of additional fee period intervening between informing the applicant about fee and the receipt of such fee shall be excluded;
- information concerning life or liberty of a person shall be supplied within 48 hours;




AUDIT OF ZP AND PS 11

Slide 9

Right to Information
(contd.)

- Right includes inspection of work, documents and records, taking notes, extracts or certified copies of documents or records, and taking certified samples of material;
- PIO should not furnish information which require drawing of inference and/or making of assumptions, or to interpret information, or to solve the problems raised by the applicants or hypothetical questions raised by applicant;




AUDIT OF ZP AND PS 9

Slide 12

Time Period for Supply of Information
(contd.)

- **An applicant can file an appeal to the first appellate authority if the information is not supplied to him within the prescribed time or applicant is not satisfied with the information furnished;**
- **First appellate authority shall dispose of the appeal within a period of thirty days or in exceptional cases within 45 days of the receipt of the appeal;**
- **If the first appellate authority fails to pass an order within the prescribed period or order is not satisfactory a second appeal with the Information Commission within ninety days of receipt of order may be preferred**




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Slide 13

Fee for Seeking Information

- The applicant seeking information shall furnish a demand draft or a bankers cheque or an Indian Postal Order of Rs.10/- (Rupees ten) along with the application. The payment can also be made by way of cash.
- Further fee towards the cost of providing the information as prescribed by the Right to Information Rules, 2012 and intimated by the PIO to applicant are required to be

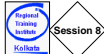


AUDIT OF ZP AND PS 13

Slide 16

Introduction (contd.)


- The origin of social audit and jansunwais was developed from an agitation for minimum wages by the Majdoor Kishan Shakti Sangathan in the rural Rajasthan in the late 1980 which took full shape after 1994.
- That jansunwais was the driving force behind Right to Information Act.
- Social audits are mandates for in almost all the schemes at present.
- In MGNREGA Social Audit is an integral part.



AUDIT OF ZP AND PS 16

Slide 14

Social Audit



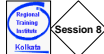
AUDIT OF ZP AND PS 14

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Introduction contd.

Social Audit was formally brought through Audit of Schemes Rules 2011 framed by the Ministry of Rural Development (MORD), Government of India in consultation with the C&AG.

- MORD also brought out Social Audit Manual in 2015 for guidance of Social Audit Units across different states.




AUDIT OF ZP AND PS 17

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Introduction

Social audit is:

- verification of the implementation of programme, scheme and its results with the active involvement of the primary stakeholders,
- comparing official records with actual ground realities with the participation of the community,
- reading out the findings of the verification exercise aloud in a public platform,

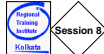


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Objectives of social audit

- Promote transparency and accountability in the implementation of a programme,
- Inform and educate people about their rights and entitlements,
- Provide a collective platform for people to express their needs and grievances,
- Make Gramsabha a platform for positive collective action through social audit,
- Improve the capacity of local stake holders,




AUDIT OF ZP AND PS 18

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Objectives of social audit (contd.)

- Strengthen the programme by deterring corruption,
- Democratize decision making,
- Detecting malfunctioning and promoting corrective actions,
- Strengthening local governance,
- Complement formal audit process.



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AUDIT OF ZP AND PS


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Social Audit Unit

Every State must have a Social Audit Unit (SAU) with an independent staff structure comprising of :

- State resource persons and thematic experts
- District resource persons
- Village resource persons



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AUDIT OF ZP AND PS


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Broad Provisions

Provisions to be complied with by state government:

- Identify or establish an independent organization -**Social Audit Unit** - to facilitate the conducts of social audit;
- Conduct social audit in every gram panchayat at least once in every six months;
- Identify, train and deploy resource persons at the village, block, district and state level;



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AUDIT OF ZP AND PS


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Responsibility of SAU

Ensure social audit is conducted in every gram panchayat twice a year;

- **Ensure that social audit is conducted as per the Audit of Schemes Rules 2011;**
- **Prepare a calendar at the beginning of the year;**
- **Develop guidelines which shall regulate all activities of social audit;**
- **Build partnership with civil society organizations**
- **Liaise with the C&AG for strengthening the implementation of the social audit**



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Broad Provisions (contd.)

- Ensure Civil society organizations an important part of the social audit;
- Ensure mandatory presence of officials and answers queries raised in the social audit gram sabha and public hearing;
- Provide all the records mentioned in the Rules to the social audit teams;
- Ensure that the social audit is done on 100% verification of beneficiaries and worksites;
- Ensure that the follow up action is taken on the findings of the social audit
- ;



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Responsibility of Director SAU

- Ensure social audits are in compliance with the Audit of Scheme Rules
- Design and development of programmatic guidelines
- Undertake all activities necessary to fulfill the objectives and visions of the society.
- Anchor all interactions and communications with the department implementing the programme



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State Resource Persons and Thematic Experts

- Liaisons with CSOs in the States to ensure effective partnerships between the SAU and CSOs
- Bring in grassroot experience in the design and development of social audit
- Conduct research and data analysis on the findings of social audit
- To evaluate social audit process and the resource persons in the states.




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Social Audit Field Verification

- On receiving of all information the Village Resource Persons (VRP) will conduct verification of muster rolls, worksites, cash book, bank statements etc.
- VRPs must interact with people in small meeting, visit beneficiaries, and visit all works.
- VRPs must hold focus group discussions with beneficiaries, PRI representatives, SHGs etc.




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AUDIT OF ZP AND PS 19

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District Resource Persons

- Responsible for identification and training for village resource persons
- Provide awareness and information regarding programme to beneficiaries
- Responsible for collecting all information from the block office and cross checking that the information is complete
- Responsible for ensuring that the social audit report is written and evidences collected
- Participate and facilitate follow up appraisal meeting




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Social Audit Gram Sabha

- GP and VRPs should ensure that the date of social audit gram sabha is communicated to people in advance.
- Social audit gram sabha should be a forum that is open for participation of all and should be presided by a non political person
- Sabha should be attended by all officials responsible for implementation of the program.




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Process of Social Audit

- The first step is to develop a calendar with sequence and dates of social audit gram sabhas and social audit public hearings for all the GPS.
- DPC to ensure documents are provided to the team according to mandate of Audit of Scheme Rules.
- Social Audits conducted on the basis of incomplete records are not considered as a complete social audit.




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Social Audit Gram Sabha (c0ntd.)

- There must be Independent Observer (IO), a Government Officer, not involved in implementation of the programme.
- The IO will record the evidence of the job card holder alongwith with the version of irregularities in social audit.
- Sabha will have a mike so that the proceedings are clear to all.
- The social audit gram sabha should be video recorded.




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Social Audit Public Hearing

- Social audit public hearing will be held in the block headquarters in the presence of beneficiaries, GP, block, district level officials, media and representatives of CSOs.
- Social audit public hearing will ensure that the orders are issued open on the social audit findings and action taken.
- Social audit gram sabha findings is reviewed by the DPC in the hearing and final orders passed in the open.




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Significance of Social Audit

- The accountability and transparency mechanism in the local bodies is commensurate with the increasing responsibilities.
- The mechanism of social audit can deal with this increasing responsibilities and transparency.
- Right-to-information initiatives are stymied due to inadequacy of civil society institutions to play a role; lack of popular awareness and interest, poor state of record-keeping etc..




AUDIT OF ZP AND PS 19

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Post Public Hearing Follow Up

- A social audit is not complete unless there is a time bound follow up action on the grievances that are identified during social audit.
- The findings of the social audits shall be submitted to the Comptroller and Auditor General of India




AUDIT OF ZP AND PS 19

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Significance of Social Audit

- Social audit needs more champions and motivators and dedicated volunteers to sustain participatory functioning.
- Interfaces between social audit and statutory audit is needed to facilitate transparency.
- The Auditor should be aware of social audits that are carried out, review the related records and accordingly make a comment.

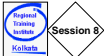


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Significance of Social Audit

- Closely linked with provisions for social audit are measures for enforcing transparency and Right to Information (RTI).
- Government is incurring huge expenditure on development purpose, a large portion of that are executed through local bodies.
- PRI's are now handling employment generation, infrastructure, agriculture, drinking water, sanitation, education and several other welfare schemes




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'Right to Information' -A Movie

- A short movie on the introduction by *MKSS* of participatory social auditing as a way of ordinary people seeking and using their Right to Information in a collective fashion through *Jan Sunwais* may now be seen.



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Participant's Note
Session 7

Session Title
Right to Information Act and Social Audit

Session Overview

In this session, we will discuss the concept and process of social audit also the Right to Information Act 2005 in the context of PRIs.

Learning Object

At the end of the session, we will gather knowledge on Right to Information Act and social audit. This session will familiar us with the role of State Government, NGOs in this sphere and the value of institutionalizing a process of social audits of Panchayats.

Right to Information Act 2005

Right to Information of a citizen is derived from fundamental right of freedom of speech and expression under Article 19 of the Constitution. The Right to Information Act passed by the Parliament of India on 15 June 2005 and came into force on October 2005, empowered the citizens, to secure access to information under the control of **public authorities** in order to promote transparency and accountability in the working of the Government, to contain corruption, and to enhance people's participation in

democratic process thereby making our democracy work for the people in a real sense. Under the provisions of the Act any citizen may request information from a public authority which is required to reply expeditiously within 30 days.

Salient features of the RTI Act
Public Authority

A "public authority" is any authority or body or institution of self government established or constituted by or under the Constitution; or by any other law made by the Parliament or a State Legislature; or by notification issued or order made by the Central Government or a State Government.

Right to Information under the Act

❖ Act provides that every public authority should:

- maintain all its records duly catalogued and indexed in a manner and the form which facilitates the right to information under this Act and ensure that all records that are appropriate to be computerised are, within a reasonable time and subject to availability of resources, computerised and connected through a network all over the country on

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different systems so that access to such records is facilitated.

- provide as much information suo motu to the public through various means of communications so that the public have minimum need to use the Act to obtain information. Internet being one of the most effective means of communication, the information may be posted on the website.

- publish following sixteen categories of information under section 4(1)(b) of the Act:

- the particulars of its organisation, functions and duties;
- the powers and duties of its officers and employees;
- the procedure followed in the decision making process, including channels of supervision and accountability;
- the norms set by it for the discharge of its functions;
- the rules, regulations, instructions, manuals and records, held by it or under its control or used by its employees for discharging its functions
- a statement of the categories of documents that are held by it or under its control;
- the particulars of any arrangement that exists for consultation with, or representation by, the members of the

public in relation to the formulation of its policy or implementation thereof;

- a statement of the boards, councils, committees and other bodies consisting of two or more persons constituted as its part or for the purpose of its advice, and as to whether meetings of those boards, councils, committees and other bodies are open to the public, or the minutes of such meetings are accessible for public;
- directory of its officers and employees;
- the monthly remuneration received by each of its officers and employees, including the system of compensation as provided in its regulations;
- the budget allocated to each of its agency, indicating the particulars of all plans, proposed expenditures and reports on disbursements made;
- the manner of execution of subsidy programmes, including the amounts allocated and the details of beneficiaries of such programmes; public use;
- particulars of recipients of concessions, permits or authorisations granted by it;
- details in respect of the information, available to or held by it, reduced in an electronic form;
- the particulars of facilities available to citizens for obtaining information, including the working hours of a library or reading room, if maintained for

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○ the names, designations and other particulars of the Public Information Officers.

❖ designate Public Information Officers (PIO). PIOs may seek the assistance of any other officer as he or she considers it necessary for the proper discharge of his or her duties. Public authorities should also designate the First Appellate Authorities and publish their particulars alongwith the particulars of the PIOs.

❖ Record includes any document, manuscript and file; any microfilm, microfiche and facsimile copy of a document any reproduction of image or images embodied in such microfilm, any other material produced by a computer or any other device.

❖ Information means any material in any form including records, documents, memos, e-mails, opinions, advices, press releases, circulars, orders, log books, contracts, reports, papers, samples, models, data materials, held in any electronic form and information relating to any private body which can be accessed by a public authority.

❖ A citizen has a right to seek such information from a public authority which is held by the public authority or which is held under its control. This right includes

inspection of work, documents and records; taking notes, extracts or certified copies of documents or records; and taking certified samples of material held by the public authority or held under the control of the public authority.

❖ The PIO is not required to furnish information which require drawing of inference and/or making of assumptions, or to interpret information, or to solve the problems raised by the applicants, or to furnish replies to hypothetical questions.

Information Exempted From Disclosure

➤ Information, disclosure of which would prejudicially affect the sovereignty and integrity of India, the security, strategic, scientific or economic interest of the State, relation with foreign state or lead to incitement of an offence;

➤ Information, the disclosure of which would cause a breach of privilege of Parliament or State Legislature; or

➤ Cabinet papers including records of deliberations of the Council of Ministers, Secretaries and other Officers subject to the conditions given in proviso to clause (i) of sub-section(1) of Section 8 of the Act.

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Format of Application

There is no prescribed format of application for seeking information. The application can be made on plain paper. The applicant should mention the address at which the information is required to be sent.

Time Period for Supply of Information

In normal course, information to an applicant shall be supplied within 30 days from the receipt of application by the public authority.

Additional 05 days shall be added to the time period if the application is received through APIO.

In cases where the applicant is asked to pay additional fee the period intervening between informing the applicant about additional fee and the receipt of such fee by the public authority shall be excluded for calculating the period of furnishing reply.

If information sought concerns the life or liberty of a person, it shall be supplied within 48 hours.

An applicant can file an appeal to the first appellate authority if the information is not supplied to him within the prescribed time of thirty days or 48 hours,

as the case may be, or is not satisfied with the information furnished to him. The first appellate authority of the public authority shall dispose of the appeal within a period of thirty days or in exceptional cases within 45 days of the receipt of the appeal.

If the first appellate authority fails to pass an order on the appeal within the prescribed period or if the appellant is not satisfied with the order of the first appellate authority, he may prefer a second appeal with the Information Commission within ninety days from the date on which the decision should have been made by the first appellate authority or was actually received by the appellant.

Fee for Seeking Information

- A citizen who desires to seek some information from a public authority is required to send, along with the application, a demand draft or a bankers cheque or an Indian Postal Order of Rs.10/- (Rupees ten), payable to the Accounts Officer of the public authority as fee prescribed for seeking information. The payment of fee can also be made by way of cash to the public authority.

- The applicant may also be required to pay further fee towards the cost of providing the information, details of which

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shall be intimated to the applicant by the PIO as prescribed by the Right to Information Rules, 2012. Rates of fee as prescribed in the Rules are given below:

- rupees two (Rs.2/-) for each page (in A-3 or smaller size paper) ;
- actual cost or price of a photocopy in larger size paper;
- actual cost or price for samples or models;
- rupees fifty (Rs.50/-) per diskette or floppy; and
- price fixed for a publication or rupees two per page of photocopy for extracts from the publication
- so much of postal charges involved in supply of information that exceeds fifty rupees.
- A citizen has a right to inspect the records of a public authority. For inspection of records, the public authority shall charge no fee for the first hour. But a fee of rupees five (Rs.5/-) for each subsequent hour (or fraction thereof) shall be charged.

Social Audit

Introduction

Social audit is a process of verification of the implementation of programme, scheme and its results by the community with the active involvement of the primary stakeholders. Audit is done by comparing official records with actual

ground realities with the participation of the community in the verification exercise and reading out the findings of the verification exercise aloud in a public platform. The aim of social audit is effective implementation of programme and control of irregularities.

The origin of social audit and jansunwais was developed from an agitation for minimum wages by the Majdoor Kishan Shakti Sangathan or the Organisation for Empowerment of Workers and Peasants in the rural Rajasthan in the late 1980 which took full shape after 1994. That was the driving force behind Right to Information Act.

Social audit embodies the objectives of accountability as well as of transparency at the grass root level. The beneficiaries, the implementing agency and the over side mechanism came face to face and discuss at length how a particular scheme or programme is being implemented, whether people got their due rights, and in time, and whether intended outcome were achieved within the allocated financial resources available.

At present there are mandates for social audit in almost all the schemes. An

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integral part of the Mahatma Gandhi National Rural Employment Guarantee Act pertains to the role of the social audit as a means of continuous public vigilance (MGNREGA Section 17) for ensuring public accountability and transparency in the implementation of projects, laws and policies.

Social Audit was formally brought through Audit of Schemes Rules 2011 framed by the Ministry of Rural Development (MORD), Government of India in consultation with the C&AG. MORD also brought out Social Audit Manual in 2015 for guidance of Social Audit Units across different states.

Objectives of social audit

- Promote transparency and accountability in the implementation of a programme.
- Inform and educate people about their rights and entitlements.
- Provide a collective platform for people to express their needs and grievances.
- Strengthen participation in gram sabha and make it a platform for positive collective action through social audit.
- Improve the capacity of local stake holders.

- Strengthen the programme by deterring corruption and improving implementation.
- Democratize decision making by providing a platform for implementing authorities to be accountable to beneficiaries.
- Controlling leakages in the implementation of programme.
- Detecting malfunctioning and promoting corrective actions.
- Strengthening local governance.
- Providing systematic feed back to improve the programme.
- Complement formal audit process.

Broad Provisions

The following broad provisions are to be complied with by state government while conducting social audit:

- Identify or establish an independent organization (Social Audit Unit) to facilitate the conducts of social audit by the gram sabha.
- Conduct social audit of the works taken up in every gram panchayat at least once in every six months.
- Identify, train and deploy resource persons at the village, block, district and state level.

Participant's Note

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- Ensure Civil society organizations an important part of the social audit and their participation in the social audit gram sabha and social audit public hearing.
- Ensure mandatory presence of officials and answers queries raised in the social audit gram sabha and public hearing.
- Ensure that the social audit shall be independent and implementing agency at no point interferes with conduct of social audit.
- Provide all the records mentioned in the Rules to the social audit teams 15 days prior to the conduct of social audit.
- Ensure that the social audit is done on 100% verification of beneficiaries and worksites
- Submit a summary of the findings of social audits to the C&AG.
- Ensure that the follow up action is taken on the findings of the social audit.

Social audit must include the exercise of officials (Independent Observer) taking and announcing a decision on each deviation presented which is also recorded in the social audit public forum resolution.

Social audit serves as an important mechanism of complementing formal audit conducted by the C&AG by supplementing

feed back relating to the implementation of the programme from field.

Social Audit Unit

Every State must have a Social Audit Unit (SAU) which shall be independent from the department that implements the scheme. The Director of the SAU should have full charge of SAU and should not be a Government officer involved in the implementation of the programme.

The SAU shall have an independent staff structure comprising of:

- State resource persons and thematic experts
- District resource persons
- Village resource persons

Responsibility of SAU

- Ensure that social audit is conducted in every gram panchayat twice a year.
- Ensure that social audit is conducted as per the Audit of Schemes Rules 2011.
- Prepare a calendar at the beginning of the year which shall in advance lay out the sequence in which social audits will be conducted across all gram panchayats while

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ensuring that every gram panchayat is audited twice in a year.

- Develop guidelines which shall regulate all activities of recruitment, conduct of social audit, capacity building and training, financing that shall be undertaken by the SAU.
- Build partnership with civil society organizations, academic operational in the State to strengthen social audit.
- Build mechanism to review the quality of social audit being conducted across the State.
- Liaise with the C&AG for strengthening the implementation of the social audit in the State in partnership with the audit office.
- Work with the ombudsman of the State.
- Provide policy advice to the State Government on how to ensure time bound follow up action on grievances and imposing effective punitive action.

Responsibilities of the resource persons

Director SAU

- Ensure that social audits undertaken by the SAU are in compliance with the Audit of Scheme Rules and in compliance

with calendar of social audits prepared by the SAU.

- Design and development of programmatic guidelines with respect to recruitment, process of social audit, governance structure, capacity building and training etc. for smooth operation of the SAU.
- Ensure that all policy level decisions related to the SAU are implemented.
- Undertake all activities necessary to fulfill the objectives and visions of the society.
- Anchor all interactions and communications with the department implementing the programme.

State Resource Persons and Thematic Experts

- Liaisons with CSOs in the States to ensure effective partnerships between the SAU and CSOs.
- Bring in grassroots experience in the design and development of social audit manuals, rules, guidelines and training manuals.
- Guide and design the training plan for social audit in the State.
- Conduct research and data analysis on the findings of social audit.

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- To evaluate social audit process and the resource persons in the states.
- To build a strong working relationship of cooperation with credible civil society organizations working on programmes.

District Resource Persons

- Participate in drawing up monthly schedule of social audit.
- Responsible for identification and training for village resource persons.
- Provide awareness and information regarding programme to beneficiaries and panchayat officials.
- Responsible for collecting all information from the block office and cross checking that the information is complete.
- Responsible for coordinating the team and conduct a free and fair social audit process.
- Responsible for ensuring that the social audit report is written and related photo copies of evidences collected.
- Responsible for presenting the social audit report in the public hearing.
- Responsible for final submission of social audit report and decision taken format to the administration and SAU.

- Participate and facilitate follow up appraisal meeting in every fortnight.

Process of Social Audit

The first step is to develop a calendar which will sequence and dates of social audit gram sabhas and social audit public hearings for all the GPs of the State. This must be prepared in the beginning of the year by the SAU and communicated to the State Government who in turn issue it to all District Programme Coordinator (DPC) for following the schedule. It is the responsibility of the DPC to ensure that the social audit is conducted as per schedule and documents are provided to the team according to mandate of Audit of Scheme Rules. Social Audits that are conducted on the basis of incomplete records will not be considered as a complete social audit. At any point, if the required information is not received the SAU should file RTI application and follow up on them.

Social Audit Field Verification

On receiving of all information from GP the Village Resource Persons (VRP) will conduct verification of muster rolls, worksites, cash book, bank statements, invoices, bills, vouchers etc. VRPs must interact with people in small meeting, visit

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beneficiaries, and visit all works. VRPs must hold focus group discussions with beneficiaries, PRI representatives, SHGs etc. The beneficiaries and the village community shall be informed about the gram sabha conducting social audit with resource persons and Programme Officer to ensure full participation.

Social Audit Gram Sabha

✓ GP and VRPs have to ensure that the date of social audit gram sabha is communicated to people in advance and displayed in the notice board of the GP office.

✓ Social audit gram sabha should be a forum that is open for participation of all.

✓ Social audit gram sabha should be presided by a non political person, someone who is respected by all.

✓ Sabha should be attended by all officials responsible for implementation of the programme. Social Audit Report should be presented issue wise. There must be Independent Observer, a Government Officer, not involved in implementation of the programme, who will record the evidence of the job card holder along with with the version of those blamed with

irregularities in social audit for each social audit findings.

✓ Social audit gram sabha should necessarily have a banner and a mike so that the proceedings are clear to all those who attended it.

✓ The social audit gram sabha should be video recorded.

Social Audit Public Hearing

After social audit gram sabha is held a social audit public hearing will be held in the block headquarters in the presence of beneficiaries, GP, block, district level officials responsible for implementation of programme, media, and representatives of CSOs. The purpose of social audit public hearing is to ensure that the orders are issued open on the social audit findings and action taken on the social audit gram sabha findings is reviewed by the DPC. DPC shall examine evidence for each deviation pointed out by SAU as recorded in social audit gram sabha report by the Independent Observer and pass final orders in the open.

Social audit gram sabha should necessarily have a banner and a mike so that the proceedings are clear to all those who attended it and the same should be video recorded.

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Post Public Hearing Follow Up

A social audit is not complete unless there is a time bound follow up action on the grievances that are identified during social audit. Time bound follow up is the responsibility of the State Government.

Submission of Social Audit Report to C&AG

As per section 3(2) of the Audit of Scheme Rules, a summary of the findings of the social audits conducted during the year shall be submitted to the Comptroller and Auditor General of India.

Significance of Social Audit

Closely linked with provisions for social audit are measures for enforcing transparency and Right to Information (RTI). Proper social audit is feasible only if Gram Sabha members have free and ready access to all relevant, demystified and comprehensible information and documents regarding the works that they are empowered to audit.

At present Government is incurring huge expenditure on development purpose. A large portion of this 'development expenditure' is being executed through the local bodies. These local bodies are important service delivery tools and are performing most of the flagship

programmes of the central and state governments. PRI's are now handling employment generation, infrastructure, agriculture, drinking water, sanitation, education and several other welfare schemes. But the accountability and transparency mechanism in the local bodies have not been commensurate with the increasing responsibilities and flow of ever increasing funds. The mechanism of social audit can deal with this difficult situation.

Experience indicates that the right-to-information initiatives are stymied by, inter alia, the inadequacy of civil society institutions to play a role; lack of popular awareness and interest; the reluctance of the panchayat to provide information, the poor state of record-keeping and lack of equipment such as photocopier machines for copying documents. Although NGOs/CSOs are playing a crucial role in the process, social audits, like many other community initiatives, need more champions and motivators and dedicated volunteers to sustain participatory functioning.

There is also a need for more interfaces between social audit and statutory audit in order to facilitate transparency at the level of the Gram Panchayat. The Auditor should

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be aware of social audits that have been carried out, review the responsiveness of the Gram Panchayat to applications for information that may have been submitted by individuals / organisations and accordingly make a comment on the operationalisation of the people's Right to Information.

A short film on the introduction by MKSS of participatory social auditing as a way of ordinary people seeking and using their Right to Information in a collective fashion through Jan Sunwais , may now be seen.

Film to Watch

Right to Information and Corruption

Mazdoor Kishan Shakti Sangathan

Available on line :

<https://www.youtube.com/watch?v=nBjRZE>

[Zeq48](#)

Session 8

Session 8.1 Title

**Audit observations regarding
PRIs of some States**

Session 8.2 Title

**Indices of a satisfactory
organisational set up of ZP/PS**



- **Instructor's Guide**
- **PowerPoint Slides**
- **Participants' Note**

Instructor's Guide
Session 8

Session Title: Audit observations regarding PRIs of some States and Indices of a satisfactory organisational set up of ZP/PS	
Instructor's Guide	Reference
Session Overview	
<p>Welcome participants to the session and remind them that their active participation is critical for the success of each session. Inform them that this session is divided in to two sub-sessions. These are:</p> <ul style="list-style-type: none"> i) Audit observations regarding PRIs of some States ii) Indices of a satisfactory organisational set up of ZP/PS 	
Learning Object	
<p>Inform: By the end of the first sub-session, we will be familiar with the various audit findings regarding other states on PRI. During this session we will also share our relevant experience among us. This will, at the end of the session, facilitate drawing of audit conclusion in respect of ZP and PS in a practical job scenario. In the second sub-session we will discuss the performance of a ZP/PS through a comparative analysis of the indices of a satisfactory organisational set up of a ZP/PS. By the end of the second sub-session we will be in a position to draw audit conclusions, in a practical job scenario regarding the overall organisational set up and performance of a ZP/PS.</p>	<p>Slide: SESSION 8.1 AUDIT OBSERVATI ON SESSION 8.2 INDICES</p>
Basic Concept	
<p>Discuss the various audit findings on PRIs of different States. Encourage the participants to share their audit experience Discuss the indices of a satisfactory organisation set up of ZP/PS with the help of Participants' note and PowerPoint presentation Encourage the participants to contribute their inputs. Thank the participants and bring the session to a close.</p>	<p>Slide: SESSION 8.1 AUDIT OBSERVATIO NS OF SOME STATES Slide: SESSION 8.2 P..NOTE INDICES</p>



Audit Findings PPS

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Audit findings regarding PRIs of different States

Slide 1

Audit Findings Regarding PRIs of Different States





1

Slide 4

Non-reconciliation of difference between Cash Book balance and Bank Pass Book.

- ▶ ZP and PS receive funds from different sources and these are to be reconciled to ensure proper accounting
- ▶ Eight ZPs and 29 PSs had not reconciled Cash Book and Bank Pass Book and a difference of Rs. 22.46 crores had been noticed. Further, in one ZP, Rs.2.39 lakh had been short accounted in June 2000 but was not rectified as of August 2002

▶ Contd. to next slide





AUDIT OF ZP AND PS

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Slide 2

Maharashtra

Source: Consolidated Annual Audit report of the Panchayat Raj Institutions of Maharashtra for the year 2002-03





AUDIT OF ZP AND PS

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Slide 5

Non-reconciliation of difference between Cash Book balance and Bank Pass Book. Contd.

- ▶ A difference of Rs.11 crores and Rs.20.01 crores respectively in the Cash Book of one ZP and four PSs appearing as of July 2000 and March 2003 was also not reconciled
- ▶ 139 cheques for Rs.2.20 crores issued by six ZPs and five BDOs between 4/1995 and 3/2002 were not encashed as of August 2002



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Slide 3

Non-accounting of drawals and non-completion of reconciliation with Treasury records.

Monthly reconciliation of drawals from Treasury and remittance into Treasury is required to be carried out by CAO and a certificate obtained from the Treasury Officer

- ▶ In five ZPs it was seen that:
 - ▶ Such monthly reconciliation with Treasury figures was not carried out by four ZPs
 - ▶ Rs.20.64 crores drawn from Treasury by four ZPs had not been accounted for in the Cash Book





AUDIT OF ZP AND PS

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Slide 6

Non credit of miscellaneous receipts to Government accounts.

- ▶ Miscellaneous receipts of Rs.1.17 crores accrued during 1999-2001 from implementation of the Agency schemes was not credited to Government Account by one ZP as of November 2003
- ▶ The CAO of that ZP stated that due to non-reconciliation and non-assessment, the amount was not credited to Government



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Audit Findings PPS

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Slide 7

Non utilisation of funds of Rs.63.30 lakh



- ▶ Rs.63.30 lakh received from DRDA for implementation of various schemes by the BDO of one PS were kept in banks for a period ranging from 2 to 10 years in contravention of instructions of Government of India without utilisation

  AUDIT OF ZP AND PS 7

Slide 10

Non recovery of Rs.9.79 lakh from NGOs

- ▶ The work of construction of latrines was entrusted to two NGOs
- ▶ The work was to be completed within 90 days failing which the amount of advance was recoverable along with interest at 18%
- ▶ The NGOs were paid an advance of Rs.6.25 lakh without any bank guarantee
- ▶ The NGOs failed to construct the latrines.
- ▶ The amount of advance together with interest amounting to Rs.9.79 lakh was not recovered from the NGOs



  AUDIT OF ZP AND PS 10

Slide 8

Irregular Use Of 10th FC Grants

As per guidelines of 10th Finance Commission, the projects qualifying for grants should be those not covered under any other schemes



- ▶ In two ZPs, 10th FC grants of Rs.5.14 crores were used for Rural Sanitation Programme without matching grant during the period 1996-97 to 2001-02.
- ▶ During 1999-2000 to 201-02, one ZP spent Rs.38.18 lakh on construction of a veterinary hospital out of funds received under 10th FC

  AUDIT OF ZP AND PS 8

Slide 11

Diversion of funds in IAY

- ▶ In one ZP Rs. 29.13 lakh were diverted from Indira Awas Yojana scheme during 2000-2001
- ▶ In reply, it was stated that the funds were diverted as per the orders in the ZPs
- ▶ The reply is not tenable



  AUDIT OF ZP AND PS 11

Slide 9

Funds not released by ZP to GP

Scrutiny of deposit register revealed that out of Rs.16.20 lakh received under a State sponsored housing scheme by one ZP during 1999-2000 and 2000-01, only Rs. 4.34 lakh was distributed to GPs during 2002-03

The concerned state department stated that 95% of the work has been completed but utilisation certificates were awaited. This reply is not convincing as approximately 74% grants released are still lying unutilised



  AUDIT OF ZP AND PS 9

Slide 12

Loss of water charges due to non-transfer of tanks to beneficiaries

- ▶ State Govt. had ordered in 1/1999 to transfer one type of percolation Tanks to registered societies of beneficiary farmers for their management and maintenance
- ▶ The societies were required to pay the government @ Rs.1000/p.a/per tank and also 20% of water charges were to be recovered from farmers

▶ Contd. to next slide

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Audit Findings PPS

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Loss of water charges due to non-transfer of tanks to beneficiaries .contd.

- ▶ In one ZP, 2065 tanks had been completed till March 2002 at a total cost of Rs.79.15 crores but none of them was handed over to Societies
- ▶ Apart from non-recovery of water charges from Societies, the burden of maintenance of these tanks remained with the ZP
- ▶ The estimated loss worked out to Rs.41.30 lakh



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Slide 16

Extra expenditure on construction work of weir

- ▶ One work of construction was technically sanctioned for Rs.7.03 lakh by one ZP and administratively approved for Rs.8.82 lakh in 9/94
- ▶ The work order was awarded to one contractor at 29% above tender cost at Rs.7.20 lakh
- ▶ In the original estimate, the quarry for rubble was provided at a place which is 2 Kms. away and sand which is ½ Km away

▶ Contd. to next slide



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Slide 14

Improper survey leading to extra expenditure on weir

- ▶ One work was technically sanctioned at a cost of Rs.44.15 lakh by the CE, Irrigation Deptt. in 10/96 and administrative approval for Rs.5.86 lakh was given by the concerned ZP
- ▶ The work was awarded to one contractor at 5.8% above the estimated cost of Rs.42.82 lakh in 2/99
- ▶ The work started in 3/9
- ▶ During excavation, the quantity of excavation (1000cum) foundation exceeded the quantity (7865cum) provided in the tender by 125%

▶ Contd. to next slide



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Slide 17

Extra expenditure on construction work of weir

- ▶ But the contractor brought the rubble from a distance of 10 Kms and sand from a place 19 Kms away from work site resulting in payment of extra lead charges
- ▶ Further, the contractor executed earthwork of 8 meters more than the original estimate since proper strata could not be found at the level mentioned in the original estimate

▶ Contd. to next slide



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Improper survey leading to extra expenditure weir. contd.

- ▶ The contractor, therefore, expressed his inability to continue the work unless revised rate was paid
- ▶ Thus, due to defective survey and test report, the original estimate was required to be revised to Rs. 1.24 crores
- ▶ As of 3/02, despite an expenditure of Rs.1.01 crores, the work remained incomplete thereby depriving the beneficiaries



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Extra expenditure on construction work of weir contd.

- ▶ Thus, the department had to incur Rs. 51.18 lakh more expenditure than the original estimate
- ▶ The estimates were revised to Rs. 60 lakh and the contractor was paid Rs.53.07 lakh upto 11/99
- ▶ With no further progress, the work is at an incomplete stage
- ▶ While the department claimed that the contractor had completed the work, the records produced to audit did not indicate completion of work



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Audit Findings PPS


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Slide 19

Blocking of fund due to incomplete works

- ▶ 334 construction works of school buildings, rest houses, roads and primary health centres undertaken under various schemes were incomplete as of 3/2003 after incurring an expenditure Rs.6.70 crores
- ▶ These works were taken up between 1994-95 and 3/2002 by five ZPs
- ▶ Besides blocking of funds, the beneficiaries were also deprived of the intended benefits

▶ Contd. to next slide



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Amount released without Action Plan

- ▶ Under Spl. Package Programme, State Govt. released Rs.17.28 crores to one ZP
- ▶ Of this, ZP released Rs.10 crores to Karnataka Land Army Corporation in March 2001 without any Action Plan
- ▶ As of January 2002, the amount was lying with KLAC.
- ▶ Two other ZPs released Rs.3.57 lakhs and Rs.79.70 lakhs as 11th Finance Commission grants to six 'Taluk Panchayats' (2nd tier of PRI) during 2001-02, even though there was no Action Plan for utilisation of funds



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Slide 20

Blocking of fund due to incomplete works

- ▶ 6062 works under IAY, Dalit Basti Yojana, were incomplete as of 3/2003, even though an expenditure of Rs.12.03 crores was incurred between 1989-90 to 2001-02
- ▶ The incomplete works indicate lack of monitoring between the department and the executing agencies



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Inadmissible expenditure under Drought Prone Area Programme

- ▶ During 1998-2000, two ZPs did not utilise Rs.1.89 crores released to them for implementing the Drought Prone Area programme
 - ▶ One ZP spent Rs.7.33 lakh towards purchase of car and Rs.3.93 lakh towards telephone charges and retained the balance
 - ▶ The other Zilla Parishad released (March 2000) Rs.9.40 lakh to implementing agencies and retained the balance
- ▶ One ZP, which received Rs.85.50 lakh for the implementation of this programme, spent Rs.17.55 lakh on purchase of computers



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Karnataka

Source: Audit Report for the year ended 31 March 2002, Government of Karnataka



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Poor absorption capacity of ZPs to utilise funds etc.

- C & AG's report for the year ending March 31, 2002 brought out the following:
 - Karnataka had lost Central aid to the tune of Rs.53.80 crore due to the poor absorption capacity of ZPs to utilize funds made available to them
 - There was an additional burden of Rs.44.35 crore on the state exchequer due to the tardy repayment of loans by beneficiaries of a Housing Scheme
 - A large section of rural housing beneficiaries were deprived of clean environment and hygienic habitation as up to 30% of houses either constructed or upgraded under the scheme did not have sanitation facilities or smokeless 'chulas'

Contd. to next slide



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Poor absorption capacity of ZPs to utilise funds etc. *contd.*


- In respect of implementation of Swarnajayanti Gram Swarozgar Yojana, 50% of the expenditure was either diverted, irregularly spent or injudiciously invested. The funding for this programme was inadequate as only Rs.140.58 crore was released against Rs.546.46 crore required for the targeted functionaries
- Central assistance worth Rs.49.32 crore was lost as Panchayats were unable to utilise available funds
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RAJASTHAN


Source: Test Audit Report For the year ended 31 March 2003,
Government of Rajasthan

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Poor absorption capacity of ZPs to utilise funds etc. *contd.*


- Budget control mechanism in ZP institutions was weak and no monthly review of expenditure was carried out. Expenditure of Rs.77.90 crore was incurred without budgetary provision
- Un-utilised balances of ZPs swelled to Rs.1,288 crore by March 2000 due to release of excess grants by government and non-payment of dues to GPs
- Rs.12.54 crore drawn on abstract contingent bills without furnishing of details
- Rs.10.53 crore released before approval of district plans
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Irregularities in the Annual Accounts


- Review of cash books, and bank accounts of ZPs/PSs revealed that in 3 ZPs and 90 PSs a difference of Rs.23.61 crores was lying un-reconciled for 1 to 3 years with the risk of misappropriation of funds

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Poor absorption capacity of ZPs to utilise funds etc. *contd.*


- Three minor irrigation works incomplete, rendering investment of Rs.53 lakh idle, three de-fluoridation plants worth Rs.59 lakh non-functional
- Ineffective control over procurements-surplus stores (Rs.5.07crore), shortages (Rs.2.36crore) and fictitious adjustment of store articles (Rs.8.07crore).
- Misappropriation of stores worth Rs.1.18 crore in three ZP engineering divisions

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Blocking of Central funds of Rs.18.84 crores

- ▶ Under the Total Sanitation Campaign in 9 districts in 1999-00, the total cost of project i.e. Rs.121.98 crores was to be shared by Central Govt. (Rs.80.52 crores), State Govt. (Rs.28.30 crores) and beneficiaries (Rs.13.16 crores)
- ▶ The scheme did not take off during 1999-00 due to non-release of the State Govt.'s share and absence of contribution from beneficiaries
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Blocking of Central funds of Rs.18.84 crores contd.

- ▶ Thus, the Central share of Rs.16.19 crores released during 19-00 remained blocked for 2 years
- ▶ Director, Panchayati Raj Department stated that the scheme was being implemented from October 2002 as State Govt. has made provision of Rs.1 crore for 2002-03

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Mid-Day Meal Programme contd.

- ▶ The contractor X had transported 1450 bags of wheat but the Contractor Y reported that 300 bags were of sand
- ▶ FIR was lodged against X by the Additional chief Executive Officer of the ZP according to which the wheat was transported underweight to the extent of 118 quintals
- ▶ The cost of wheat amounting to Rs.0.92 lakh (Rs.118 @Rs.700 with 18% interest) was yet to be recovered from the contractor

Contd. to next slide

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Excess expenditure over the allotted funds

- ▶ In 9 ZPs and 134 PSs, excess expenditure of Rs.84.68 crores was incurred and remains to be regularised
- ▶ This not only defeated the purpose for which funds were originally granted but also raised doubts over general financial discipline in PRIs as 134 out of 149 test checked PSs incurred excess expenditure over allotted funds
- ▶ Further, Panchayat Department Account being a consolidated fund in which funds of several schemes were deposited, it was not possible to ascertain as to which scheme suffered due to excess expenditure

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Mid-Day Meal Programme contd.

- ▶ In another ZP, it was found that 260.68 quintal wheat was short delivered to schools by three contractors during 1995-98. On being asked, the ZP replied that FIR against one contractor had already been lodged and other contractors had submitted the accounts of wheat. However, the accounts submitted by contractors were not produced for audit scrutiny

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Mid-Day Meal Programme

- ▶ This programme to primary school children was started in 10/1995 with the help of GOI, to provide 100 grams wheat per child per day. The GOI was to provide wheat free of cost at the godown
- ▶ The contract for transportation of wheat in one Zilla Parishad from district Headquarter to Panchayat Samiti was given to X and contract for transportation of the wheat from Panchayat Samiti to schools was given to Y (2001-02)

contd. to next slide

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Unfruitful expenditure of Rs.2.41 crores on construction of shops under SGSY

- ▶ With a view to providing infrastructure for marketing, the State Govt. (Rural Devp. Department) decided in January 2000 to construct shops under SGSY-infrastructure
- ▶ These were either not allotted to the BPL families or lying closed
- ▶ The reason for non-allotment of shops were attributed to wrong selection of sites by GPs and the banks not providing loans to beneficiaries for starting business

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Unfruitful expenditure of Rs.2.41 crores on construction of shops under SGSY

- ▶ Thus, the expenditure of Rs.2.41 crores was rendered unfruitful
- ▶ Due to failure to allot these to BPL families, the State Govt. permitted PSs/GPs to auction them (3/2002)
- ▶ The objectives of the scheme were, thus, defeated

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Rajiv Gandhi National Drinking Water Mission (RGNDWM) contd.

- ▶ In contravention of instructions, in 2 PSs the work for digging/construction of 176 wells involving expenditure of Rs.30.16 lakh was executed through private contractors without obtaining NOC from GWD. The rates for blasting were also not got approved by the committee. The execution of work was not verified at any stage by the Panchayat Samiti
- ▶ Expenditure of Rs.3.38 lakh incurred on 9 wells in one PS remained unfruitful as these did not yield water. The PS besides not conducting adequate survey did not take technical assistance from GWD

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Rajiv Gandhi National Drinking Water Mission (RGNDWM)

To supplement the efforts made under the RGNDWM, a programme named as 'Revival of Community Traditional Water Resources' was launched by the State Govt. in 1999-00. For digging/deepening of wells (by blasting technique) Ground Water Department (GWD) (or licensed agencies after obtaining NOC from GWD) were to be engaged. The survey wherever necessary, to ascertain availability of water, was to be conducted by ZPs through GWD. Audit check revealed the following irregularities: Contd. to next slide.

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Fraudulent / irregular/ excess payment on Muster Rolls-Rs.68.93 lakh

Scrutiny of muster rolls in 60 out of the 149 PSs revealed excess payment of Rs.68.93 lakh. Following irregularities were observed in the muster rolls:

- ▶ Names of some labourers simultaneously appeared in two muster rolls during the same period at different sites
- ▶ Double payments to labourers for the same work at the same site during the same period through two different Muster Rolls Contd. To next slide

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Rajiv Gandhi National Drinking Water Mission (RGNDWM) contd.

- ▶ In 9 ZPs Rs.2.2 crore remained unutilised and expenditure of Rs.2.46 crores proved unfruitful due to poor yield of water
- ▶ In 9 PSs, 642 wells were dug at a cost of Rs. 1.50 crores but whether these were useful or not could not be ascertained because records did not contain information on whether water was found in the well or not

Contd. to next slide.

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AUDIT OF ZP AND PS
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Slide 42

Fraudulent / irregular/ excess payment on Muster Rolls-Rs.68.93 lakh contd.

- ▶ Payments made to labourers without obtaining their signature/thumb impressions on Muster Rolls
- ▶ Work shown completed earlier than the date of the issue of muster roll
- ▶ Payments made on a date earlier than the close of muster rolls, absence of full particulars of labourers

Session 8.1
AUDIT OF ZP AND PS
42

Audit Findings PPS


Session 8

Slide 43

Irregular and excess expenditure on maintenance of vehicles

The annual limit for repair and maintenance of vehicles of PS and ZP was Rs.15,000 and Rs.30,000 respectively:


- ▶ In 9 ZPs and 76 PSs excess expenditure of Rs.1.64 crores was incurred on repair and maintenance of vehicle during the period 1996-2002
- ▶ 4 ZPs had spent more than Rs.3 lakh each and 52 PSs had spent more than a lakh each on maintenance of vehicles
- ▶ A mechanism for stricter control needs to be evolved to avoid widespread deviation

 Session 8.1
AUDIT OF ZP AND PS 43

Slide 46

Irregular operation of posts and expenditure thereto Rs.33.51 lakhs unauthorised contd.


- Although as per Govt. notification, operation of such posts was not approved in the staff pattern of the ZP
- The ZP had incurred expenditure amounting to Rs.33.51 lakhs towards the salary and wages regarding maintaining those post during the year 2001-02

 Session 8.1
AUDIT OF ZP AND PS 46

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WEST BENGAL

Source: Test Audit Report for the year 2001-2003 of the AG(LBA), West Bengal


 Session 8.1
AUDIT OF ZP AND PS 44

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Ineffective Budgeted Provision

- One ZP had actually received Rs.175.84 lakh against the budget provision of Rs.252.62 lakh which represents 69.60% of budget provision, while the actual expenditure incurred for the 2001-02 was Rs.196.06 lakh against the budget provision of Rs.252.62 lakh which represents 77.61% included closing balance of 2000-01

contd. to next slide


 Session 8.1
AUDIT OF ZP AND PS 47

Slide 45

Irregular operation of posts and expenditure thereto Rs.33.51 lakhs unauthorised

- One ZP maintained 15 nos. of charitable dispensaries and a press section since 21.3.97 and onwards without any resolution adopted in meeting of the Artha Sanstha Unnayan O Parikalpana Sthayee Samiti
- The Medical establishment consisted of 14 Doctors, 12 compounders and 15 Group 'D'
- The press establishment consisted of 1 Supervisor, 2 compositor and 3 machine men

Contd. to next slide


 Session 8.1
AUDIT OF ZP AND PS 45

Slide 48

Ineffective Budgeted Provision contd.

- Scrutiny revealed that the budgetary system suffered from weak internal control and effective monitoring leading to high saving as the estimated expenditure was much on the higher side than actual expenditure
- Budget was approved at the fag end of the year in the general meeting of the ZP and submitted to the State Govt. for approval

Contd. to next slide

 Session 8.1
AUDIT OF ZP AND PS 48



Audit Findings PPS

Session 8

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Ineffective Budgeted Provision contd.



- Controlling Officer did not monitor the unspent fund kept by the ZP in Local Fund Account and did not take these into consideration during preparation of Budget Estimates
- Budget was not prepared on the basis of three years actual, instead the same was prepared hypothetically
- The ZP did not obtain information/ communication well in advance as regards allotment of funds for making provision in their own budget

  **Session 8.1**
AUDIT OF ZP AND PS 49

Slide 52

Non-utilisation & non-distribution of funds

In West Bengal, ZPs could not utilise central funds for construction of roads, poverty alleviation programmes and implementation of schemes under the Indira Awas Yojana. About 50% of the funds released by the Union Government under these heads were still lying unutilized by some ZPs



  **Session 8.1**
AUDIT OF ZP AND PS 52

Slide 50

Financial loss of Rs.100.7 lakh for maintenance of Auditorium

- One ZP had constructed an Auditorium at a total cost of Rs.398 lakh between 1990 and 1993
- The ZP also spent fund for maintenance purpose since April,1994 and engaged regular staff since 1996 (no approval of the Government could be shown to audit)

Contd. to next slide



  **Session 8.1**
AUDIT OF ZP AND PS 50



Slide 51

Financial loss of Rs.100.7 lakh for maintenance of Auditorium contd.

- From the period from 1996-97 to 2001-02 the ZP spent Rs.260.94 lakh for maintenance and earned Rs.160.22 lakh. Thus, there was a total deficit of Rs.100.71 lakh for maintenance
- Accordingly, the total investment of Rs.398 lakh towards construction of the auditorium was not remunerative and huge loss of Rs.100.71 lakh upto 2001-2002 was also sustained by the ZP


  **Session 8.1**
AUDIT OF ZP AND PS 51

Indices of satisfactory organisational set up of a ZP and PS

Slide 1

Indices of satisfactory organizational set up of a Zilla Parishad / Panchayat Samiti

* Only Key Areas & Inspection Focus are given.
May be discussed with reference to the concerned Participants' Note



Session 8.2

AUDIT OF ZP AND PS


1

Slide 2

THEME AND KEY AREA: Devolution of Functions

•Inspection Focus:

States are required to transfer powers and responsibilities to Panchayats pertaining to 29 subjects listed in the 11th schedule of the Constitution with a view to augmenting economic development and social justice, in accordance with the provisions contained in the 73rd Amendment to the Constitution



Session 8.2

AUDIT OF ZP AND PS


2

Slide 3

THEME AND KEY AREA: Schemes

Inspection Focus:

- i) One of the major tools of augmenting economic development and achieving social justice in the rural areas is the proper implementation of works through certain sponsored Schemes
- ii) Most of the Schemes undertaken by the Panchayats are centrally sponsored and some are co-sponsored by the Central and State Govt.
- iii) Large sums of money are provided for implementation of these Schemes



Session 8.2


AUDIT OF ZP AND PS

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Slide 4

THEME AND KEY AREA: Schemes

- iv) All the Schemes have certain pre-determined guidelines in respect of planning, preparation, funding, implementation, utilization and the system of keeping proper accounts thereof to gauge the extent of actual performance, while maintaining transparency at every stage
- v) Some of the co-sponsored Schemes require timely funding by the States to the required extent, failing which release of funds from the Centre is withheld/reduced



Session 8.2


AUDIT OF ZP AND PS

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Slide 5

THEME AND KEY AREA: Schemes

- vi) All the Schemes require furnishing issue of utilization certificate in time, which is also a pre-condition for further release
- vii) Most of the Schemes also require preparation of proper Action Plan/ Demand for funds within the scheduled time
- viii) In order to achieve the objective of assuring the PRI bodies to develop into an independent unit of self-governance having all-round economic development and social justice, it is imperative that the Schemes are implemented properly and spending the moneys released in time



Session 8.2


AUDIT OF ZP AND PS

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Slide 6

THEME AND KEY AREA: Schemes

- ix) All the schemes require maintenance of a prescribed system of accounts along with audit thereof the same by the appropriate authority and report thereof to the appropriate authority within the prescribed time
- x) Execution of Social Audit is the responsibility of the State Government and form an integral part of all the schemes to bring out accountability and transparency in implementation.
- xi) All information relating to the implementation of the schemes should be put in public domain through web enabled application of Management Information System



Session 8.2

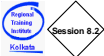
AUDIT OF ZP AND PS

6

Slide 7

THEME AND KEY AREA:
Constitution OF ZP/PS

Inspection Focus:
i) Alteration/inclusion/exclusion in the area of a Block
ii) Nominated members

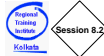


AUDIT OF ZP AND PS 7

Slide 10

THEME AND KEY AREA:
Report on the work of ZP/PS

Inspection Focus:
A report on the work done in the previous year and the work proposed to be done in the following year should be prepared in the prescribed manner and sent to the prescribed authority within the prescribed time.
In case of PS, a copy of the report should also be sent to ZPs

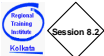


AUDIT OF ZP AND PS 10

Slide 8

THEME AND KEY AREA:
Meetings of ZP/PS

1. Inspection Focus:
Meetings should be held at least once in three months
The presence of one-fourth of the total members is an essential requirement to form a quorum for holding first valid meeting




AUDIT OF ZP AND PS 8

Slide 11

THEME AND KEY AREA:
Five year/annual development plan

Inspection Focus:
With a view to achieving economic development and securing social justice, ZP/PS has to draw-
(a) A five year development plan and
(b) An annual plan for each year by the month of January of the preceding year for development of human resources, infrastructure and civic amenities including making grants in aid of any school, public institution or public welfare organisation, and implement schemes accordingly




AUDIT OF ZP AND PS 11

Slide 9

THEME AND KEY AREA:
Meetings of ZP/PS contd.

In case of PS, BDOs shall attend the meetings
In case of ZP, EO & Addl EO, or in their absence, Secretary shall attend the meetings

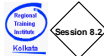


AUDIT OF ZP AND PS 9

Slide 12

THEME AND KEY AREA:
Levy of tolls, rates, sand fees, raising loans and creating sinking funds and borrowing money ZP/PS

Inspection Focus:
i) the scales of tolls, fees or rates, raising loans and creating sinking funds, borrowing money and the terms and conditions thereof shall be such as may be provided by bye-laws and there should be a proper account of the same



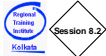
AUDIT OF ZP AND PS 12

Slide 13

THEME AND KEY AREA:
Levy of tolls, rates, sand fees, raising loans and creating sinking funds and borrowing money ZP/PS contd.

ii) collections should be made through proper receipt forms as per prescribed norms and entered in the Cash Book and relevant ledgers simultaneously

iii) in case of arrears in collection of taxes etc the reasons thereof should be recorded



AUDIT OF ZP AND PS 13

Slide 16


THEME AND KEY AREA: ZP/PS Fund contd.

•Inspection Focus:

iii) loans received from sources other than State Govt. may be transferred to the Bank with the approval of the Government

iv) sums paid into the Bank attached to the Treasury shall be accompanied by a challan in the prescribed form

v) The Executive Officer (EO) shall be drawing and disbursing officer of the Local Fund and the Bank



AUDIT OF ZP AND PS 16


Slide 14

THEME AND KEY AREA: ZP/PS Fund

• **Inspection Focus:**

i) all receipts of the ZP/PS should be credited to the Fund under distinct heads as per prescribed norms and shall be lodged with the notified Treasury

ii) moneys credited to the Fund in respect of specified programme or scheme may be kept in the authorized bank with the approval of the Government



AUDIT OF ZP AND PS 14


Slide 17

THEME AND KEY AREA: ZP/PS Fund contd.

•Inspection Focus:

vi) Treasury/Bank Pass book should be kept up to date at regular intervals. The Treasury Pass book should be sent to the treasury by the prescribed date every month for this purpose

vii) Treasury/Bank Pass book should be examined from time to time by the EO for necessary verification and reconciliation every month along with scheme-wise statement



AUDIT OF ZP AND PS 17


Slide 15

THEME AND KEY AREA: ZP/PS Fund contd.

•Inspection Focus:

i) all receipts of the ZP/PS should be credited to the Fund under distinct heads as per prescribed norms and shall be lodged with the notified Treasury

ii) moneys credited to the Fund in respect of specified programme or scheme may be kept in the authorized bank with the approval of the Government



AUDIT OF ZP AND PS 15

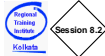
Slide 18

THEME AND KEY AREA: ZP/PS Fund contd.

•Inspection Focus:

viii) The balance of the Treasury, Bank accounts and the cash balances shall be the balances of the ZP/PS Fund

ix) If the transactions are not verified and reconciled for three consecutive months, the concerned ZP/PS shall not draw any Fund from that account either by cheque or otherwise, until the account is verified





AUDIT OF ZP AND PS 18

Slide 19

THEME AND KEY AREA:
ZP/PS Fund contd.

- Inspection Focus:
 - x) the closing balance as per Cash book should be reconciled with cash in hand and cash at bank
 - xi) In case of over-drawal of balances, the amount of such wrongful loss may be recovered from the person responsible
 - xii) The authorized person shall not keep in his custody at any point of time any amount exceeding Rs. one thousand for more than one working day



  AUDIT OF ZP AND PS 19

Slide 22

THEME AND KEY AREA:
Accounts, Register of ZP/PS

Inspection Focus:



To be kept in vernacular in bound books, pages being serially numbered and with a certificate in the prescribed form on the first page

  AUDIT OF ZP AND PS 22

Slide 20

THEME AND KEY AREA:
ZP/PS Fund contd.

- Inspection Focus:
 - xiii) All payments from ZP/PS Fund shall be made through account payee cheque only
 - xiv) All receipts of Fund shall be entered in the Cash Book on the basis of credit vouchers in Form 6, and all payments out of the Fund shall be entered in the Cash Book on the basis of debit vouchers in Form 7
 - xv) No expenditure shall be incurred unless provided for in the budget estimate



  AUDIT OF ZP AND PS 20

Slide 23

THEME AND KEY AREA:
Cash Book and Subsidiary Cash Book of ZP/PS

Inspection Focus:



- i) All monetary transactions should be recorded in the Cash Book (CB) in the prescribed form
- ii) the transactions should be recorded on the day of their occurrence
- iii) All receipt/payment vouchers should be chronologically numbered and the same be noted in the CB
- iv) CB should be closed and balance struck date wise
- v) A note shall be kept in the CB in respect of un-disbursed cash drawn by self cheques at the end of the day

  AUDIT OF ZP AND PS 23

Slide 21

THEME AND KEY AREA:
ZP/PS Fund contd.

- Inspection Focus:
 - xvi) Funds for PF Deposit, Endowment and those raised by loans or contribution for special purpose shall, on no account, be used or appropriated for general purposes
 - xvii) Any loss of immovable property or other works caused by fire, flood, cyclone or any other natural calamity or civil commotion shall be reported to the appropriate authority



  AUDIT OF ZP AND PS 21

Slide 24

THEME AND KEY AREA:
Cash Book and Subsidiary Cash Book of ZP/PS contd.

Inspection Focus:

- vi) at the end of each month an analysis of cash balance should be made showing inter-alia a head of account wise position. The authorized officer should verify the total of the CB, physical cash balance and the cash analysis and sign it certifying its correctness
- vii) entries of expenditure should be made day to day in the expenditure side from the details of debit vouchers

  AUDIT OF ZP AND PS 24

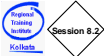
Indices PPS

Session 8

Slide 25

THEME AND KEY AREA:
Cash Book and Subsidiary Cash Book of ZP/PS contd.

Inspection Focus:
viii) in case of remittance to the Treasury or to a bank for deposit, entries should be made day to day in the receipt side from the duplicate copies of the challan or the counterfoil of the Bank receipt, as the case may be




AUDIT OF ZP AND PS 25

Slide 28

THEME AND KEY AREA:
Cash Book and Subsidiary Cash Book of ZP/PS contd.

Inspection Focus:
xiii) the statement of reconciliation should be prepared in the prescribed form and preserved in a register
xiv) the differences or discrepancies detected in the reconciliation statement should be immediately set right, in case the mistake occurred in the PRI body; otherwise, it should be immediately brought to the notice of the Treasury or the Bank Manager for rectification




AUDIT OF ZP AND PS 28

Slide 26

THEME AND KEY AREA:
Cash Book and Subsidiary Cash Book of ZP/PS contd.

Inspection Focus:
xi) in case of grants received from State Govt., entries should be made on the receipt of the bills for the Treasury for transfer credit to Local Fund account on the basis of the original copies of the challans/cheques on the day of deposit
x) in case of book adjustment by transfer credit of grants allotted to the ZP/PS, entries in the CB should be made on the date of receipt of information through the Pass Book or Treasury challan, with details of order no., date and nature of grants




AUDIT OF ZP AND PS 26

Slide 29

THEME AND KEY AREA:
Cash Book and Subsidiary Cash Book of ZP/PS contd.

Inspection Focus:
i) for any important scheme or programme, a subsidiary cash book should be maintained in the prescribed form, when so directed by the funding authority
ii) provisions for maintenance will be the same as the principal cash book
iii) total receipt and expenditure in the subsidiary cash book for every month should be brought into the principal CB

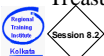


AUDIT OF ZP AND PS 29

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THEME AND KEY AREA:
Cash Book and Subsidiary Cash Book of ZP/PS contd.

Inspection Focus:
xi) in case of direct remittance to the Bank or through the Treasury for payment against various dues or demands, entries should be made on the receipt side on the basis of the documents of such deposits
xii) at the end of each month the Bank account and the Local Fund account as reflected in the CB should be reconciled with the Pass Book of the Bank and of the Treasury




AUDIT OF ZP AND PS 27

Slide 30

THEME AND KEY AREA:
General Ledger of accounts of ZP/PS

Inspection Focus:
i) all financial transactions should be recorded in the general ledger in the prescribed form following the double entry system of book keeping
ii) each account maintained in the general ledger should be totaled every month to facilitate preparation of monthly and annual receipts and payment account




AUDIT OF ZP AND PS 30

Slide 31

THEME AND KEY AREA:
Revenue from Fixed demand

Inspection Focus:

- i) the revenues arising from leased out assets are fixed demand and should be maintained in the Demand and Collection Register in the prescribed form
- ii) a separate page should be set apart for each separate kind of revenue for which there is a fixed monthly, quarterly or annual demand
- iii) the register should be opened by bringing forward all arrears due from the lessees/tenants whose lease was terminated or has not been renewed


 Session 8.2 AUDIT OF ZP AND PS 31

Slide 34

THEME AND KEY AREA: Permanent Advance

Inspection Focus:

- i) For the purpose of incurring petty office expenses on various heads of account to meet instant requirement, ZP/PS may have a permanent advance not exceeding Rs.10,000/3,000 respectively
- ii) Payment should be made in cash against authorized bills or vouchers


 Session 8.2 AUDIT OF ZP AND PS 34

Slide 32

THEME AND KEY AREA:
Donations

Inspection Focus:

- i) Donations like gifts and contributions for special purposes should be recorded in the prescribed form
- ii) No portion of such account should be appropriated for any purposes other than those laid down in the terms and conditions of the donations
- iii) Donations should be kept as fixed deposit in the bank or Govt. securities, if desired by the donors, and their accounts should be maintained in the prescribed form


 Session 8.2 AUDIT OF ZP AND PS 32

Slide 35

THEME AND KEY AREA:
Permanent Advance contd.

Inspection Focus:

- iii) The bills, sub-vouchers or statements should be serially numbered and entered in the Imprest Cash Register in the prescribed form showing proper classifications
- iv) The advance should be charged in the CB to the head Permanent Advance with corresponding entries in the ledger


 Session 8.2 AUDIT OF ZP AND PS 35

Slide 33

THEME AND KEY AREA: Donations contd.

Inspection Focus:

- iv) The process of execution of a work should be started immediately on receipt of the grant from the State Government
- v) Utilization certificate in respect of grant-in-aid should be furnished by the ZP/PS to the authority sanctioning the work within six months from the date of receipt of the grant or before applying for further grant, whichever is earlier


 Session 8.2 AUDIT OF ZP AND PS 33

Slide 36

THEME AND KEY AREA:
Other Advances and Advance Ledger

Inspection Focus:
Other Advances and Advance Ledger

- i) All advances other than 'Permanent Advance' should be charged to the head "Advance" in the CB in the prescribed form
- ii) A separate account should also be maintained in subsidiary ledger of advance in the prescribed form
- iii) No advance should be sanctioned for the cost of any material. If such advance is found necessary, it can be sanctioned by the Artha Sthayee Samiti only on the resolution of the tender committee


 Session 8.2 AUDIT OF ZP AND PS 36

Slide 37

THEME AND KEY AREA:
Other Advances and Advance Ledger contd.

Inspection Focus:

- iv) Adjustment against an advance should be realized within a specified period not exceeding 30 days
- v) If the advance is not utilized within the specified period / 30 days the unutilized amount with supporting vouchers and a written explanation stating the circumstances for non-utilization
- vi) No further advance should be granted until full adjustment of the previous advance



Session 8.2


AUDIT OF ZP AND PS 37

Slide 40

THEME AND KEY AREA:
Register of immovable properties & Stores

Inspection Focus:

- i) Record of all lands, roads, buildings, tanks etc. and any other property of the ZP/PS should be kept in the Register of Immovable Properties in the prescribed form
- ii) The valuation of properties should be done by the competent valuation authority and the value should be noted in the register accordingly
- iii) In case of disposal of any property through transfer, sale or otherwise, the same should be struck off from the register with a suitable note recorded in the remarks column duly authenticated by the competent authority



Session 8.2


AUDIT OF ZP AND PS 40

Slide 38

THEME AND KEY AREA:
Other Advances and Advance Ledger Contd.

Inspection Focus:

- vii) An advance for execution of works should be sanctioned only for work or scheme approved by the Sthayee Samiti
- viii) No advance can be sanctioned in favour any member of ZP/PS



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AUDIT OF ZP AND PS 38

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THEME AND KEY AREA:
Register of movable properties

Inspection Focus:

- i) All movable properties except articles for which separate stock register or ledger is prescribed, should be maintained in a register in the prescribed form
- ii) All movable properties excepting stamps & stationery should be verified annually or as per specified period by the competent authority and a record to that verification should be noted in the register
- iii) The result of the above verification should be brought to the notice of Sabhadhipati / Sabhapati of the ZP/PS



Session 8.2


AUDIT OF ZP AND PS 41

Slide 39

THEME AND KEY AREA:
Accounting and Investment of deposit

Inspection Focus:

- i) Security Deposits received in cash or otherwise should be recorded in the books of accounts and placed to the credit of Fund in the Treasury/Bank
- ii) Securities/Bonds issued by Central/State Govt for immovable property and similar other instruments should be recorded in the Register of Deposits of Valuable Securities in the prescribed form
- iii) Total amount of securities made over to the Treasury for safe custody should be verified annually by the ZP/PS and a certificate of verification kept on record in the above Register



Session 8.2

AUDIT OF ZP AND PS 39


Slide 42

THEME AND KEY AREA:
PS Budget and Re-appropriation of Fund

Inspection Focus:

The preparation and finalization of PS budget usually covers the following main stages:

- i) The EO assesses, from the ZP, DM and others, information regarding amount of probable grants, contributions and allotments under plan and non-plan heads, as well as, expected collection out of its own resources for the following financial year *by 10th September each year*



Session 8.2

AUDIT OF ZP AND PS 42


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THEME AND KEY AREA:
PS Budget and Re-appropriation of Fund contd.

ii) Secretary/PS in consultation with EO/Sabhapati draws up the Outline Budget in the prescribed form by *1st October*

iii) EO places it before Sabhapati by 15th October after making necessary modifications in consultation with various block level officers

iv) The Outline Budget is then considered by the Sthayee Artha Samiti by 25th October, whereupon necessary modifications are made by the Secretary immediately and placed before the PS committee by 30th November



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AUDIT OF ZP AND PS

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THEME AND KEY AREA:
PS Budget and Re-appropriation of Fund contd.

Re appropriation of fund from one head to another is permissible under the following conditions:

i) The re-appropriation is done by a resolution of the concerned Artha Sthayee Samiti and placed before the next meeting of the PS/ZP

ii) No re-appropriation can be made if the fund is released for a specific purpose by the State /Central Govt or by any local authority/organization without the approval.

iii) No re-appropriation can be made without adequate provision to discharge obligatory liabilities of the PS/ZP on the concerned grant/grants



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AUDIT OF ZP AND PS

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THEME AND KEY AREA:
PS Budget and Re-appropriation of Fund contd.

v) The draft budget adopted by the PS is published by 10th December inviting suggestions by the electors of PS and other important functionaries within 10 days

vi) A copy of the draft budget is sent to the ZP for its views within 10 days

vii) The draft budget along with the suggestions of electors/ZP is considered by the Artha Sthayee Samiti by 15th January and necessary modifications made



Session 8.2

AUDIT OF ZP AND PS

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THEME AND KEY AREA:
Execution of Works [General]

• Inspection Focus:

i) The Executive Engineer/Sub-Assistant Engineer/ will be the officer-in-charge of all public works

ii) He will be responsible for making the required funds available, correctness of all records and stores, preparation of accounts and placing them before the appropriate authorities, exercise of thorough and efficient control and check over the expenditure on different works and schemes, providing to the appropriate authorities all the necessary information in respect of probability of excesses of actual over the estimated expenditure and production of all records and documents for audit inspection and other authorities, etc.

iii) He keeps copies of all standard plans of buildings and complete plans and details of all works, etc.



Session 8.2

AUDIT OF ZP AND PS


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Slide 45

THEME AND KEY AREA:
PS Budget and Re-appropriation of Fund contd.

viii) The draft budget along with the modifications is considered by the PS in a specially convened meeting by 15th February

ix) The final budget as approved by the PS is then published by 10th March, a copy of which is sent to ZP, Treasury and other notified places



Session 8.2

AUDIT OF ZP AND PS


45

Slide 48

THEME AND KEY AREA: Execution of Works [Approval]

• Inspection Focus:

- The process of approval goes through three stages:
- Administrative approval—
- should not be accorded until the concerned engineer is satisfied that the proposals are technically sound and the preliminary estimate is sufficiently correct
- Technical sanction—
- a detailed estimate is to be prepared for sanction for every work other than petty repairs
- (c) Expenditure sanction—
- the concerned Sthayee Samiti is competent to sanction, if the expenditure is within the budgetary provision;
- otherwise, sanction of the Artha Sthayee Samiti is required



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THEME AND KEY AREA:
Execution of Works [Commencement]

- Inspection Focus:
- No work should be commenced until-
- administrative sanction is obtained
- detailed design & estimates are sanctioned
- expenditure sanction is accorded
- allotment of funds has been made
- orders for commencement are issued by the EO




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AUDIT OF ZP AND PS 49

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THEME AND KEY AREA:
Execution of Works [Contracts & Tenders] contd.

i) Invitation of tenders—
in case of estimated value not more than Rs. 500/-, invitation of quotation/tender is not compulsory
> Rs.500/-, but < Rs.20,000/--- should be invited from the listed contractors; in case of non-availability of listed contractors, quotations from at least three reputed firms be invited
> Rs.20,000/-, but < Rs.10 lakh(Rs. 4 lakh for electrical works),-- sealed tenders from listed contractors to be invited
Rs.10Lakh – open competitive tenders should be invited



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THEME AND KEY AREA:
Execution of Works [Documents & Estimates]

Inspection Focus:

- The following are the documents;
- a detailed report
- a specification & detailed statement of measurements including the measurement of land for which compensation needs to be paid
- quantities & rates, together with an abstract statement showing the estimated cost of each item; rates entered in the estimate should agree with the schedule of rates adopted by the PWD for similar nature of works, unless otherwise prescribed; in other cases, the rates should be approved Artha Sthayee Samiti
- The estimate should also provide usual charge of 5% for unforeseen contingencies and incidental charges etc.




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THEME AND KEY AREA:
Execution of Works [Contracts & Tenders] contd.

ii) A tender selection committee should be constituted with the prescribed personnel
iii) In case of rejection of tender/lowest tender, written explanations should be given
iv) A single tender should not ordinarily be accepted on first or second invitation, if the rate is neither below nor at par with the scheduled rate
v) In case of emergency, EO may offer work to a contractor from the list of approved contractors without calling for tenders, but place it before the Sthayee Samiti concerned in the next meeting




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AUDIT OF ZP AND PS 53

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THEME AND KEY AREA:
Execution of Works [Contracts & Tenders]

- Inspection Focus:
- i) There should be separate lists of approved contractors for all the three categories of works
- ii) At the time of enlistment, contractors have to deposit a non-refundable enlistment fee at the prescribed rate
- iii) Enlisted contractors have to deposit security at the prescribed rate within one month of enlistment



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THEME AND KEY AREA: Deposit Works

Inspection Focus:
Deposit work can be started only after—

- written approval for the design and estimate is obtained from the department/body concerned
- the entire cost should be realized and placed in the Local Fund Account
- establishment cost (15%) should be charged on the cost of the work



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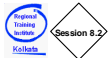
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THEME AND KEY AREA: Contractor's Ledger

Inspection Focus:

- i) A separate folio should be opened for each contractor
- ii) The entries in the Debtor side shall show the payments made to the contractor, and those on the Creditor side, the value of work done as per contractor's bill
- iii) The account shall encompass all transactions to which contractor is a party



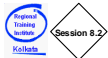
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THEME AND KEY AREA: Contractor's Ledger

- iv) The ledger should show the amount of each bill passed along with the particulars of cheques, the value of materials made over to the contractor, etc.
- v) It should be closed and balanced monthly
- vi) The initial of the appropriate authority of the PS/ZP should be made against each entry



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THEME AND KEY AREA: Devolution of Functions

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
<p>With a view to augmenting steady implementation of plans for economic development and social justice including implementation of schemes in the rural areas in accordance with the provisions contained in the 73rd Amendment to the Constitution, the States are required to transfer to Panchayats Functions along with Funds and Functionaries pertaining to 29 subjects listed in the 11th Schedule of the Constitution</p>	<p>Functions along with Funds and Functionaries in respect of the listed subjects were adequately transferred to the Panchayats</p>	<ul style="list-style-type: none"> • Neither the listed Functions nor the Funds and functionaries were transferred to the Panchayats, resulting in non-fulfilment of the fundamental objective of raising the PRI bodies as a unit of self-governance • Functions were transferred, but the Funds were not transferred, resulting in ineffective transfer



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THEME AND KEY AREA: Schemes

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
<p>i) One of the major tools of augmenting economic development and achieving social justice in the rural areas is the proper implementation of works through certain sponsored Schemes</p> <p>ii) Most of the Schemes undertaken by the Panchayats are centrally sponsored and some are co-sponsored by the Central and State Governments</p> <p>iii) Large sums of money are provided for implementation of these Schemes</p> <p>iv) All the Schemes have certain pre-determined guidelines in respect of planning, preparation, funding, implementation, utilization and the system of keeping proper accounts thereof to gauge the extent of actual performance, while maintaining transparency at every stage</p> <p>vi) Some of the co-sponsored Schemes require timely funding by the States to the required extent, failing which release of funds from the Centre is withheld/reduced</p> <p>vii) All the Schemes require furnishing issue of utilization certificate in time, which is also a pre-condition for further release</p> <p>viii) Most of the Schemes also require preparation of proper Action Plan/ Demand for funds within the scheduled time</p> <p>ix) In order to achieve the objective of assuring the PRI bodies to develop into an independent unit of self-</p>	<ul style="list-style-type: none"> • schemes were implemented properly within the targeted period, • funds were utilized as per the guidelines, • accounts were maintained as per prescribed norms, • there was transparency in maintenance of accounts and records • audit of the accounts and other records was conducted as per norms • regular social audit was conducted and corrective action was taken • entries of all transactions were regularly made in the web enabled application of MIS 	<ul style="list-style-type: none"> • there was delay in actual implementation of the Schemes, resulting in shortfall in achievement of the targeted benefits • some of the provisions of the guidelines framed by the local bodies/State Govt. was at variance with the prescribed Central guidelines, for which no approval was sought from the Central Government • there were cases of lack of co-ordination among the different tiers of the PRI bodies and between the PRI and the State Govt resulting in non-utilization of funds, due to inter-alia proportionate cut in the further release of funds or inordinate delay in placing demands for further funds • appropriations were made from the Schemes without proper approval of the appropriate authority, which resulted in the curtailment of funds • utilization certificates were not furnished in time resulting in less release of Fund • tenders and contracts were not in accordance with the prescribed guidelines • the maintenance of accounts-records etc. was inadequate

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<p>governance having all-round economic development and social justice, it is imperative that the Schemes are implemented properly and spending the moneys released in time</p> <p>x) All the schemes require maintenance of a prescribed system of accounts along with audit thereof the same by the appropriate authority and report thereof to the appropriate authority within the prescribed time</p> <p>xi) Execution of Social Audit is the responsibility of the State Government and form an integral part of all the schemes to bring out accountability and transparency in implementation.</p> <p>x) To establish transparency and accountability all information relating to the implementation of the schemes should be put in public domain through web enabled application of Management Information System developed by the Government of India for each scheme.</p>		<ul style="list-style-type: none"> • accounts and records were not audited by the appropriate authority as per prescribed instructions. This resulted in less release of funds • schemes were not implemented in accordance with the guidelines • system of social audit was not adopted as per norms. • process of recording all transaction details in web enabled application of MIS was not introduced thus the aim of bringing all information on public domain was frustrated.
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THEME AND KEY AREA: Constitution, Meetings and Report on the work of ZP/PS

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
i) Alteration/inclusion/exclusion in the area of a Block ii) Nominated members	i) Alteration/inclusion/exclusion was in accordance with notification in the Gazette ii) All the posts of nominated members were filled in	i) No Gazette notification was forthcoming ii) Some of the posts of nominated members were vacant for a considerable period
Meetings should be held at least once in three months	i) The meetings were held as per the stipulated requirement ii) Members were present in the meetings regularly	i) The meetings were not held once in three months. ii) Nominated members were not present in the meetings regularly
i) Presence of one-fourth of total members will form the quorum for the meeting ii) In case of PS, BDOs shall attend the meetings iii) In case of ZP, Executive Officer & Addl. Executive Officer shall ordinarily attend the meetings, and if they are unable to attend, Secretary will be deputed instead	There was adequate quorum and the appropriate authorities attended the meetings	i) All the meetings did not have required quorum (ii) & (iii) The appropriate officers did not attend all the meetings, and reasons for that were not recorded
A report on the work done in the previous year and the work proposed to be done in the following year should be prepared in the prescribed manner and sent to the prescribed authority within the prescribed time. In case of PS, a copy of the report should also be sent to ZP	The prescribed was adequately followed	a) Reports were not sent as per schedule every year b) Copies of reports of PS were not always sent to ZP as per schedule

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THEME AND KEY AREA: Five year annual development plan of ZP/PS

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
With a view to achieving economic development and securing social justice, ZP/PS has to draw—	The five year dev. plan was drawn up and updated periodically	There was no audit evidence of preparation of any five year development plan or if there was one, it was not updated periodically
(a) five year development plan and (b) an annual plan for each year by the month of January of the preceding year for development of human resources, infrastructure and civic amenities including making grants in aid of any school, public institution or public welfare organisation, and implement schemes accordingly	the annual plan was made out by January of the preceding year as per norms	the annual plan was not made out as per schedule there was no cohesion between the five year and the annual plans
	The schemes were being implemented satisfactorily	schemes were not strictly taken up for implementation as decided in the five year/annual plans; some of the schemes taken in hand as per plans were not fully implemented and reasons for the same were not adequately recorded
	Budgetary provisions were made keeping in view the objectives of the five year/annual plans	Budgetary provisions were not in conformity with the development plans
	Particulars of contributions/ grants by the State/Central Govt. etc under different heads could be adequately tallied with Cash Book /Cheques	Particulars of contributions / grants by the State/Central Govt. etc could not be traced into the Cash Book/Cheques in every case



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THEME AND KEY AREA: Levy of tolls, rates, sand fees, raising loans and creating sinking funds and borrowing money ZP/PS

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
i) the scales of tolls, fees or rates, raising loans and creating sinking funds, borrowing money and the terms and conditions thereof shall be such as may be provided by bye-laws and there should be a proper accountal of the same	i) there was adequate evidence to indicate that the scales of tolls, fees or rates, raising loans and creating sinking funds, borrowing money and the terms and conditions thereof were such as provided by bye-laws and there was proper accountal of the same	i) (a) Clear evidence was not forthcoming in every case regarding adherence to bye-laws and proper accountal of the same, (b) nor all cases of levy did have the required authority
ii) collections should be made through proper receipt forms as per prescribed norms and entered in the Cash Book and relevant ledgers simultaneously	ii) collection was made by the authorized person through prescribed cash receipt form and simultaneously recorded in the different books of accounts	ii) there were cases to indicate that collections were made by a person other than the authorized person and collections were not always simultaneously recorded in the different books of accounts
iii) in case of arrears in collection of taxes etc the reasons thereof should be recorded	iii) reasons for arrears in collection were adequately recorded	iii) reasons for arrears in collection were not recorded in all cases

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THEME AND KEY AREA: ZP/PS Fund

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
i) all receipts of the ZP/PS should be credited to the Fund under distinct heads as per prescribed norms and shall be lodged with the notified Treasury	i) receipts were credited as per norms	i) (a) there were cases of delay in crediting receipts (b) correct classification was not made in every case
ii) moneys credited to the Fund in respect of specified programme or scheme may be kept in the authorized bank with the approval of the Government	ii) credits of the Fund were kept in the Bank under a Savings Bank a/c as per norms	ii) credits were kept in a bank other than the authorized bank or there were cases of delay in transmission to the bank
iii) loans received from sources other than State Govt. may be transferred to the Bank with the approval of the Government	iii) there was adequacy in the system of transfer of amounts of loans received to the Bank	iii) There were cases of delay in transferring amounts of loans to the Bank
iv) Sums paid into the Bank attached to the Treasury shall be accompanied by a challan in the prescribed form	iv) instructions were followed adequately	iv) payment into the Bank did not accompany proper challan every time
v) The Executive Officer (EO) shall be drawing and disbursing officer of the Local Fund and the Bank	v) the fund was maintained by the authorized custodian adequately	v) the authority of the custodian was not forthcoming
vi) Treasury/Bank Pass book should be kept up to date at regular intervals. The Treasury Pass book should be sent to the treasury by the prescribed date every month for this purpose. vii) Treasury/Bank Pass book should be examined from time to time by the EO for necessary	(vi) and (vii) the procedures were adequately followed	vi) Treasury/Bank Pass book was not kept up to date. It was not also sent to the Treasury within the prescribed date every month vii) verification and reconciliation was not done every month

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verification and reconciliation every month along with scheme-wise statement		
viii) The balance of the Treasury, Bank accounts and the cash balances shall be the balances of the ZP/PS Fund	viii) & ix) The Treasury/Bank Pass book was adequately maintained, verification and reconciliation were made as per rules	viii) There were cases of discrepancy in the balances
ix) If the transactions are not verified and reconciled for three consecutive months, the concerned ZP/PS shall not draw any Fund from that account either by cheque or otherwise, until the account is verified		ix) There were cases of non-reconciliation for more than three months
x) the closing balance as per Cash book should be reconciled with cash in hand and cash at bank	x) the system followed was adequate	x) there were cases of discrepancy and the same were not adequately explained
xi) In case of over-drawal of balances, the amount of such wrongful loss may be recovered from the person responsible	xi) the system followed was adequate	xi) there were cases of over drawal, but the amounts were not recovered
xii) The authorized person shall not keep in his custody at any point of time any amount exceeding Rs. one thousand for more than one working day	xii) the system followed was adequate	xii) there were cases of holding amounts in excess of Rs one hundred for more than one working day
xiii) All payments from ZP/PS Fund shall be made through account payee cheque only	xiii) rules were followed adequately	xiii) there were cases of payments in cash
xiv) All receipts of Fund shall be entered in the Cash Book on the basis of credit vouchers in Form 6, and all payments out of the Fund shall be entered in the Cash Book on the basis	xiv) the system followed was adequate	xiv) all the items of receipt and payment could not be traced into the cash book or proper debit/ credit vouchers were not maintained in every case

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of debit vouchers in Form 7		
xv) No expenditure shall be incurred unless provided for in the budget estimate	xv) the system followed was adequate	xv) there were cases of expenditure not provided in the budget estimates
xvi) Funds for PF Deposit, Endowment and those raised by loans or contribution for special purpose shall, on no account, be used or appropriated for general purposes	xvi) the system followed was adequate	xvi) there were cases of irregular appropriation
xvii) Any loss of immovable property or other works caused by fire, flood, cyclone or any other natural calamity or civil commotion shall be reported to the appropriate authority	xvii) the system followed was adequate	xvii) there were cases of non-reporting or inordinate delay in reporting to the appropriate authority

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THEME AND KEY AREA: Accounts, Register of ZP/PS

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
To be kept in vernacular in bound books, pages being serially numbered and with a certificate in the prescribed form on the first page	the maintenance of registers / books was adequate	(a) all the books and registers were not bound and serially numbered, (b) the certificate in the prescribed form was missing in some of the books and registers

THEME AND KEY AREA: Cash Book and Subsidiary Cash Book of ZP/PS

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
<p>i) all monetary transactions should be recorded in the Cash Book(CB) in the prescribed form</p> <p>ii) the transactions should be recorded on the day of their occurrence</p> <p>iii) all receipt/payment vouchers should be chronologically numbered and the same be noted in the CB</p> <p>iv) CB should be closed and balance struck date wise</p> <p>v) at the end of each month an analysis of cash balance should be made showing inter-alia a head of account wise position. The authorized officer should verify the total of the CB, physical cash balance and the cash analysis and sign it certifying its correctness</p>	the maintenance of the cash book was adequate	<p>i) & ii) all the transactions were not recorded on the day of their occurrence</p> <p>iii) all the chronological numbers of the receipt/payment vouchers were noted in the CB</p> <p>iv) daily closing and balancing was not done regularly</p> <p>v) the head of account wise position of the cash balance was not shown for every month.</p>

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<p>vi) a note shall be kept in the CB in respect of un-disbursed cash drawn by self cheques at the end of the day</p> <p>vii) entries of expenditure should be made day to day in the expenditure side from the details of debit vouchers</p> <p>viii) corresponding entry should be made in the CB on the day on which a cheque is signed by the officer concerned, keeping a note of delivery of the said cheque in the remarks column of the CB as well as the relevant column of the cheque issue register in the prescribed form on the same day</p> <p>ix) in case of remittance to the Treasury or to a bank for deposit, entries should be made day to day in the receipt side from the duplicate copies of the challan or the counterfoil of the Bank receipt, as the case may be</p> <p>x) in case of grants received from State Govt., entries should be made on the receipt of the bills for the Treasury for transfer credit to Local Fund account on the basis of the original copies of the challans /cheques on the day of deposit</p> <p>xi) in case of book adjustment by transfer credit of grants allotted to the ZP/PS, entries in the CB should be made on the date of receipt of information through the Pass Book or Treasury challan, with details of 'order no.' date and nature of grants</p> <p>xii) in case of direct remittance to the Bank or through the Treasury for payment against various dues or demands, entries should be made on the receipt side on the basis of the documents of such deposits</p> <p>xiii) at the end of each month the Bank account and the Local Fund account as reflected in the CB should be reconciled with the Pass Book of the Bank and of the Treasury</p> <p>xiv) the statement of reconciliation should be prepared in the prescribed form and</p>	<p>vi) such note was not kept in the CB every month</p> <p>vii) all the entries could not be traced from the debit vouchers</p> <p>viii) there was evidence to indicate that the practice was followed daily</p> <p>ix) the same was not done daily in every case</p> <p>x) not all such entries were made on the day of deposit</p> <p>xi) not all such entries were made on the date of receipt of the concerned information.</p> <p>xii) not all entries were made on the receipt side of Cash Book</p> <p>xiii) the reconciliation accounts was not carried out every month</p>
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<p>preserved in a register</p> <p>xv) the differences or discrepancies detected in the reconciliation statement should be immediately set right, in case the mistake occurred in the PRI body; otherwise, it should be immediately brought to the notice of the Treasury or the Bank Manager for rectification</p> <p>xvi) if the discrepancies still persist, the matter should be brought to the notice of DM by the ZP, or SDO by the PS immediately</p>		<p>xiv) the reconciliation statement was not always in the prescribed form or preserved in a register</p> <p>xv) there were cases of non-rectification of the discrepancies detected in the reconciliation statement</p> <p>xvi) the matter was not brought to the notice of the appropriate authority of the ZP/PS or there was abnormal delay in reporting the same</p>
<p>i) for any important scheme or programme, a subsidiary cash book should be maintained in the prescribed form, when so directed by the funding authority</p> <p>ii) provisions for maintenance will be the same as the principal cash book</p> <p>iii) total receipt and expenditure in the subsidiary cash book for every month should be brought into the principal CB by recording such receipt or expenditure on the last working day of the month for the purpose of calculating the total Fund and for classification of the Fund scheme-wise and head-wise</p>	<p>the maintenance of the subsidiary cash book was adequate</p>	<p>) The subsidiary cash book was not maintained in respect of in every case that was so directed by the Funding authority</p> <p>ii) not all the provisions were followed regularly</p> <p>iii) the total of the subsidiary cash book was not brought forwarded to the main CB every month or there was delay in postings</p>



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THEME AND KEY AREA: General Ledger of accounts of ZP/PS

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
<p>i) all financial transactions should be recorded in the general ledger in the prescribed form following the double entry system of book keeping</p> <p>ii) each account maintained in the general ledger should be totaled every month to facilitate preparation of monthly and annual receipts and payment account</p>	<p>the prescribed procedure were followed adequately</p>	<p>i)the general ledger was not maintained in the prescribed form or all the columns were not properly filled in</p> <p>ii) the procedure was not followed properly every month; besides, some of the figures of the receipts and payment account were at variance with those of the ledger</p>

THEME AND KEY AREA: Revenue from fixed demand

<p>i) the revenues arising from leased out assets are fixed demand and should be maintained in the Demand and Collection Register in the prescribed form</p> <p>ii) a separate page should be set apart for each separate kind of revenue for which there is a fixed monthly, quarterly or annual demand</p> <p>iii) the register should be opened by bringing forward all arrears due from the lessees/tenants whose lease was terminated or has not been renewed</p> <p>iv) the security deposit of lease should be credited directly to the head of security deposit in the CB</p> <p>v) when a lease is cancelled and the property is again leased out afresh, the up-to-date demand should be worked out and reconciled with the up-to-date collection</p>	<p>the prescribed procedures were followed adequately</p>	<p>i)& ii) the register was not maintained properly and separate pages were not set apart for each separate kind of revenue</p> <p>iii) the position of arrear dues in respect of all the terminated/non-renewed lease was not brought forward</p> <p>iv) the amounts of security deposits could not be traced into the CB in every case</p> <p>v) the up-to-date position of the demand was not reconciled with the up-to-date collections</p>
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THEME AND KEY AREA: Donations

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
i) Donations like gifts and contributions for special purposes should be recorded in the prescribed form	the prescribed procedure were followed adequately	i) donations were not always maintained in the prescribed forms
ii) No portion of such account should be appropriated for any purposes other than those laid down in the terms and conditions of the donations.		ii) there were instances of appropriation of the fund for purposes other than those prescribed and no explanations for the same were forthcoming
iii) Donations should be kept as fixed deposit in the bank or Govt. securities, if desired by the donors, and their accounts should be maintained in the prescribed form		iii) donations were not always kept as fixed deposit or in Govt. securities, though specifically desired by the donors
iv) The process of execution of a work should be started immediately on receipt of the grant from the State Govt.		iv) there were cases of delay in starting the process of execution of a work and adequate reasons thereof were not forthcoming
v) Utilization certificate in respect of grant-in-aid should be furnished by the ZP/PS to the authority sanctioning the work within six months from the date of receipt of the grant or before applying for further grant, whichever is earlier		v) there was delay in furnishing utilization certificate for which adequate reasons were not forthcoming



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THEME AND KEY AREA: Permanent Advance

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
<p>i) For the purpose of incurring petty office expenses on various heads of account to meet instant requirement, ZP/PS may have a permanent advance not exceeding Rs.10,000/3,000 respectively</p> <p>ii) Payment should be made in cash against authorized bills or vouchers</p> <p>iii) The bills, sub-vouchers or statements should be serially numbered and entered in the Imprest Cash Register in the prescribed form showing proper classifications</p> <p>iv) The advance should be charged in the CB to the head Permanent Advance with corresponding entries in the ledger</p>	<p>the prescribed procedures were adequately followed</p>	<p>i) there were cases of drawal of amount in excess of prescribed limit</p> <p>ii) authorized bills/vouchers were not forthcoming in all cases of payment</p> <p>iii) not all the bills etc. could be traced in the Imprest Cash Register or classification was not carried out in every case of payment</p> <p>iv) not all advances could be traced into the CB or ledger</p>



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THEME AND KEY AREA: Other Advances and Advance Ledger

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
<p>i) All advances other than 'Permanent Advance' should be charged to the head "Advance" in the CB in the prescribed form</p> <p>ii) A separate account should also be maintained in subsidiary ledger of advance in the prescribed form</p> <p>iii) A quarterly statement of outstanding advance against each individual should be prepared</p> <p>iv) Advance for execution of works to be carried out departmentally should be sanctioned to a person other than the technical officer concerned</p> <p>v) No advance should be sanctioned for the cost of any material. If such advance is found necessary, it can be sanctioned by the Artha Sthayee Samiti only on the resolution of the tender committee</p> <p>vi) Adjustment against an advance should be realized within a specified period not exceeding 30 days</p> <p>vii) If the advance is not utilized within the specified period / 30 days the unutilized amount with supporting vouchers and a written explanation stating the circumstances for non-utilization</p> <p>viii) No further advance should be granted until full adjustment of the previous advance</p> <p>ix) An advance for execution of works should be sanctioned only for work or scheme approved by the Sthayee Samiti</p> <p>x) No advance can be sanctioned in favour any member of ZP/PS</p>	<p>the prescribed procedures were adequately followed</p>	<p>i) such advances could not in all cases be traced into the postings under the head 'Advance'</p> <p>ii) separate accounts were not maintained in every case</p> <p>iii) the quarterly statement did not include the particulars of each individual</p> <p>iv) there were some instances where advance was granted to the technical officer concerned.</p> <p>v) there were cases of advance being sanctioned for the cost of material for which the resolution of the tender committee was not forthcoming every time</p> <p>vi) there were cases of non-realization within the given period</p> <p>vii) written explanations were not always forthcoming as regards non-utilisation of advance.</p> <p>viii) there were cases of grant of further advance without full adjustment of previous advance</p> <p>ix) there were cases of grant of advance for works other than those approved by the Sthayee Samiti</p> <p>x) there were instances of sanction of advance to some member(s) of the ZP/PS</p>

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THEME AND KEY AREA: Accounting and Investment of deposit

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
<p>i) Security Deposits received in cash or otherwise should be recorded in the books of accounts and placed to the credit of Fund in the Treasury/Bank</p> <p>ii) Securities/Bonds issued by Central/State Govt for immovable property and similar other instruments should be recorded in the Register of Deposits of Valuable Securities in the prescribed form</p> <p>iii) Total amount of securities made over to the Treasury for safe custody should be verified annually by the ZP/PS and a certificate of verification kept on record in the above Register</p>	<p>Procedures were adequately followed</p>	<p>i) there were cases of delay in recording the same in the books of accounts or crediting them to the Treasury/Bank</p> <p>ii) not all such instruments could be traced into the Register</p> <p>iii) certificate of annual verification of securities was not on record.</p>

THEME AND KEY AREA: Register of immovable properties & Stores

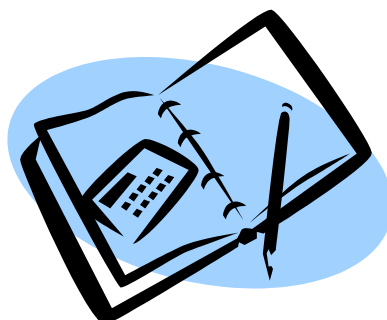
<p>i) Record of all lands, roads, buildings, tanks etc. and any other property of the ZP/PS should be kept in the Register of Immovable Properties in the prescribed form</p> <p>ii) The valuation of properties should be done by the competent valuation authority and the value should be noted in the register accordingly</p> <p>iii) In case of disposal of any property through transfer, sale or otherwise, the same should be struck off from the register with a suitable note recorded in the remarks column duly authenticated by the competent authority</p>	<p>the prescribed procedure was followed.</p>	<p>i) the register was not properly maintained in respect of all the necessary columns or not particulars of all the properties were not recorded in the register</p> <p>ii) the valuation was not done in all cases by the competent authority or the valuation of all properties was not done and noted accordingly.</p> <p>iii) the particulars of disposal in respect of all properties were not forthcoming or the entries in the remarks column were not attested by the competent authority or in respect of transfer through sale, the amount of sale proceeds could not be traced into the CB</p>
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THEME AND KEY AREA: Register of movable properties

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
<p>i) All movable properties except articles for which separate stock register or ledger is prescribed, should be maintained in a register in the prescribed form</p> <p>ii) All movable properties excepting stamps & stationery should be verified annually or as per specified period by the competent authority and a record to that verification should be noted in the register</p> <p>iii) The result of the above verification should be brought to the notice of Sabhadhipati / Sabhapati of the ZP/PS</p>	<p>the register was maintained adequately</p>	<p>i) the register was not being maintained in the prescribed form or the particulars of all the concerned movable properties were not recorded in the register</p> <p>ii) there was no audit evidence of such verification by the competent authority</p> <p>iii) there was no record to indicate that the appropriate authority was apprised of the result of the verification</p>



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THEME AND KEY AREA: PS/ZP Budget and Re-appropriation of Fund

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
<p>The preparation and finalization of PS/ZP budget usually covers the following main stages:</p> <p>i) The EO of PS/ZP assesses, from the respective prescribed sources, information regarding amount of probable grants, contributions and allotments under plan and non-plan heads, as well as, expected collection out of its own resources for the following financial year <i>by the scheduled date each year</i></p> <p>ii) Secretary of PS/ZP in consultation with EO/Sabhapati(for PS) and EO/Sabhadhipati(for ZP) draws up the Outline Budget in the prescribed form by <i>the scheduled date</i></p> <p>iii) EO of PS/ZP places it before Sabhapati/Sabhadhipati by the scheduled date after making necessary modifications in consultation with various block and district level officers(for PS) and district/state level officers(for ZP)</p> <p>iv) The Outline Budget is then considered by the Sthayae Artha Samiti of the respective PS/ZP, whereupon necessary modifications are made by the Secretary immediately and placed before the PS/ZP committee by the scheduled date</p> <p>v) The draft budget adopted by the PS/ZP is published by scheduled date inviting suggestions by the electors of PS/ZP and other important functionaries within the scheduled period</p> <p>vi) A copy of the draft budget is sent to the ZP/State Govt for its views within the scheduled period</p> <p>vii) The draft budget along with the suggestions of electors/ZP/State Govt is considered by the Artha Sthayee Samiti by</p>	<p>procedures in respect of all the different stages were adequately followed</p>	<p>The relevant instructions in respect of different stages were not scrupulously followed as noted below:</p> <ul style="list-style-type: none"> • the specified dates in respect of different stages in the budget process were not adhered to • evidence to indicate that sufficient data were not collected before drawing up the Outline Budget • there was no record to indicate that necessary consultations were actually made by the EO before making modifications to the Outline Budget • the records did not adequately indicate that the suggestions/views from electors and different functionaries and the recommendations of the Artha Sthayee Samiti

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<p>the scheduled date and necessary modifications made</p> <p>viii) The draft budget along with the modifications is considered by the PS/ZP in a specially convened meeting by the scheduled date</p> <p>ix) The final budget as approved by the PS/ZP is then published by the scheduled date, a copy of which is sent to ZP, Treasury, and other notified places(for PS) and State Govt. and Treasury(for ZP)</p>		<p>were actually taken into account in the meetings of the PS/ZP</p>
<p><i>Re appropriation of fund from one head to another is permissible under the following conditions:</i></p> <p>i) The re-appropriation is done by a resolution of the concerned Artha Sthayee Samiti and placed before the next meeting of the PS/ZP</p> <p>ii) No re-appropriation can be made if the fund is released for a specific purpose by the State /Central Govt or by any local authority/organization without the approval.</p> <p>iii) No re-appropriation can be made without adequate provision to discharge obligatory liabilities of the PS/ZP on the concerned grant/grants</p>	<p>the procedures were adequately followed</p>	<p>The procedures were not adequately followed:</p> <ul style="list-style-type: none"> • a resolution of the Artha Sthayee Samiti was not forthcoming • the above resolution was not placed in the next meeting of the PS/ZP • approval of the concerned authority was not taken before re-appropriation of fund granted for a special purpose • there was no evidence to indicate that prior to making a re-appropriation adequate provisions had been made to discharge obligatory liabilities of the concerned grant/grants

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THEME AND KEY AREA: Execution of Works[General]

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
<p>i) The Executive Engineer/Sub-Assistant Engineer/ will be the officer-in-charge of all public works</p> <p>ii) He will be responsible for making the required funds available, correctness of all records and stores, preparation of accounts and placing them before the appropriate authorities, exercise of thorough and efficient control and check over the expenditure on different works and schemes, providing to the appropriate authorities all the necessary information in respect of probability of excesses of actual over the estimated expenditure and production of all records and documents for audit inspection and other authorities, etc.</p> <p>iii) He keeps copies of all standard plans of buildings and complete plans and details of all works, etc.</p>	<p>The procedure was adequately followed</p>	<p>there were evidences to suggest that the procedure was not adequately followed:</p> <ul style="list-style-type: none"> • not all the records were maintained as per prescribed instructions • there were clear cases of delay in preparation and submission of accounts to the respective authorities • copies of plans and documents were not all forthcoming

THEME AND KEY AREA: Execution of Works[Approval]

<p>The process of approval goes through three stages:</p> <p>(a) Administrative approval—</p> <ul style="list-style-type: none"> • should not be accorded until the concerned engineer is satisfied that the proposals are technically sound and the preliminary estimate is sufficiently correct <p>(b) Technical sanction—</p> <ul style="list-style-type: none"> • a detailed estimate is to be prepared for sanction for every work other than petty repairs <p>(c) Expenditure sanction—</p> <ul style="list-style-type: none"> • the concerned Sthayee Samiti is competent to sanction, if the expenditure is within the budgetary provision; • otherwise, sanction of the Artha Sthayee Samiti is required 	<p>The procedure was adequately followed</p>	<p>there were evidences to suggest that the process of approval was not scrupulously followed</p>
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THEME AND KEY AREA: Execution of works (Commencement)

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
<p>No work should be commenced until-</p> <ul style="list-style-type: none"> • administrative sanction is obtained • detailed design & estimates are sanctioned • expenditure sanction is accorded • allotment of funds has been made • orders for commencement are issued by the EO 	<p>the prescribed procedures were adequately followed</p>	<p>the procedures were not followed adequately:</p> <ul style="list-style-type: none"> • there were some cases where work was started without proper sanction, and no explanations for the same were forthcoming • designs & estimates were awaiting sanction of the appropriate authority • allotment of fund was not forthcoming

THEME AND KEY AREA: Execution of Works (Documents & Estimates)

<p>The following are the documents:</p> <ul style="list-style-type: none"> • a detailed report • a specification & detailed statement of measurements including the measurement of land for which compensation needs to be paid • quantities & rates, together with an abstract statement showing the estimated cost of each item; rates entered in the estimate should agree with the schedule of rates adopted by the PWD for similar nature of works, unless otherwise prescribed; in other cases, the rates should be approved Artha Sthayee Samiti • The estimate should also provide usual charge of 5% for unforeseen contingencies and incidental charges etc. 	<p>instructions were adequately followed</p>	<ul style="list-style-type: none"> • prescribed schedule of rates was not available • the schedule was not up-to-date • rates other than the prescribed one were not approved by the Artha Sthayee Samiti • no provision was made for unforeseen and incidental expenditure
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THEME AND KEY AREA: Execution of Works [Contracts & Tenders]

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
<p>i) Invitation of tenders—</p> <ul style="list-style-type: none"> • in case of estimated value not more than Rs. 500/-, invitation of quotation/tender is not compulsory • Process of e-tendering in all cases of works/schemes/procurement implemented with value over and above Rs.5 lakh is mandatory with effect from 01.10.2014. <p>ii) A tender selection committee should be constituted with the prescribed personnel</p> <p>iii) In case of rejection of tender/lowest tender, written explanations should be given</p> <p>iv) A single tender should not ordinarily be accepted on first or second invitation, if the rate is neither below nor at par with the scheduled rate</p> <p>v) In case of emergency, EO may offer work to a contractor from the list of approved contractors without calling for tenders, but place it before the Sthayee Samiti concerned in the next meeting</p>	<p>instructions were adequately followed</p>	<ul style="list-style-type: none"> • Process of e-tendering in all cases of works/schemes/procurement implemented with value over and above Rs.5 lakh were not followed though the value was above the prescribed limit • Papers relating to formation of tender selection committee were not available or the constitution of the committee was not as per prescribed norms • Adequate explanations were not forthcoming for rejection of lowest tender or acceptance of higher tender • single tender was accepted on first or second invitation even though there was a variance vis-à-vis the schedule rate and adequate reasons for the same were not provided • Works entrusted without inviting tenders in case of emergency were not placed before the next meeting of the Sthayee Samiti

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THEME AND KEY AREA: Deposit Works

INSPECTION FOCUS	A ZP/PS THAT IS CLEAR ABOUT WHAT IT IS TRYING TO DO	A ZP/PS THAT IS NOT CLEAR ABOUT WHAT IT IS TRYING TO DO
<p>Deposit work can be started only after—</p> <ul style="list-style-type: none"> • written approval for the design and estimate is obtained from the department/body concerned • the entire cost should be realized and placed in the Local Fund Account • establishment cost (15%) should be charged on the cost of the work 	<p>instructions were followed adequately</p>	<ul style="list-style-type: none"> • works were started before obtaining written approval of design & estimate • the entire cost was yet to be realized and deposited in the Local Fund • provision for establishment cost was not made

THEME AND KEY AREA: Contractor's Ledger

<p>i) A separate folio should be opened for each contractor</p> <p>ii) The entries in the Debtor side shall show the payments made to the contractor, and those on the Creditor side, the value of work done as per contractor's bill</p> <p>iii) The account shall encompass all transactions to which contractor is a party</p> <p>iv) The ledger should show the amount of each bill passed along with the particulars of cheques, the value of materials made over to the contractor, etc.</p> <p>v) It should be closed and balanced monthly</p> <p>vi) The initial of the appropriate authority of the PS/ZP should be made against each entry</p>	<p>instructions were adequately followed</p>	<ul style="list-style-type: none"> • separate folios were not opened for each contractor • all the postings in the ledger could not be traced into the contractor's bills and Cash Book • the particulars of cheques were not recorded in every case • the ledger was not closed and balanced every month • the initial of the appropriate authority was not forthcoming against each entry
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Fill in the blanks:

1. There shall be separate list of _____ contractors for three categories of works, viz., general works, _____ works and _____ works.
2. The initial records upon which the accounts of works are based, are ----- Roll, ----- Book and----- voucher.

Tick the correct answer:

3. An estimate shall include a charge of (5% /10%) for unforeseen contingencies.
4. In respect of Deposit Work, an establishment charge not exceeding (15%/ 25%) of the actual expenditure is to be realized.
5. The amount of enlistment fee for class I contractors is (Rs. 3000/ Rs. 5000).
6. Pension to widows was introduced for beneficiaries of(i)BPL(ii)BPL &APL both
7. The NSAP includes total components(i) Seven (ii) Five
8. The cost of the IAY scheme except the component for provision of house sites is to be shared between Government of India and State Governments in the ratio ...
(i) 75:25.....(ii) 50:50
9. IAY Funds are earmarked at national level for SCs and STs.....
(i) 50 per cent(ii) 60 per cent

Tick yes or no

10. No loans can be received from an office-bearer of ZP/ PS YES/NO
11. Gift or contribution from an office-bearer of a Zilla Parishad/ Panchayat Samiti can be accepted, in pursuance of a resolution adopted in a meeting of the ZP/PS YES/NO.

State True or False

12. Upto 4% of the funds released under IAY can be utilised for administering the scheme. TRUE/FALSE
13. Central Government shall meet the cost of 75% of wages for unskilled manual work under MGNREGS TRUE/FALSE
14. Central Assistance for IAY is released every year in single installment. TRUE/FALSE.
13. The interest amount accrued on the deposit of the IAY is credited to the general fund of the Zilla Parishad/Panchayat Samiti TRUE/FALSE.

Solution

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Fill in the blanks from the list of words given below:

1. There shall be separate list of approved contractors for three categories of works, viz., general works, sanitary works and electrical works.
2. The initial records upon which the accounts of works are based, are Muster Roll, Measurement Book and claim voucher.

Tick the correct answer:

3. 5%
4. 15%
5. Rs. 3000/-
6. (i) BPL
7. (ii) Five
8. 75:25
9. 60 per cent

Tick yes or no

10. YES
11. YES

State True or False

12. TRUE
13. FALSE
14. FALSE
15. FALSE

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