

## CHAPTER-13

### OTHER MATTERS

#### **13.01       Records of Local Bodies Institutions to be kept**

**13.01.01**       In respect of every Local Body Institution (LB) under audit, it is necessary that the Audit Office maintains a complete set of records, consisting of the following:-

- (i)       A copy of the enactment applicable to the Local Bodies.
- (ii)       Copies of Rules and Regulations and other basic orders relating to the Local Bodies.
- (iii)       Copies of orders relating to delegation of powers issued by the competent authority and powers and duties of various committees.
- (iv)       Annual Reports from year to year.

**13.01.02**       Audit Parties undertaking audit of Local Bodies should be supplied with the documents cited in paragraph 13.01.01 **supra**, Audit Reports with certified accounts with replies received and Reports, if any, of Review (Monitoring) Committees or other committees relating to the functioning of Local Bodies.

#### **13.02       Audit Planning**

**13.02.01**       A comprehensive list of Local Bodies (with their addresses), which are to be audited, should be maintained in audit office in a “**Cycle Register**”. In this Register, offices of different drawing and disbursing officers who function under each Local Body and their addresses should also be included. The entries in the Register should be reviewed periodically and kept up to date.

**13.02.02**       On the basis of the Line Register mentioned above, annual forecast and quarterly programmes for audit are to be prepared. Against each entry, periodicity and time allowed for each audit as may be locally fixed and dates of last audit and any other relevant information are to be indicated.

**13.02.03**       The Audit Forecast should be so framed as to ensure that all Local Bodies and connected offices, which are not audited annually, are covered within a period of three years, by rotation.

**13.02.04**       A Progress Register of Audit of Local Bodies should be maintained in which names of Local Bodies and subordinate offices included in the forecast for audit for each year are to be noted. Columns should be provided in the Register to indicate district-wise (i) name of each office to be audited and its location, (ii) periodicity and party days and (iii) month of last audit.

**13.02.05**       The progress Register should be reviewed at suitable intervals to ensure that no audit programmed for the quarter has fallen into arrears; that arrears are subsequently cleared and that steps are initiated to expedite audit of Local bodies on a priority basis where certification of accounts is involved.

**13.03**            **Follow-up action on delays:** A time schedule of 9 months for certification of accounts after the close of the financial year has been recommended for adoption in all cases. Experience has, however, revealed several cases of inordinate delays in availability of accounts for audit – particularly, in conduct of audit, in obtaining replies to audit comments, etc., with the result that there has been accumulation of accounts for audit and certification. Since the Government finances Local Bodies to a great extent, either directly or indirectly, and their audits are entrusted in public interest, it is necessary to ensure that the matter of delays is pursued with the Local Bodies and Government concerned and they are involved in evolving a crash programme for clearance. The problems causing delays can also be discussed with the Government at appropriate levels.

### **13.04            Raising and Pursuance of Objections**

#### **13.04.01        Introductory**

**13.04.01.01**    For serving the purpose for which it has been prescribed and for becoming really effective, Audit should ascertain that-

- (i)            accounts, schedules, returns, vouchers, sanctions and orders, etc., made available to it and transactions evidenced by those documents are scrutinized intelligently in accordance with the audit principles, rules, guidelines and instructions contained in this Manual to see that the accounts and documents audited conform to the relevant Acts, rules, regulations, orders, etc., issued by the competent authorities;
- (ii)          results of audit, which indicate any irregularity or impropriety are reported to proper authorities promptly as Audit objections; and
- (iii)         objections are pursued with the authorities concerned so that appropriate action is taken to comply with the requirements pointed out by audit and rectify, the irregularities, defects, etc., pointed out or to prevent their recurrence.

**13.04.01.02**    Objections may relate to (a) defects in procedures followed by the officers of the Local Bodies and the Bank/Treasuries and (b) irregularities involving financial transactions which cannot be admitted in audit until the requirements of relevant rules, regulations, orders, etc., are complied with by the authorities concerned. The objections are to be pursued to finality through correspondence at appropriate levels. However, in the latter cases, the objections should also be quantified in financial terms, the money value of objections registered and a proper watch kept over their clearance.

**13.04.01.03**    As regards wanting Treasury Challans, Vouchers and Schedules and Treasury misclassifications, it has to be noted that they do not come under the purview of this Chapter and that they need not be registered as “Objections” by Audit. It should be seen in audit that the Accounts Officer of the Local Bodies has pursued such cases with the Treasury and action has been taken in accordance with the instructions issued in relevant rules and orders in respect of transactions of Local Bodies with Treasuries.

## **13.04.02 Classes of Objections**

**13.04.02.01** In respect of the following classes of objections, which are communicated to the Local Bodies Officers, their money values need not be indicated in the records of objections:

- (i) An objection, which takes the form of a simple direction for further guidance, or of a call for a document, the absence of which is not likely to affect the amount admissible.
- (ii) Stamp not fixed on a voucher otherwise complete.
- (iii) Delays in the settlement of debts.
- (iv) Habitual delays in the submission of accounts, returns, vouchers, etc.,
- (v) Fictitious adjustments and manipulations in accounts unless an actual loss has resulted.
- (vi) Deviations from rule, which are indicative of disregard or evasion of rule, but do not represent charges incurred without proper sanction.
- (vii) Excess over allotment for 'Suspense' heads when an assurance is received from the competent authority that the excess is temporary and will not affect the net allotment of the year.
- (viii) Errors in accounts, classification, vouchers, etc., which do not indicate any deficit or surplus.
- (ix) Instructions and other remarks, regarding the form of accounts, etc.,
- (x) Demands for information not received.
- (xi) Enquiries and remarks on doubtful points.
- (xii) Remarks calling attention to minor errors of procedure.

**13.04.02.02** Money values should be recorded in respect of the following classes of objections or similar objections:-

- (i) Want of vouchers, sub-vouchers and payees' receipts
- (ii) Want of sanctions to advances, loans etc.,
- (iii) Want of sanction to special charges.
- (iv) Want of any other specific sanction required by rule.
- (v) Misappropriations, frauds, defalcations, loss/ shortage of stores etc.,
- (vi) Over payments and short recoveries.
- (vii) Delays in recovery of sums due to Government, if not recovered within a reasonable period, which may be prescribed locally in respect of each class of debt/advance.
- (viii) Expenditure placed under objection on grounds of financial propriety.
- (ix) Want of allotment and excess over allotment.