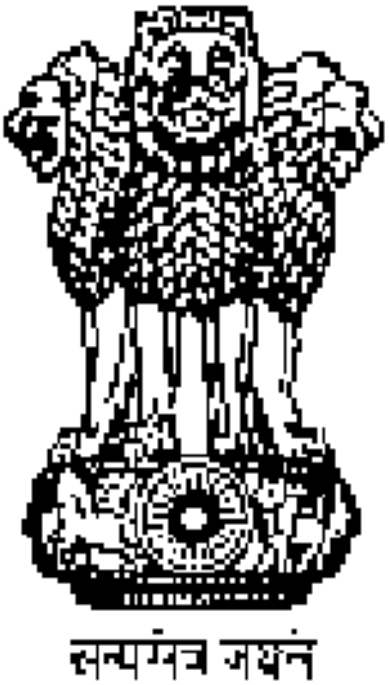
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OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL
(CIVIL AUDIT)
ANDHRA PRADESH HYDERABAD – 500 004.



FOREST AUDIT MANUAL

P R E F A C E

The Forest Audit Manual is the first edition after the restructuring of cadres in I.A. & A.D. w.e.f. 01-04-1984. The instructions contained in the Manual are supplementary to those embodied in Comptroller and Auditor General's Manual of Standing Orders (Audit), Manual of Central Audit, Manual of Instructions on Central Audit and the Codes and Manuals issued by the Andhra Pradesh State Government.

The Manual deals with the procedures relating to the work done in Forest Audit Wing and is meant for office use only. The Manual should not be quoted as an authority in any of the correspondence out side the office. The relevant Government Orders may be referred in the correspondence.

The Section Officer/Assistant Audit Officer of Forest coordination Section is responsible for keeping the Manual up-to-date. Suggestions for improvement of the Manual will be gratefully acknowledged.

Place: Hyderabad

Date: 29.11.2006 PRINCIPAL ACCOUNTANT GENERAL
(CIVIL AUDIT)

FOREST AUDIT MANUAL
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CHAPTER - 1

Constitution and Control

1.1 Constitution

Forest Audit Department of the Principal Accountant General (Civil Audit) Andhra Pradesh, Hyderabad is responsible for audit of transactions of Forest Divisions/Offices of the State of Andhra Pradesh rendering accounts to the Accountant General (A&E), Andhra Pradesh, Hyderabad.

1.2 Control

The Forest Audit Department, comprising the following branches, is under the overall supervision of the Senior Deputy/Deputy Accountant General (I.C.Wing).

i) Central Audit Sections dealing with audit of accounts of Forest Divisions/Offices (FA.I & FA.II)

ii) Forest Inspection Parties (FIP)

iii) Forest Co-ordination Section (FCS) including processing of Section (A) paras.

1.3 Strength

The sanctioned strength of the Forest Audit Department is fixed with reference to the standards approved by the C&AG. Refer Para 1.10 infra.

1.4 Functional Distribution

The distribution of work among various sections is as indicated in Para 2.2.

1.5 Co-ordination

FCS is primarily responsible for co-ordinating and guiding the audit activities in Forest Audit. I and Forest Audit. II Sections to ensure uniformity in approach and also in procedure at all levels. It also functions as a liaison unit of the Department to interact with other groups in the office.

The Section is required to examine all important cases and cases involving general issues, such as delegation of powers, questions relating to conduct of audit (including delays in receipt of vouchers), settlement of objections etc., to avoid conflicting views in the matter of interpretation of rules and orders. The cases shall be referred to FCS after the approval of Sr.Deputy/Deputy Accountant General and the Officers concerned shall invariably record their views before seeking the expert advice of the section. In all deserving cases, self contained notes shall be submitted to the Pr. Accountant General for orders before communicating any decisive views to the departmental authorities or Government. The Section shall maintain a register of cases in the proforma. 1)S.No, 2)Date of receipt, 3) Section from which received, 4) Subject in brief, 5) Initials of receiving auditor with date, 6) Remarks of FCS final orders of Sr.Deputy/Deputy Accountant General/ Prl.Acountant General (7) Date of return to the Section. The register shall be submitted to the Branch Officer on the fifth of every month for review.

1.6 Duties

Section V of the Comptroller and Auditor General's Manual of Standing Orders (Audit) describes the duties and functional responsibilities of the audit staff in relation to Forest audit. Further supplementary instructions in this regard are detailed below.

(i) Senior Deputy Accountant General/Deputy Accountant General/ (I.C. Wing)

He shall exercise the powers of Sr.Deputy Accountant General/Deputy Accountant General as detailed in the M.S.O (Audit) for purposes of raising, pursuing and settling of objections taken in central or local audits, selection of the month of account to be test-audited, and the accounts of range selected/marked to be test checked during local audit inspection of divisions/ offices.

ii) Branch Officer: He should be thoroughly well-informed of the things going on in the branch and shall always be in personal touch with the staff working under his control. He should personally inspect the books and

records of sections under his control and take notice of any shortcomings on the part of the staff.

The Branch Officer should devote his personal attention to the prompt disposal of outstanding Inspection Reports and Audit Notes and take such effective steps as are necessary for keeping the outstanding at the minimum. He should be vigilant to spot out serious irregularities likely to merit inclusion in the Appropriation Accounts and the Report of Comptroller and Auditor General of India. He should ensure that all books, registers etc., maintained in the section are kept in proper order and not allow them to fall in arrears. It should also ensure that audit is completed according to the programme and that certificate of completion of Audit is furnished by the due date.

The Branch officer is responsible to the Senior Dy.Accountant General/Deputy Accountant General for the satisfactory working of the Sections under his charge.

iii) AAO/Section Officer/ Supervisor:

He is responsible to the Branch Officer for the efficiency of internal arrangements and for orderly performance of work in his Section as a whole. In particular he should ensure proper maintenance of the Sectional Calendar of Returns and submission of various registers, progress reports or other returns on the due dates to the Branch Officer/ Sr.Dy.A.G/D.A.G.(I.C)/Controlling Sections.

He should also see that:

- → cases of undue delay in receipt of accounts, vouchers etc., are brought to the notice of competent authority;
- → there is no undue delay in the audit process;
- → the audit of accounts and vouchers is conducted with due regard to prescribed rules;
- → special reports wherever necessary are being issued and all objections arising out of audit are incorporated in the Audit Notes
- → Money value of objections taken in central audit and also local audit are recorded in the objection books;
- → inspection reports received back with replies are promptly disposed of;

- → Arrears in disposal of Audit Notes and other items of works are promptly brought to the notice of the Branch Officer;
- → proposals for amendments to Manuals, Codes or other orders where considered necessary are communicated through Forest Coordination Section;
- → the papers received in the Section are properly distributed and all correspondence arising in the Section is promptly disposed of;
- → the desks of auditors are inspected once in a month to ensure that the papers disposed of have been properly filed or transmitted to the sections concerned as the case may be;
- → a note book in suitable form is maintained for making entry of all points which have to be kept in mind for taking action especially those cannot be noted elsewhere;

iv) Sr.Auditors/Auditors:- The Sr.Auditor/ Auditor are primarily responsible for audit of divisional accounts entrusted to him.

Inter-alia he is responsible for:-

- → watching the prompt receipt of monthly divisional accounts, returns, statements etc., and for bringing cases of non receipt to the notice of the Asst.Audit Officer/Section Officer/ Supervisor for taking up the matter with the Accounts Officer concerned of the office of Accountant General (A&E);
- → submission of registers for selection of vouchers for audit/ review together with the scheduled dockets and vouchers received;
- → writing up of Part I and Part II of the Audit Note maintaining the objection Book and disposal of the Audit Notes on its return from the divisions/offices in accordance with the instructions contained in chapter 4 of the MSO(Audit);
- → scrutiny with due diligence all expenditure brought to account towards the close of the year, specially during the month of March;
- → scrutiny of all sanctions;

- → noting in the register of points marked for verification all items requiring scrutiny in local audit and furnishing a note on the same to the Inspection parties;
- → attending to correspondence, file work etc., with reference to orders issued from time to time and submitting to the AAO/ SO/ Supervisor all returns, registers, etc. on the due dates and in the prescribed manner;
- → issue of reminders in cases of delay in receipt of replies to letters, replies to Audit Notes;
- → issue of reminder/rejoinder on to Inspection Reports till all the points raised are settled;
- → furnishing material for Appropriation accounts, audit reports, etc., as required by FCS;
- → furnishing Half-Yearly statement of objections and paras outstanding in Inspection Reports to the Draft Paragraph Cell for communication to Govt./ Head of Departments;
- → attending to any other item of work that may be entrusted to him by the Branch officer/ Section head;

(v) **Clerks:** They are responsible for

- → diarising, indexing, referencing and filing;
- → preparing weekly reports of letters outstanding and various other periodical returns due to FCS and other Controlling Sections;
- → sending old files, paid vouchers, schedules etc., to old records/ A&E Office;
- → maintenance of sectional library;
- → typing work or sending to type section approved drafts and watching their return or fair copying small drafts which are not sent to type section;
- → maintenance of register of cases;
- → any other duties as prescribed in other Manuals or entrusted to them by the Branch Officer/ Section head;

1.7 Calendar of Returns

Calendar of returns should be maintained by AAOs/ SOs/ Supervisors of all Sections in the form prescribed in Appendix I.

The Calendar with the actual date of completion of each item of work duly noted therein should be submitted to the Branch Officer every Tuesday, indicating the reasons for delay in submission or non-submission of the returns due up to the preceding Friday. The Calendar should be submitted to the Sr.Deputy Accountant General/ Deputy Accountant General (I.C) through the Branch Officer on the 3rd of every month, along with the Monthly Arrears Report. The Branch Officer should check the correctness of the dates of submission of returns as noted in the Calendar of Returns to the extent of 10% of the total items.

1.8 Monthly Arrears Report

a) A detailed report on the state of work in each Section should be submitted to the Branch Officer on the 3rd of each month. This report should be prepared carefully and it should reflect the true state of work in the section as it stood on the last day of the month. All letters/papers, replies to Audit notes and other documents received in the Section upto 22nd of the preceding month shall figure in the Report. The actual position of a particular item of work remaining to be completed should be taken into consideration and correct estimate of the arrears in terms of man days computed based on the standards given in Appendix II. Assessment of arrears in respect of items for which no standards were prescribed may be done on adhoc basis. Audit cannot be said to have been completed in all respects until the review part is also completed and the objections taken are communicated to the divisions/offices. Arrears in current review by AAO/SO/Supervisor are also therefore, to be shown separately in the monthly report. The arrears in all cases should be assessed in terms of man days as accurately as possible keeping in view the number of days actually required to overtake them.

While approving the arrear reports, the Branch Officer should verify the actual position of arrears in the Sections including the current review arrears and ensure that they are correctly reflected in the reports. Forest

Coordination Section will scrutinise and consolidate the arrears reports of Forest Audit Sections. The arrear report should be submitted by 7th of each month.

AAOs/SOs/Supervisors should maintain a systematic record of arrears in their sections and closely monitor their clearance. A suitable record of various returns sent to FCS and other controlling sections should be maintained either in the form of a register or a file containing extracts of the returns to facilitate preparation of returns/ reports for subsequent periods.

1.9 Note Books :

Each AAO/SO/Senior Auditor/Auditor should maintain a separate note book for noting therein all points which have to be kept in mind requiring action to be taken thereon in respect of points which he has to watch but are not required to be noted in any of the prescribed registers.

AAOs/SOs/AUDITORs Note Book (Form 1 page 211 of MGP)

Item No.	Ref. to letter or document leading to the subject	Subject matter	Action to be taken	Action taken Ref. to entry in Accts. or letter No. Date etc.	Initials of	
					Auditor or SrAuditor	Section head
1	2	3	4	5	6	7

The Note Books should be submitted to the Branch Officer on 25th of the alternative months commencing from April. The completion of action taken and each item in the notebook should be prominently noted by a red entry "completed" made in column 1 immediately below the serial number.

(Para 5.18 of Manual of General Procedure)

1.10 Assessment of staff requirements

A register of statistics of work done each month should be maintained by all Sections in the proforma given in Appendix III to facilitate assessment of staff requirements. Division-wise and category-wise statistics should be compiled month by month for all months. Statistical data such as number of divisions/Offices rendering accounts, number of inward letters and outward letters etc. should also be collected and kept in the register as a fair index of

volume of work done. The register should be submitted to Branch Officer on 20th of every month.

The standards for assessing staff requirements (C&AG's circular No.3-O&M/ 1990 No.4026- O&M/ 30-89-II dated 31.8.1990) are given in Appendix II. Annual report on staff position supported by statistical data is due to be sent to C&AG by the end of June each year. To enable the above report being sent, Forest Audit sections in the Forest Audit Department should furnish their staff requirements (supported by statistical details) to Forest Coordination Section by 16th June. In case there has been any consistent upward trend in the workload necessitating increase of staff on ad-hoc basis, the sections should send proposals to FCS. The Forest Coordination Section in this regard shall send consolidated proposals, if necessary to the Administration Section for allotment of extra staff on ad-hoc basis. All proposals for staff on ad-hoc basis should be supported by adequate details.

1.11 Maintenance of Manual of Forest Audit Department

Responsibility for keeping this Manual up to date devolves on the FCS but the Forest Audit Sections are also responsible for proposing corrections, wherever considered necessary. Instructions/ decisions/ rulings and orders of Comptroller and Auditor General of India/ Govt. of India/ State Government/ Accountant General/ Senior Deputy Accountant General (IC) which are of permanent nature in relation to forest audit should be incorporated in the Manual with full reference to the number and date of letter, the case No. etc., in token of authority. Draft corrections shall be forwarded to the Forest Coordination Section for examination and obtaining approval of the Prl.Accountant General.

A register for noting the corrections to the Manual approved by the Principal Accountant General should be maintained in Forest Coordination Section. The correction slip should be serially numbered and entered in the register. The subject, reference to Para in the Manual, number and date of authority requiring correction, case number/file number etc. shall be entered in the register. Copies of correction slips should be supplied to all officers and sections concerned as soon as they are approved. The register should be submitted to Branch Officer on 15th of every month.

CHAPTER - 2

FOREST ACCOUNTS

Receipts and Expenditure

2.1 Receipts

The Revenue receipts of the Forest Department generally comprise the following.

i) Sale of forest produce i.e. sandal wood, teak wood red sanders, non-teak timber, bamboo, fuel other minor forest produce including Beedi leaves and departmentally extracted produce.

ii) Receipts from plantations such as cashew, coffee, causurina, eucalyptus etc.

iii) Levy of fines, penalties and forfeitures.

iv) Compounding fee in forest offences.

v) Kist amount on leases.

vi) Miscellaneous revenue from sale of permits, licence fee of saw mills, recoveries of over payment, sale of Unserviceable articles condemned etc.

vii) Rent of rest-houses/guest houses and lands.

viii) Gate collections in Zoological Parks.

The Divisional Forest Officer and his subordinate officers are primarily responsible for prompt collection of departmental revenue receipts and other Government dues and remittance of these collections into the treasury.

2.2 Expenditure

The main items of expenditure incurred in the Forest department are as follows:

i) Expenditure on works connected with the improvement and protection of forest, regeneration operations, and clearance of boundary lines, coupe lines, survey and demarcation.

ii) Expenditure on works of plantations, Buildings and Roads.

iii) Departmental Extraction of forest produces.

iv) Any other miscellaneous expenditure.

v) Advances to Range Officers and Petty Contractors for incurring expenditure.

2.3 System of Forest Accounts

a) The system of Forest Accounts is briefly as follows:

(i) All revenues realised by the Forest Officers shall be remitted into the nearest Treasury under "Forest Remittances - Remittances into Treasury". Funds for expenditure shall be obtained by Divisional Forest Officers and Conservator of Forests, by means of cheques drawn on treasuries and credited to Forest Remittances - II cheques. All such transactions shall be adjusted both in Civil and Forest Accounts as Forest Remittances vide Articles 58 and 102 of the Andhra Pradesh Account Code Vol.II and the instructions and subsidiary rules under T.R.10 of the Andhra Pradesh Treasury Code Vol.I.

(ii) With effect from 1.4.89 the Divisional Forest Officers shall issue cheques only for conservancy works. For all other payments such as pay and allowances T.A. bills, office expenses, and other items of expenditure, the Divisional Forest Officers and Conservator of Forests, Working Plan Officers, State Siliviculturist etc., shall as usual pass bills and present them at treasury and receive payments.

iii) Divisional Forest Officers are responsible for the effective check and control of the accounts of the entire Division both in respect of revenue and expenditure.

b) All subordinate officers (i.e., Range Officers) shall close their accounts on the last day of the month on which date the sub-treasury accounts are closed and render accounts to the Divisional Officer on 5th of the next month or such earlier date as prescribed by the Divisional Forest Officer (Art.266 of Account Code Vol.III).

c) The instructions relating to classification of revenue and expenditure are contained in Article 26 of A.P.Account Code Vol.I

d) The Divisional Forest Officers and other Forest Officers obtain funds from Treasuries by means of cheques and render the following accounts to the Accountant General (A&E) through the Pay and Accounts Officer (G.O.A.P; F&P (PW-F3) Deptt., Memo No.2525/F3(2) 2001-02, dt. 25-04-2001).

Classified Abstract of the Cash Account (Form F.A.VII) Showing for the month.

- → The total revenue and expenditure under each Head of Account.
- → The total amount of all cheques drawn.
- → All remittances into Treasuries.
- → All advances paid and recovered.
- → All other cash recoveries.
- → Forest refunds.
- → All receipts and expenditure credited/debited to the Head Forest Deposits.

The Forest Cash Account should be accompanied by the following documents and appendices as per local ruling under Article 288-297 of the account Code Vol.III

Documents

i) Return of cheques drawn duly certified by the Treasury Officer.

ii) Consolidated Treasury Receipt from the Treasury Officer for remittances into the Treasury (Form T.A.12)

iii) Return of rents (Form VIII).

iv) Schedule of Forest remittances into Treasury (Form-VI A).

v) Schedule of E.M.D. Remittances (Miscellaneous remittances) (vide L.R.3 below article 257 of Account Code Vol.III).

vi) Schedule of Refunds of revenue.

vii) Schedule of deposits. (Including credits and debits on Sales Tax).

viii) Appendix-I Account of particulars of amounts debited/ credited to "Advances Recoverable"

ix) Appendix-II. Account of particular of cash recoveries on account of overpayments, retrenchments, etc.

x) Appendix-III. Account of particulars of Misc.Revenues credited to the Head "800 Other Receipts- 81 other items".

NOTE: In Social Forestry Divisions certain funds are received directly from district authorities for the works sponsored under DRDA, DPAP, EAS, JRY,SGRY etc., Separate cash books are maintained for these funds by depositing the funds received into Bank accounts and detailed accounts rendered directly to the district authorities concerned.

2.4 Forest Remittance (Form-VI A).

The minor head 103 forest remittances below the major head 8782 cash remittances and adjustments between officers rendering accounts to the same accounts officer is subdivided into the following sub-heads:

- Remittances into treasuries;
- Forest Cheques;
- Other remittances.

(a) Remittances into Treasury:

All remittances made into the treasury by the Divisional Forest Officer and his subordinates during a month are indicated in the schedule (Form VI-A) and they should be supported by a consolidated treasury receipt (C.T.R.) issued by the District Treasury Officer.

(b) Forest Cheques

All cheques drawn by the departmental officers during a month are credited to this head and a list of cheques drawn during a month totalled separately for each treasury is enclosed to the cash account, duly certified by the Treasury Officer.

(c) Other remittances

Remittances made by the third parties direct into treasuries are accounted for under this head and a separate schedule in form VI-A is sent along with the cash account.

(d) Misc.remittances (E.M.D. Remittances)

Earnest Money Deposits paid under the rules of Government by Contractors or purchasers of Forest produce including those relating to intending bidders at auction sales, though returned immediately after the auction are entered in the cash book and also appear in the classified Abstract (FA-VII) on both sides as “Miscellaneous Remittances”. See local ruling 3 below Article 257 and Article 255 of Account Code Vol.I.

(e) User Charges- Revenue from Compounding Fees

The User charges (Compounding Fees) should be collected in cash or through demand draft and a receipt in CF- 140 should be issued to the person paying the charge. The amount should be remitted to the Government Treasury in the following Major Head through a Challan

0406 - Forestry and Wild Life

001 - Forestry

800 - Other Receipts

77 - Collection of User Charges

(G.O.Ms.No.125, dt.23-12-2002)

2.5 Forest Deposits

The Funds provided for by Andhra Pradesh Forest Development Corporation for implementation of the Beedi leaf scheme, the deposits furnished by the Saw mill owners, the collection made towards sales tax, cash security furnished by Contractors or purchasers, inter alia, are accounted for under "109-Forest Deposits" below the Major Head "8443 civil deposits". In the case of collections towards sales tax a cheque for the total amount realised as sales tax during a month is sent to the commercial taxes Department for remittance into treasury under the Head-0040 Sales Tax. The amount of the cheque drawn is debited to the head Misc.Deposit under forest deposits to which head the collection towards sales tax are credited. The receipt is issued by the commercial taxes department for the cheque sent to them supporting the debit to Misc.Deposits in the Forest Account.

(G.O.Ms.No. 450(R) dated 13.3.58)

2.6 Forest Advances.

Advances to disbursers, who are not authorised to draw cheques against the drawing account of the Divisional Officer, are debited in the accounts to the head "Forest Advances" below the Major head "8550 civil advances" and when an account of the advance is rendered by the disburser the amount of expenditure is credited to "Forest Advances", by contra debit to the appropriate heads of account classification.

Revenue collected by the subordinates but not remitted into the Treasury within the month is treated as an 'Advance' against the officer and debited to this head, in the divisional accounts. When the revenue is subsequently remitted in to treasury, this head is credited, thus cancelling the original debit.

2.7 (a) Inter Departmental Supplies

The procedure outlined in Chapter-IV of Account Code Vol-I and para 13.5 of the A.P.Budget Manual is followed and thus the transaction do not figure under Remittance Heads for settlement by adjustment in the books of Accountant General.

(b) Transactions with other Governments.

In the case of transactions relating to Central Government Departments including those of Railways, P&T, Defence, and other State Governments, the procedure outlined in rule 40 of Chapter-IV of Government Accounting Rules 1990 is followed and settled on cash basis.

2.8 Transactions for settlement under "8658 Suspense Account"

Cash collections towards Income Tax on sale of Forest produce are accounted for under '8658 Suspense Account" on the receipt side and '8782 Cash remittances, 103 F.R.-I Remittances into Treasury on the disbursement side in the Classified Abstract (FA-VII).

2.9 Expenditure met out of Contingency fund

i) The total amount of expenditure met out of the 'Contingency Fund' is shown distinctly under the minor heads '2406 Forestry & Wildlife, 4406 Capital outlay on Forestry wild life' below the Major head '8000 Contingency Fund' in the cash account.

ii) The items of expenditure met out of the "Contingency Fund" are shown in a separate schedule with same details as in the case of expenditure met from 'Consolidated Fund'.

iii) The classification of such expenditure is recorded in the vouchers as usual the vouchers being super scribed 'Contingency Fund'.

The accounting procedure relating to the expenditure met out of Contingency Fund is indicated in para 2.3 of the Manual of the Forest Accounts Department.

2.10 Accounting procedure under PAO System:

In G.O.Ms.No.60 Finance & Planning (FW.BG) dept. dt.30.3.2001, letter of credit system for release of funds and payment of work bills by PAO was extended to Forest department also in respect of Works expenditure with effect from 1.4.2001. Whereby all payments were to be made by PAO.

However, on the representation received from Principal Chief Conservator of Forests, the Government of Andhra Pradesh in their Memo No.2525/F3(2)/2001-2002, FP(PW-F3) Dept. dt.25-4-2001 decided to extend the system of limited cheque drawing powers contemplated in para 306 to 314 of PAO Works Accounts Manual to DFOs, with slight modification suitable to Forest Department. Under this system of limited cheque drawing powers, the DFOs, DCFs, etc., who were hither to operating cash books and issuing cheques for payment and rendering monthly accounts directly to the Accountant General are permitted to operate cash books and issue cheques. Working instructions of Government on the functioning of the LOC system are as follows:

(I) Upon receipt of sanction from the Government, the Principal Chief Conservator of Forests will allot the Budget under various schemes to various Conservator of Forests. The Conservator of Forests will in turn distribute the Budget so allotted to the concerned Divisional Forest Officers with copy to the concerned Pay and Accounts Officers/Joint Director of Works Accounts. The Conservator of Forests will issue the LOC to the extent of Budget allotted as above. The concerned Pay and Accounts Officers will in turn authorise the concerned Divisional Forest Officers etc., to utilise the Budget allotted and issue cheques for drawal of money from the Banks (branches of State Bank of Hyderabad/ India) and Treasury concerned. Upon receipt of such authorisation, the Divisional Forest Officers will issue cheques and draw funds from the concerned Banks (branches of State Bank of Hyderabad/India). The amount so drawn will be disbursed through the Forest Range Officers

following the procedure that existed prior to 1.4.2001, the Divisional Forest Officers etc., will obtain accounts from the Forest Range Officers and upon checking the same will render them to the Pay and Accounts Officer concerned. In order to enable the Pay and Accounts Officer to finalise his accounts in time the Divisional Forest Officers etc. will ensure that the cash book extracts along with the vouchers in original incorporating all the vouchers upto 25th of a given month will be rendered to the Pay and Accounts Officer by the 29th of the same month. However, the cheques issued from 26th of the month to the end of the month will be included into the next month accounts. This will be followed for all the months except the month of March. For the month of March, "D.F.O/D.C.F etc. in Forest Department will incorporate the transactions upto 29th March and render the cash books extracted along with all the vouchers to the P.A.O/AP A.O. concerned positively on 30th March itself to incorporate in his (PAO) accounts and render to Accountant General".

(ii) The DFOs etc., have to furnish their specimen signatures in triplicate separately for each Treasury/Bank on which they are to be authorised to the PAO concerned under intimation to JDWA, who in turn authorise the Treasury and Bank to admit the payments by cheques issued by such officers

(iii) Cheque Books required will be obtained by the Officers delegated with the Limited cheque drawing powers from the PAOs/ APAOs concerned for this purpose. Funds so placed at the disposal of these officers and authorised by the PAO/ APAO shall be utilised for the specified purpose only and shall not be diverted/ utilised under any circumstances for other purposes.

(iv) The DFOs, DCFs etc., should close the Cash Books promptly on the due date and render to the PAO/ APAO concerned with all the paid cheques and supported documents. The PAOs/ APAOs should watch the Cash Book extracts with paid vouchers received and incorporated in his accounts promptly.

(v) The Divisional Forest Officers shall ensure that estimates for all the works to be executed are sanctioned before hand and under no circumstances the expenditure should exceed the LOC authorised by the PAOs/ APAOs.

(vi) The above system will be followed for all the works implemented by the Forest Department except major civil works like buildings, roads, etc., exceeding Rs.10 lakhs. For all such civil works not exceeding Rs.10 lakhs the procedure prescribed above will be followed.

(vii) The PAOs/ APAOs should strictly follow the provisions stipulated in para 314 of PAO (WA) manual.

2.11 Compilation of accounts

The Forest Accounting sections of AG (A&E) are responsible for watching the receipt of the accounts from the Forest Divisional Officers and for their checking before they are passed on to the Forest Accounts compilation section. This section is responsible for the preparation of the Classified/ Consolidated Abstracts and ensuring the completion of compilation of accounts in all respects.

The Broad sheets relating to the Forest Remittances Head, Forest Advances, Forest Deposits, are maintained in the Forest Accounts Section, the details of which are mentioned in Chapter-4 of manual of Forest Accounts Department. Forest Accounts Sections are also responsible for supplying the monthly cash accounts and Schedule Dockets and vouchers to Forest Audit Sections for the conduct of audit (Central & Local) and for their return to the Forest Accounts Sections.

(T.M.A/cs/I/14-1/86-87/0028 dated 4.6.86).

2.12 Expenditure under Plan schemes for which assistance is received from Government of India and World Bank, etc.

Statements of expenditure for the grants relating to Forest Department duly reconciled with those of the department are received from Forest accounts section for audit and certification. Procedure for audit and certification is indicated in chapter 4 of the Manual.

2.13 Budget monitoring

The Government of Andhra Pradesh issued certain instructions on procedure of Budget release orders vide G.O.Ms.No.59 Finance & Planning (FW: BG) Department, dated 30-03-2001. Accordingly 50% of budget funds

will be released on 1st April. Thereafter 25% of funds will be released on 1st October and the final instalment will be released on 1st January

CHAPTER - 3

AUDIT PROCEDURE

3.1 Scope and Functions of Audit

The audit of Forest transactions should be conducted in accordance with the general principles and rules as laid down in Sections II, III and V of the M.S.O.(Audit) and with due regard to the special procedure applicable to each class of transactions and the provisions contained in departmental codes and other accounting and financial instructions.

The term "Audit" includes in its scope both "Financial Audit" and "Performance Audit", besides "Compliance Audit". While observance of financial rules and orders should be watched, a rigid and literal enforcement of such rules and orders resulting in an un-intelligent audit should be avoided and more time devoted to investigation of really important and substantial financial irregularities, system lapses, un-economic performance or wasteful expenditure. It should also be borne in mind that another important function of audit is to secure substantial correction of accounts with due regard to relevant rules in the Account Code and financial rules of the Government - see also paras 7.1.1. and 7.1.2 of the M.S.O (Audit).

3.2 Integrated audit system

Consequent on restructuring of the combined audit and accounts office with effect from 1, March, 1984, Central Audit Parties (CAP) and Central Audit Support Sections (CASS) were constituted and made responsible for the audit of transactions of Forest Department which are brought to account by Divisional Officers of the Department. In order to strengthen central and local audits and render them more effective and meaningful, a reorientation of the above audit arrangements was considered necessary and accordingly, Integrated Audit Units were established in April 1990, reorganising the existing Central Audit Parties, Central Audit Support Sections and other headquarters sections. The functions and distribution of work among the re-constituted sections under 'Integrated Audit system' are as detailed in

Appendix-IV. The duties and responsibilities of the officers, as also subordinate staff, at various levels in the Integrated Audit Sections are detailed in Appendix-V to this chapter. Further guidelines for Senior Auditors/ Auditors and clerks in Forest Audit Sections are detailed in Appendix-VI.

As the Integrated Audit System is intended to ensure co-ordinate audit activity by suitably interfacing central and local audits, there should be periodical interchange of staff between the related Integrated Audit Units and the local audit parties.

(Hqrs.Lr.(1) D.O.No.326-Audit II/119-86 II dt.2.3.87 and (ii) 741-AUDIT II/119-86 IIIdt.31.3.88)

SANCTIONS TO EXPENDITURE

3.3 Articles 45 to 48 of A.P.Financial Code Vol.I indicate the procedure for communication of sanctions to expenditure by the State Government and other authorities competent to sanction expenditure. Paras 2.2.8 of MSO (Audit) deal with the audit of sanctions to expenditure. The rules and instructions contained therein should be kept in view in auditing all sanctions to expenditure as this responsibility devolves on the A.G.

3.4 The Divisional Forest Officer will furnish monthly an extract of the register of sanctions to estimates maintained in Form.No.27 in which details such as nature of work, amount sanctioned and Head of account are indicated. The correctness of these details should be checked in audit for eventual use in the audit of vouchers. Sanctions to works accorded by other officers of the Forest Department and Government are furnished to audit by the sanctioning authority.

The Forest Audit Sections are responsible for the audit of all sanctions communicated to audit. The instructions contained in para 2.2.8 & 2.2.34 of MSO (Audit) should be kept in view while auditing the sanction received in audit, as these sanctions are the basis for audit of expenditure against such sanctions and allotment made in the budget and any orders of reappropriation to Forest major heads is conducted in the Report Section.

An incorrect application of a rule or a general order should be challenged but rules themselves must not be challenged in any communication to a lower authority. In such cases, the inconsistency should be brought to the notice of the authority competent to amend the rules.

3.5 Sanction of a Permanent nature:

(i) All sanctions having a long period of currency as well as sanction of a permanent nature are required to be reviewed periodically so that the attention of the administrative authority concerned should be invited to review the sanction, at a later date. Each of such sanctions should be scrutinised and entered in a Special Register in the proforma furnished in Appendix-VII to this chapter. This Register should be put up to the Branch Officer every quarter on 10th April, July, October and January.

(ii) Such sanctions should be reviewed at the time they are brought forward to the next years Register and appropriate action be taken wherever necessary.

3.6 Scrutiny of Sanctions:

While scrutinising the sanctions it should generally be seen that:

(i) The authority sanctioning is competent to do so by virtue of the powers vested in it by the Govt.of Andhra Pradesh or by the rules of delegation of financial authority made by competent authority.

Note: The orders of delegation of powers themselves should be scrutinised carefully before acceptance vide Para 2.2.26 & 2.2.34 of MSO (Audit).

ii) The sanction is definite and needs no reference either to the sanctioning authority itself or to any higher authority.

(iii) The expenditure is a legitimate charge on the provisions from which it is proposed to be met.

(iv) The expenditure conforms to the statutory provisions as well as the relevant financial rules, regulations and orders.

(v) The sanction fulfils the standards of financial propriety and

(vi) that in cases of sanctions to new schemes of expenditure a satisfactory accounting procedure has been evolved and the details of cost and time schedules, physical targets and other objects of expenditure are duly

laid down by the sanctioning authority {vide Para 2.2.9 of MSO(Audit)}.

Note: In the scrutiny of sanctions, where the sanctions are not acceptable, the use of expression "not acceptable in audit" should be avoided, as it tantamount to questioning the competence of the sanctioning authority. Instead, expression such as "clarifications have been sought" or "questions have been raised in regard to a particular sanction" should be used.

(CAG's lr.No.1029/Audit/91'71 dt. 23.9.71 and O.O.No.TM I Genl.II/12/8/1972-73/157 on 19.10.72.).

3.7 Sanction to Contracts

The agreements that are to be sent to this office as per rules or standing orders should be scrutinised with reference to the principles and instructions laid down in Paragraph 3.7.1 to 3.7.27 of the MSO (Audit.). Consequent upon the reorientation of functions and activities of the composite Accounts and Audit Offices, the scrutiny of the agreements and contracts is to be conducted by the Audit Officer and they should be noted in the Register of sanctions to Contracts/ Agreements maintained in Form-I MSO (Audit) wherein details such as reference to sanction, name of the contractor or supplier, nature of work or supply, particulars of rates and other important conditions are recorded. These payments which are audited should be noted in this Register. When it is noticed in audit that payments were made on the basis of contracts/agreements, audit checks should be exercised with reference to the various provisions and conditions of the agreements. It should be seen that the rates allowed are not excessive and that the payments are not defective or irregular in any other way.

Note: Copies of all agreements for sums in excess of Rs.1,00,000 which requires sanction of officers higher than Divisional Forest Officer are required to be sent to this office.

3.8 Remission of Revenue and Relinquishment of claims to revenue

While auditing sanctions to extra statutory remission of revenue and abandonment of claims to revenue, it should be ensured that they are within the competence of the authorities issuing such sanctions i.e., within the powers indicated in Para 75 A.P.Forest Department Code.

3.9 Sanctions relating to write off of losses

All sanction orders of write off of losses should be communicated by the sanctioning authority to audit. These sanctions relating to write-off of losses should be scrutinised as to their competency and legitimacy with reference to the limits and conditions mentioned in appendix 23 of APFC VOL.II and the standards of financial propriety and other orders applicable to each case. The sanctions for the write off when issued by the competent authority are initially acted upon by the AG (A&E) in consultation with A.G.(Audit) vide para 7.1.20 MSO (Audit). The preliminary reports on a defalcation or loss of public money or property indicating the exact nature of defalcation or loss and the circumstances which made it possible should be carefully examined to ascertain whether the loss was rendered possible due to any defect in the rules or due to neglect of rules or want of supervision on the part of the Treasury or other authorities. The results of such examination should be communicated to the authority competent to sanction the write off of the loss (Para 7.1.20 ibid).

3.10 Register of defalcation, embezzlement and losses

i) When cases of defalcation or embezzlement come to notice in the Forest Audit Sections, the facts of the case should be reported to Forest Coordination Section. Further progress of such cases will thereafter be watched by the Forest Coordination Section through the register of defalcations in Form SY 17 as indicated in the Appendix-VIII to this Chapter till the case is finally closed.

ii) All other cases of losses should be dealt with in the Forest Audit Sections and noted in the register of losses in the Form SY 17. The register should be submitted to the B.O. on the 15th of each month and to the Group Officer quarterly on 15th of May, August, November and February through Forest Coordination Section.

3.11 Delegation of Financial Powers

i) The powers delegated to the different officers of the Forest department are detailed in Appendix IX.

ii) The equation of posts for the exercise of the financial powers is

indicated below:

Sl. No.	Designation of the Officer	Powers delegated to
1.	Addl.Chief Conservator of Forests	Chief Conservator of Forests
2.	Ex.Officio Director, Nehru Zoo Park	Conservator of Forests
3.	Curator, Nehru Zoo Park	Divisional Forest Officer
4.	Curator, Indira Gandhi Zoo Park	Divisional Forest Officer
5.	Working Plan Officer	Divisional Forest Officer
6.	State Silviculturist	Divisional Forest Officer
7.	Forest Utilisation Officer	Divisional Forest Officer
8.	Flying Squad Officer	Divisional Forest Officer
9.	Red Sanders Anti Smuggling Squad Officer	Divisional Forest Officer
10.	Asst.Conservator of Forests (Independent Charge)	Divisional Forest Officer

{Government of A.P., F & A (For.I) Dept. G.O.Ms.No.1306, dated 30th June, 1967 - Govt. (P)No.703/GA(AR&T) Dept. dated 4th December, 1978 (Art.102 of APFC)}

3.12 Receipts

The scope of audit of receipts of the Government and the main principles and process of audit are given in Chapter 3 of Section II of MSO (Audit) read with Section 16 of the CAG's DPC Act, 1971. The revenue receipts of the Forest Department are given in paragraph 2.1 of Chapter-II of this Manual. While auditing the supporting documents in support of the amounts credited to the different minor and sub-head under the major head 0406 Forestry and wild life, it should be seen

i) That the items which fall more appropriately under any of the descriptive heads are not classified as 'miscellaneous'.

ii) That no amounts are credited to the revenue until they are actually realised.

iii) That all refunds made are covered by the sanction of the competent authority.

iv) That orders of the competent authority exist for every amount remitted or written off.

3.13 Recoveries from other States in respect of the expenditure incurred on account of maintenance and demarcation of frontier boundaries between the States which is shared equally should be checked with the recorded expenditure which is categorised as works expenditure and sanctioned by the authorities not lower than the Divisional Forest Officer.

3.14 Works expenditure

The main items of expenditure incurred in the Forest Department are given para 2.2 of Chapter II of the Manual. The various rules and instructions relating to execution of works, FSRs, sanction of estimates, check-measurement of works and completion reports etc, are given in Sections 95, 98, 99, 102 and 106 of A.P.Forest Department Code. They are considered important to be kept in view while auditing the expenditure of Forest Department.

Expenditure is either ordinary or special, the distinction between the terms being used only for the purpose of defining the powers of sanction to expenditure by various authorities.

The terms have no significance in accounts classification. 'Ordinary' expenditure comprises the cost of all operations which are necessary to produce revenue or which are concerned with the maintenance and the ordinary operations undertaken annually to the improvement of the forest. 'Special' expenditure on the other hand represents which do not recur annually or which do not yield an immediate return. Special charges frequently yield either no return at all for a series of years; or repay themselves only gradually in cash returns or in local benefit of another kind such as increase of water supply, protection against storms, erosion or leased ships. The items that fall under special expenditure which are given in Note 1 Appendix 14 of A.P.Forest Code, are indicated below :

i) Construction of permanent roads, tramways, bridges, houses, canals, wells, timber slides, sawmills factories etc. including equipment of houses, saw mills, factories.

ii) Purchase of hire stock, stores, tents and tools and plant.

iii) Purchase of land for plantations for forest purposes and cash compensation for extinction of forest rights.

iv) Expenditure on forest settlement and demarcation of reserves.

v) Cost of forest Surveys

vi) Cost of compiling working plan including valuation surveys and enumerations.

vii) Plantations including extensive cultural operations, renewals, additions and improvements under the above items of expenditure will come under 'special expenditure' while ordinary repairs to capital works come under 'ordinary' expenditure.

The estimates for works should be prepared based on approved schedule of rates and no expenditure should ordinarily be incurred without a sanctioned estimate. To facilitate the preparation of estimates a schedule of rates for each kind of work commonly executed is prepared and approved by the zonal committee. Copies of approved schedule of rates are sent to audit every year, which are very useful in the audit of expenditure.

In the Forest Department the commonly used method of execution of works is the schedule contract method, according to which the contractor agrees to execute one or more items included in a work at fixed rates i.e., the rates indicated in the sanctioned estimate and the amount to be paid to the contractor depends on the quantity and kind of work done or material supplied vide para 95 of A.P.Forest Department Code.

3.15 Conservancy and Works:

With effect from 1.4.89 the Divisional Forest Officers issue cheques only for conservancy and works and render cash accounts to A.G. duly supported by the documents prescribed to be sent along with the cash account. Two Scheduled dockets of works vouchers should be submitted for each range in Form F.A.IX one for works sanctioned by the Divisional Officer and another for all other charges under conservancy and works including commission payments vide local ruling 3 under para 288-297 of Account Code Vol. III.

3.16 Scrutiny of Cash Accounts

The checks to be exercised on the monthly cash accounts and supporting documents are detailed in paragraphs 5.1.2 to 5.1.9 of MSO (Audit). A copy of the CAG's general circular No.20/1987/No.375-ACII/251-

84 dt. 14th April, 1987 containing important checks to be exercised in Accounts and Audit offices on cash accounts and various other schedules received with monthly accounts of Forest Divisions are given in Appendix-X to this chapter.

The procedure prescribed for the audit of vouchers is described in paragraphs 5.1.3 to 5.1.6 of MSO (Audit). In auditing the vouchers it should be seen that:

- The number and date of sanction is recorded in all vouchers which support expenditure on account of any work sanctioned on estimate (para 100 of A.P.Forest Department Code).
- All works vouchers contain the details of Date of Measurement, Measurement Book No. and Page No. in the space provided for in the Bill forms. Local Ruling 2 below Art. 269 of Account Code Vol.III and Prl.C.C.F. Circular No.9/78 dt.6th April, 1978.
- All vouchers for payments including advances bear the dates of payment together with the disbursement certificate and must bear the counter signature of the DFO who thereby assumes the responsibility for the expenditure.

(Para 77 of A.P.Forest Dept.Code).

- The expenditure has received the sanction either special or general of the authority competent to sanction it. This check is exercised with the help of the extracts of the Register of estimates received from the forest officers. See para 3.4 of this chapter.

  The Forest Officers do not exceed the powers of sanction.

Check of classification: It should be seen that;

- Major, Minor and Detailed head of accounts as noted in the paid vouchers selected for audit are authorised heads of account.
- The expenditure has been classified as per the provision made in the budget approved by the legislature and is in accordance with Rule 22 of Form of accounts of Union and States (Basic Rules 1983).
- The expenditure which should have been charged to the Consolidated Fund of the State has not been classified as voted or vice versa.
- The expenditure, which should have been classified under the capital section of account, has not been classified under revenue or vice versa. The detailed duties of audit in respect of classification between capital and revenue as given in Chapter of Section II of MSO (Audit) have also to be kept in view.

(CAGs Circular No.20/AC II/86, dt.10.3.86).

- The aggregate expenditure on a project is covered by a proper sanction.

- In the case of running account bills, previous payments made to the contractors for the works are checked and a note of check made on them.
- In the case of works where the value exceeds Rs.1,00,000 check of rates is exercised with reference to the copies of contracts received from the departmental officers and in all other cases the payments are checked with the Forest Schedule of rates.

The following certificates are recorded on the schedule dockets of works vouchers and signed by the D.F.O.

- "I certify that the expenditure charged in this schedule could not, with due regard to the interests of the public service, be avoided. I have satisfied myself that the charges entered in this schedule have been really paid. Vouchers for all items of expenditure above Rs.1000 in amount are attached to the schedule. As far as possible obtained vouchers in proper form and order for all other items and the vouchers have been so cancelled that they cannot be used again to support the claims against the Government".
- "I also certify that in the case of purchase of articles or materials, the receipt of which is not initially entered in the measurement book and the expenditure on the purchase of which is included in this schedule the materials and stores have been brought on to the respective inventories and are being duly accounted for and verified in the manner laid down in Articles 133 to 145 of the APFC that the articles and materials have been purchased on tender system as prescribed in Art.125 ibid. and have been received in good order, that their quantities are correct, and their quality is good that the rates paid are not in excess of the accepted and the market rates and that suitable notes of payments have been recorded against the original indents and the invoices concerned to prevent double payments.

The details furnished in Column 2 and 3 of the docket relating to sanctioned tally with the extract of the register of sanctions received from the department.

The up to date expenditure for each work indicated in the docket did not exceed the sanctioned amount".

3.17 Advances

Advances to Forest Disbursers are debited to the minor head 101-Forest Advances under the major head 8550 Civil Advances. The responsibility for the detailed check over them and the watch of recoveries rests with the Divisional Forest Officers. As audit should confine itself to the watching of the aggregate balances, a broad sheet is maintained for the whole state in the Forest account section of A.G (A&E). It is not necessary to include these advances in the objection books or statements. The limits prescribed for grant of advances by the various authorities to the disbursers are indicated in para 84 of A.P.Forest Department Code. In audit it should be seen that the advances sanctioned are within the following prescribed limits in G.O.Rt.No.6 dated 11.1.96 of Environment, Forests, Science and Technology (FOR.IV) Department.

a) Forest Range Officer - Rs. 50,000/-

b) Dy.Range Officer/Forest Section Officer - Rs. 10,000/-

Note: Revenue collected by the subordinates but not remitted into the Treasury within the month is treated as an advance against the officers in the divisional accounts.

3.18 Refund of Deposits

The general principles and rules of auditor which govern audit of expenditure apply mutatis mutandis to disbursements under the deposit head 109 - Forest Deposits

i) In the case of repayment audit should check the original receipts and that the repayments are made according to the rules and regulations which govern the transactions.

ii) they have been made under sufficient authority.

iii) that the repayments are supported by duly receipted vouchers in the proper form

iv) the vouchers should contain certificate that the refund has been noted against original credit in the departmental accounts in the cashbook and the register of deposits.

3.19 Remittance transactions

In forest accounts, the remittances made by the departmental officials into the treasury, the cheques issued by the divisional officers in respect of

conservancy and works and remittances made by the third parties, direct into treasuries in favour of the divisional forest officers which accounted for under I Remittances into Treasury; II Cheques III other Remittances below the minor head 103 Forest remittances under the major head 8782 cash remittances fall under this category.

3.20 According to the distribution of checks prescribed for preliminary checks of divisional cash accounts and schedules and detailed checks relating thereto between A.G. (A&E) and A.G. (Audit), there are no audit checks to be exercised on Form F.A. 2. Return of cheques drawn and Form FA 6 schedule of forest remittances into treasuries in Central Audit.

3.21 Refunds of Revenue

In the audit of refunds, the points to be examined are that

i) They have been made under sufficient authority.

ii) They are supported by duly receipted vouchers in proper form.

iii) The order sanctioned the refund is enclosed to the voucher if not previously received.

iv) The item in which the amount refunded was originally credited is quoted in the refund vouchers.

v) A certificate that the refund has been noted against the original credit in the departmental accounts is furnished on the vouchers.

vi) The certificate in column 6 of the refund voucher of the A.P.Treasury Code is signed by the Divisional Officer.

vii) In cases in which the details of amounts credited to Forest Revenue are with the Revenue Officers, the certificate should be signed by the Treasury Officer.

viii) The refunds authorised are in accordance with the delegation of powers (see statement of delegation of financial powers).

3.22 Central Audit of Monthly Accounts

The paragraphs below describe the procedure for conduct of central audit of monthly accounts (including the accompanying documents) in the Audit office.

3.23 Uniformity in procedures

Care should be taken to preserve uniformity in procedures followed for conduct of audit by all the Forest Audit Section. Every Auditor is responsible

to see that the processes of check, audit entry and disposal of accounts documents, vouchers and other papers as followed by him/her are the same in every detail as those carried out by other Auditors. Assistant Audit Officers/ Section Officers/ Supervisors should ensure this position. He/she should also enquire frequently into the practices followed in other Forest Audit sections to satisfy himself/herself that the modes of check and record in other sections are the same.

If any point for simplification of initial accounts arises in the course of audit, it should be brought to the notice of the Senior Deputy Accountant General for being taken up with Principal Chief Conservator of Forests or the Government, as the case may be, and later with the Comptroller and Auditor General of India, if necessary.

3.24 Receipt of documents for Central Audit

Monthly accounts, duly supported by the documents mentioned in local rulings below Article 282-297 of the Andhra Pradesh Account Code Volume III, are furnished by Divisional Officers to Accountant General (A&E). After exercising preliminary checks and completing postings in the accounts records, the Works Accounts sections pass-on the monthly accounts along with schedule dockets and vouchers to Forest Audit Sections, as and when requisitioned by them, for conduct of central audit. The requisition for supply of documents by 5th of the second succeeding month shall be sent by Forest Audit Sections to the forest Accounts sections by 25th of the month succeeding the month to which the accounts relate. Central Audit need not wait for completion of postings in works registers by Works Accounts sections. In case the postings are not done or lagging behind the same may be brought to the notice of Accountant General (A&E).

(C&AG Cir.No. 7-TAI/84-No. 224-TAI/199-83, dated 17.2.1984 Appendix 2 to MICA and Cir.No. 33-TA-I/1984. no.1343-TA-I/ 199-83-KW, dated 20.10.1984)

Note 1: With a view to monitoring prompt receipt of documents from AG (A&E) for central audit and also to review the progress in clearance of arrears in receipt of documents, a monthly return in the proforma given in Appendix-XI should be furnished by Forest Audit sections to Forest Coordination section by 5th of every month for

consolidation and submission to the Group Officer by 10th. A quarterly return in the same format is due to C&AG's office by 15th of July, October, January and April respectively. The return should be sent by Forest Coordination Section to Audit Coordination by 10th of the above months.

(Circular No.-Audit/MOM/95 D.O.No. 317-Audit(MOM)/102-94(11), dated 22.6.1995 from C&AG's office).

Note 2: March supplementary accounts are not prepared by Forest Officers but they should intimate to the Accountant General any corrections to be made in the accounts so as to reach him not later than 20th May in each year.

(local ruling below Article 278 of Account code vol-III)

3.25 Programme of Audit

The audit process should commence immediately on receipt of monthly accounts from Forest Accounts Sections. The probable dates by which audit including review will be completed shall be fixed and got approved by the Branch Officer. A register to watch adherence to the approved programme of audit shall be maintained in the proforma given in Appendix-XII to this chapter and submitted to the Branch Officer on 5th of every month.

3.26 Selection of vouchers for audit

Soon after receipt of the monthly accounts from Forest Accounts Sections, the auditor should exercise preliminary checks to ensure that the documents received are in complete shape, and then take up listing of vouchers in the "Register (S.M.I.-I) for selection of vouchers for audit". The vouchers due are to be listed in the register and a copy of the list sent to the Forest Accounts Sections concerned for reconciliation. When the vouchers due are received, the list is to be put up to the AAO/SO for selection for audit.

The selection of vouchers for audit should be in accordance with the prescribed percentages and these percentages should be clearly indicated in the register.

The vouchers selected for audit should be listed in another "Register for selection of vouchers for review" and the register submitted to the AAO/SO/Supervisor. The selection for review should be done by the AAO/SO/Supervisor after the audit is completed by the Auditor and the

register retained in his/her control.

Note 1: The amount for which the contractor is required to give acknowledgement is the criterion for determining the amount of voucher, both for selection of vouchers for audit and for check of classification.

(CAG's Lrs.Nos. 211-TA.I/413-63, dated 29 January 1996 and 310-TA.II/262-65, dated 10 February 1966)

Note 2: The register for selection of vouchers for audit/review should be sent to Forest Coordination section for review annually on 15th June.

(O.O.No. WMI/B/16-1/71-72/70, dated 3 August 1971)

3.27 Certificate by Auditor

The Auditor is primarily responsible for all "Audit" work relating to the accounts of the divisions allotted to him/her. He/she should examine the several schedules, schedule dockets etc, received with the monthly accounts to see that they are complete in all respects, conforming to the rules applicable to each case, and then audit them in detail in accordance with the general as well as special instructions prescribed in the relevant chapters of this manual. After completion of audit, the following certificates are required to be given in the "Register for selection of vouchers for audit".

"Certified that the vouchers selected for audit have been audited and in respect of the vouchers not marked for audit, prescribed checks have been exercised".

3.28 Current Review of Audit

The general rules for 'Current Review of Audit' of monthly accounts of Forest Divisions including supporting schedules, vouchers etc., are laid down in para 4.2.7 and for 'Check of Classification' in para 3.1.10 read with chapter I of section *III* of the M.S.O. (Audit). Apart from exercising the general checks prescribed in the above paragraphs, it should be specially seen by the A.A.O./Section Officer/Supervisor that –

- responsibility for the accounts has been accepted by the Divisional Officer concerned;
- expenditure on every work is covered by a properly sanctioned detailed estimate and, where necessary, by special sanction of the competent authority;

- the transaction brought to account do not reveal any infringement of the standards of financial propriety;
- transfer adjustments, where made, are permissible and debits and credits to "remittances" are correctly classified, as original or responding;
- all revenues or other recoveries due to Government are correctly and promptly realised and credited to the Government Account and the financial rules or other orders applicable to the cases, prescribing the scale of periodicity of recoveries, are not deviated from;
- necessary checks in respect of consumption statements received with the bills have been duly exercised and
- All items forming the subject of special reports have been incorporated in the objection statements.

3.29 Completion of Audit

After the audit and review is over, the AAO/ SO/ Supervisor should sign in full the pass order recorded in red ink by the Sr. Auditor/ Auditor on the monthly account. The account should be passed for the total amount of disbursements less the amount of increase in cash balance.

The AAO/SO/Supervisor should record the following certificate in the 'Register for selection of vouchers for review' and submit it along with the 'Register for selection of vouchers for audit' and the monthly account, (complete with all the enclosures) to the Branch Officer. The Audit Note, the Objection Statement and the Objection Book should also be simultaneously submitted.

"Certified that besides a general examination of all vouchers, I have fully reviewed those entered in Col.iv and also checked classification of all vouchers for amounts exceeding Rs.5,000/- each."

3.30 Waiver of objections or relaxation of formalities

Once the detailed audit has been carried out and every infraction of rule brought to light by the auditor, it is for the officer to exercise the discretion vested in him as laid down in para 7.1.13 of M.S.O (Audit) and to determine the cases in which the objections which might be raised under the strict letter of the rule can be waived.

If the objection is of such a nature that it cannot be waived under the

provisions of the M.S.O. (Audit), it will be the duty of the Officer to press it firmly, but in courteous and impersonal language, distinctly quoting the rules or orders infringed. Exceptional cases may arise in which it is desirable to relax formalities which are followed strictly in ordinary cases, but the circumstances must be really exceptional before rules are relaxed and even then, the relaxation must be of formalities rather than of essentials.

3.31 Consolidated Register of certificate

In order to enable the Sr. D.A.G./D.A.G. to keep himself posted with the facts of completion of audit and review, a report should be submitted to him every month in a separate register wherein the concerned Auditor, Asst.Audit Officer/Section Officer/ Supervisor should record necessary certificate regarding completion of audit and review of the accounts of the division. The form of the certificate to be given by the Auditor, Section Officer/Asst. Audit Officer/Supervisor is indicated in Appendix-XIII.

One register should be maintained in each Forest Audit Section for this purpose. The certificate to be furnished by the Auditor may be recorded [on each page] division-wise. This should be followed by consolidated certificate of the Asst. Audit Officer/Section Officer/Supervisor in respect of all the accounts audited and reviewed in the section. The register should be submitted to Sr. D.A.G/D.A.G. after completion of audit and review of all the accounts of a month received in the section, by the 7th of the third succeeding month.

3.32 Audit certificate

After completion of central audit, a certificate to that effect, in the form prescribed hereunder, should be furnished to A.G. (A&E) with a copy to Forest Coordination Section. on the 10th of the fourth month succeeding the month to which the account pertains. The due date for submission of audit certificate for March Supplementary accounts is 7th July.

"Certified that the audit of the vouchers for the month of ----------pertaining to ---------- has been completed on---------".

3.33 Return of Vouchers

After the audit is completed Forest Audit sections should return the vouchers to AG (A&E).

(CAG's Circular No. 7-TA 1/84/No. 224-TA-1-83, dt. 17-2-84)

3.34 Visits to Secretariat/ offices of Heads of Department

Forest Audit sections are not only to process, issue and pursue Audit Notes/ Inspection Reports, but also to propose draft paragraphs, whenever material worth including in Audit Report is noticed during the course of central audit of sanctions (including contracts), vouchers etc., or pursuance of Inspection Reports. The wanting details for processing of material in such cases or further probing into sanctions under scrutiny may require visits to Secretariat/Offices of the Heads of Department concerned. Sr. A.O. / A.O. in-charge of Forest Audit sections shall arrange in these cases for a visit to those offices by the Auditor.

3.35 Register of points for inspection

During the course of central audit, certain aspects of sanctions/payments may require detailed examination in field offices. A register of points to be looked into during the local audit of divisions/offices should therefore be maintained in each section in the proforma given below:

Sl.No	Name of the division to which the point relates	Month of account and voucher number	Brief summary of the point for investigation	Reference to No. and date of the letter addressed to the division	Reference to No. and date in which the point was communicated to the I.O.	Gist of remarks of the IO after investigation	Final orders issued/passed	Remarks
1	2	3	4	5	6	7	8	9

Separate folios may be opened for each division and the points, requiring investigation during local audit, noted in the respective folios over the initials of Asst. Audit Officer/Section Officer/ Supervisor. A memo of such points to be looked into during inspection should be forwarded to the Inspecting Officer at the time of inspection of the division concerned, over the

signature of Sr. Deputy Accountant General (IC-Wing.) as required in para 30 of the Secret Memorandum of Instructions.

The Inspecting Officer should examine the items marked and report the result thereof against each item and return the memo along with the Inspection Report. On receipt of the memorandum with the report of Inspecting Officer from F.C.S. it should be got diarised and the disposal thereof watched. The final disposal should be noted against the item concerned in the Register of points to be looked into during inspection and attested by the Asst. Audit Officer/Section Officer /Supervisor.

3.36 Check and certification of the Finance and the Appropriation Accounts

Appropriation Audit of Grants is conducted in Report section. As an extension of the year-end check and certification of the Finance and Appropriation Accounts by Audit, the accounts compiled by A.G (A&E) are required to be checked for their correctness by Forest Audit sections continually on a monthly basis. To provide a meaningful check on monthly accounts and other basic records that go into consolidation of final accounts of the State, the checks to be carried out by Audit Office are given in Appendix-XIV to this chapter. These checks are expected to help in timely detection and rectification of errors in compilation and accounting and also in avoiding large scale corrections at the time of finalisation of Finance and Appropriation Accounts. The following instructions should be kept in view while conducting the above mentioned checks -

i) The checks are to be exercised only after the accounts of the months are compiled and sent to the State Government. The discrepancies pointed out in audit are to be carried out in the following month.

ii) The checking of records should be done in A&E office and on no account; the records should be requisitioned to be sent to the Audit office.

iii) The memos issued pointing out short comings, if any, should be more in the nature of advisory notes than criticism and should be issued only after discussing at Branch Officer's or if necessary at Group Officer's level.

(Hqrs. Office general circular No.2 - Audit II/92 communicated in Lr.No. 87-Audit-II/35-91, dt. 24.1.92 addressed to all Accountants General etc.)

The checks to be exercised in relation to Forest transactions are mentioned below:-

Item No. in Annexure VI	**Nature of check**
(a)	Check of classification
(b)	Check of broadsheets of (a) Remittances into treasuries (b) Forest checks (c) other remittances and (d) E.M.D. remittances.
(i)	Broadsheets of Forest Advances, Forest Deposits and Departmental cash balance.
(a)	Check of classified/consolidated abstracts.
(b)	Check of Register of periodical adjustments.
(c)	check of action taken on reconciliation statements

The Broad sheets in respect of transactions pertaining to Heads, "I - Remittances into Treasuries" in Form M.S.O.(A&E)-20" and "II-forest Cheques" in Form M.S.O.(A&E)-19 III other Remittances in Form MSO (A&E) 21 EMD Remittances in form (A&E) 99 should receive special attention and it should be seen that in cases where consolidated Treasury Receipts and Issues is not received, clearing of debits and credits is done on the basis of cheque-wise and Challan-wise particulars received from Divisions/Treasury offices.

The check of accounts should be completed by the sections by 20th of the month to the third succeeding month to which the accounts relate and a certificate in the following form over the signature of AAO/SO/Supervisor kept on record in a register maintained for the purpose and also a copy of the certificate furnished to Forest Coordination Section. The register should also be submitted to the Branch Officer on the 25th of every month.

"Certified that the accounts compiled by AG (A&E) in respect of Forest transactions for the month of _____ have been test checked in audit".

3.37 Annual Review of the Working of Forest Divisions.

The Accountant General (A&E) will submit a review on the working of Forest Divisions to the Government in such form and detailed as may be settled mutually. For audit parties necessary material will be supplied by Audit Office to A&E Office for incorporation in the review.

(Para 5.1.17 of MSO (Audit))

CHAPTER-4

AUDIT CERTIFICATION OF EXPENDITURE

Plan schemes.

4.1 Advance releases are made of central assistance for plan schemes by Government of India (GOI) based on the claims put forward by State Government, subject to final adjustment on the basis of actual expenditure in due course. The final claims are to be preferred by State Government on the basis of audited figures of expenditure-para 3.16.17 of the M.S.O. (Audit)

While in the case of Central schemes the entire expenditure is borne by GOI, and the expenditure on centrally sponsored schemes is shared between GOI and the State Government in accordance with the pattern specified in the sanctions relating to the schemes. For State Plan Schemes, the assistance given is in the form of block grants and loans. After the Finance Accounts and the Appropriation Accounts for the year are finalised, the Accountant General (A&E) is required to furnish to Audit office without waiting indefinitely for reconciliation of expenditure by the departments of Government a statement of Plan Expenditure in the following form for audit and certification.

Sector No.	Name of sector/ Head of Department	Code	Name of scheme	Head of account	Expenditure
(1)	(2)	(3)	(4)	(5)	(6)

(para 17.3 of the M.S.O.(A&E) and CAGs Lr.No. 606-ACI/1-91.I dated 6-8-1991)

4.2 FCS should obtain, by 30 September of each year, the statement of plan expenditure (referred to above) from the AG (A&E) office together with the amounts kept under objection (scheme wise) by that office and furnish the expenditure figures in respect of identifiable schemes to the Forest Audit sections concerned for audit and certification. In cases where the total plan expenditure under a minor head is furnished by the AG (A&E) supported by scheme-wise details to the extent available, FCS will designate one Forest Audit sections for audit and certification of the total plan expenditure under

that minor head.

Forest Audit sections should audit the statements received from the A&E office and furnish certified copies of the statements (in triplicate), indicating therein the amounts kept under objection by both the A&E and Audit Offices to Forest Coordination Section which will forward the same to the Ministry of Finance/the Ministries concerned and also to the State Government. While certifying the expenditure, Forest Audit sections should bear in mind the instructions contained in Chapter 16 of Section.III of M.S.O. (Audit).

4.3 Quarterly progress reports on certification of expenditure relating to plan schemes are due to the Headquarters office. FCS should therefore furnish the quarterly progress reports relating to the group sufficiently in advance to the Audit Co-ordination Section to enable the latter to forward the prescribed quarterly return to the Headquarters on the due dates-Chapter 16 of Section.III of the M.S.O. (Audit).

Externally Aided Projects

4.4 The agreements for loan/development credit entered into by International Agencies with the Government of India and the State Governments for financing development projects include specific covenants for accounts and audit. The standard audit covenant in the loan/credit agreement is met by the Prl. Accountant General (Audit) on behalf of the C&AG by furnishing to the project authority (for onward transmission to the external agency concerned) an Integrated Audit Certificate in the prescribed format within 9 months of the close of the financial year (31st December)-para Chapter 17 of Section.III of M.S.O. (Audit).

The lending agencies generally require audited annual financial statements on the sources and application of funds for each project in order to monitor the use of loan proceeds and also the overall financial performance of the project. Besides the audit of project specific financial statements, the withdrawals made of loan proceeds through statements of expenditure (SOE), not accompanied by supporting documentation, are also required to be audited to ensure the adequacy and veracity of documentation maintained by the

project implementing authority in support of the disbursements. The Integrated Audit Certificate prescribed in Chapter 17 of Section.III of the M.S.O. (Audit) covers both the annual accounts and the SOEs.

4.5 The project authority/the department concerned is required to send copies of annual accounts/statement of expenditure to the Prl. Accountant General (Audit) and the Accountant General (A&E) simultaneously, by 31 July of each year. The planning of audit of the project units need not wait for completion of the process of reconciliation and certification of expenditure by the Accountant General (A&E). The audit of units may be planned immediately on receipt of annual accounts/statements of expenditure so as to enable issue of Audit Certificates without delay when the certified accounts figures are received from the Accountant General (A&E). The disbursements reported in the annual accounts include the expenditures incorporated in the SOEs. This being the case, the audit of individual SOEs should be combined with the audit of annual accounts to avoid duplication of audit efforts.

All cases of non-receipt of annual accounts/statements of expenditure by 31 July should be reported demi-officially to the Head of the Department/ Secretary to Government concerned, as also to the Ministry of Finance/Department of Economic Affairs, under intimation to the C&AG. Such demi-official letters should be issued every month commencing from August.

(CAG's General Circular Nos. 2-Audit II/91 No. 201-Audit II/9-90 dated 18-2-91 and No. 895-Audit II/51-91 dated 25-7-91).

4.6 To facilitate the timely issue of Audit Certificates the irregularities noticed in central audit as well as local audit, in relation to externally aided projects should be distinctly recorded and separate files for certification and issue of Audit Certificates for each project maintained.

[Para 3.16.22(iv) of the M.S.O.(Audit)]

4.7 The overall objective of the audit of project specific financial statements (annual accounts) is to determine whether the statements fairly represent the true state of accounts for the period to which they relate and whether the reported disbursements were made in accordance with the loan agreement. The SOE audit is compliance in nature. The primary objective of this audit is to ascertain that the individual expenditures, which comprise the SOE totals, are fully supported, properly authorised and eligible under the loan agreement and also appropriately accounted for. The prescribed audit certificate provides for summarising the total expenditure audited (giving reference to reimbursement application numbers and the amount of each application) and any exceptions noted. As any exceptions or disallowed expenses by Audit will be offset against future disbursements of the loan, auditing and certification of expenditure statements relating to the externally aided projects should receive utmost care. The basic requirements and the audit procedures to ensure completion of the audit activity in accordance with the recognised auditing standards are outlined below**:**

i) a thorough understanding of the loan legal agreement and the staff appraisal report (SAR) or other guidelines.

ii) a complete knowledge of the process and related controls by which expenditures are committed, reviewed, approved, paid and identified for inclusion in loan withdrawal applications.

iii) a check of the effectiveness of the prescribed control systems to ensure among others that commitments are made after applicable procedures have been followed.

iv) Retrieval of supporting documentation for the expenditures incorporated in all SOEs and evaluating the adequacy of available documentation, besides checking the arithmetical accuracy.

v) Ensuring that the expenditure is eligible for disbursement under the loan legal agreement. Ineligible expenditures include**:**

- duplicate invoices
- Payments made in advance of receipt of goods or delivery of services unless otherwise made in accordance with the contract provisions.
- Payments that should have been made under normal disbursement procedure and not under the SOE procedure.
- Payments not consistent with the procurement guidelines or not specified for procurement.

- Payments made prior to loan signing or before the eligible dates specified for retroactive financing.

4.8 The Audit certificate should be issued in the prescribed form on the proper printed letter head and signed by the designated officer not below the rank of Deputy Accountant General. The name and designation of the signatory should be legibly typed below the signature.

4.9 An annual Returns indicating the position of issue of Audit Certificates relating to centrally sponsored schemes and externally aided projects is due to the Headquarters office for each month by 10th of the succeeding month. In addition a return is due to Headquarters for each quarter in respect of centrally sponsored schemes. FCS should furnish the required particulars in this regard sufficiently in advance to the Externally Aided Project Cell to enable the latter to consolidate the particulars and furnish the prescribed return to the Headquarters.

(CAG's General Cir.No. 11-Audit II No. 711 Audit II/93-86 dated 12.5.1987)

CHAPTER-5

LOCAL AUDIT OF FOREST OFFICES

5.1 General

Local audit of the accounts of the Divisional Forest Offices is conducted by local audit parties. The field parties conducting the local audit should prepare two separate inspection reports for the two distinct parts viz., revenue and expenditure. While the draft inspection reports on expenditure accounts is to be forwarded to AAO/ FCS, the receipt report should be sent to AAO/ SRA of the office of Accountant General (Commercial and Receipt Audit).

The local audit reports on expenditure should be edited and issued by the Forest Co-ordination Section and sent to the Forest Audit. I and Forest Audit.II Sections for further pursuance. Regarding the local audit report on revenue side it is edited and issued by SRA section after receipt of the report direct from the field parties.

With a view to reduce the number of inspection reports without reducing the number of paragraphs and also to improve quality of audit by fixing the responsibility of the various Divisions/circles to the circles holding the Administrative control for speedy clearance of outstanding paras, the local audit at the level of Conservator of Forests was introduced from the fourth quarter of 2005-06. The consolidated Inspection Report shall be discussed at the level of Conservator of Forests and the DAG/IC.Wing shall be present in the discussions.

5.2 Audit Planning

An audit plan has to be prepared for the year ahead, of the activities that the office is required to undertake by utilising the manpower optimally with special thrust on more important audit and at the same time not ignoring relatively unimportant units or taking them up for audit with less frequency. A report in this regard should be sent by Forest Coordination Section to headquarters office so as to reach by 15th April every year in the proforma

appended (Appendix-XV). An appreciation note indicating the priority adopted relaxation in percentage of audit if any applied vis-a-vis those prescribed should invariably accompany the audit plan.

[Circular No.4/Audit planning/ 94-No.822 Audit (Aud.Plg.) 1993-94 dt.22.12.94 from Headquarters]

Further in order to monitor the level of civil audit conducted in institutions due for audit in various Civil Audit Offices, Headquarters have prescribed quarterly returns to be submitted by 15th July, October, and January for the respective preceding quarters. The proforma I (Appendix XVI) has to be submitted by Forest Coordination Section to Audit Coordination by 10th of the above months. The proforma II (Appendix XVII) has to be submitted by Forest Audit Sections by 5th to Forest Coordination Section and FCS in turn should consolidate and submit to Audit Coordination by 10th of the above months.

(Headquarters No.467 –Audit/ (Audit Planning) 48-95dated 8th June 1995).

5.3 Nature and Scope of Audit

The primary objective of inspection are (1) to see that the initial accounts from which the accounts rendered by departmental offices are compiled, or on which they are based, are properly maintained in the prescribed forms and that financial rules and orders are being carried out and (ii) to test the degree of care exercised by the departmental authorities responsible for keeping the accounts over the accuracy of original records. At the same time a test audit may be applied to such accounts, vouchers etc., as are not audited in central audit or as cannot be checked adequately except in local audit {Para 6.1 of MSO (Audit)}. The scope of local audit is not confined merely to seeing whether the initial accounts are maintained in the proper form or whether the financial rules are properly observed but includes a test audit in sufficient details to verify the accuracy and completeness of accounts according to the prescribed rules for the audit of expenditure and receipts. {Para 6.1.13 MSO (Audit)}. The accounts and registers for the realisation of revenue should be examined specially with a view to bringing to

light any defect in procedure, which might entail loss of revenue to Government.

The inspection staff should also examine whether the initial records of revenue and expenditure from which the accounts are compiled by the Divisional Forest Officers are maintained properly in the prescribed forms.

5.4 Forecast and Programme of Inspection

The Forest Coordination Section should maintain a register of inspection of Forest offices duly indicating the name of the Division with Headquarters; the dates on which the local inspection was conducted last; whether the division is permanent or temporary, whether it is a heavy or light division; total expenditure during the previous year incurred by the division etc. To enable FCS to maintain this register the Forest Audit. I & Forest Audit .II Sections should furnish relevant particulars viz., merger of divisions, abolition or bifurcation of divisions etc., and also creation of new divisions or change of Headquarters.

5.5 For each quarter a programme of inspection should be drawn up by the FCS taking into account the divisions/ offices to be inspected during the ensuing year on 10th June, 10th September, 10th December, and 10th March and obtain approval of the Group Officer. Copies of the approved programme should be furnished to Forest Audit. I & Forest Audit .II Sections, SRA(Headquarters), Bills and other controlling Sections for necessary action. After approval of the programme of local audit, advance intimation should be sent to the respective divisions/ offices regarding the programme of audit of that unit. The dates of audit should be noted in the register after receipt of the details of the programme of local audit.

5.6 Preparation of material for local audit and sending of vouchers and files to field parties.

One month before the date of inspection, the sections should submit to the Sr.DAG/DAG through the Branch Officer, details of month wise expenditure from the months of last inspection as per the audited accounts and the names of ranges to enable Sr.Deputy Accountant General/Deputy

Accountant General to select one month for AA check and another month for detailed check and one range for test check where the periodicity of audit is annual. In the case of biennial and first audit detailed check should be for two months accounts (one month to be selected from each financial year). For triennial and quadrennial audits, detailed checks should be conducted for two months account (one month to be selected from the financial year immediately preceding the local audit and another month from the other 2/3 years) (Para 35 of OAD Manual). In the list, information should be furnished about the years in which the ranges have been previously test checked. Due to PAO system, these are now marked locally by Inspecting Officer

With a view to ensuring that the ranges already selected are not selected again and to enable the sections to watch the despatch and receipt back of documents from the field parties, each Auditor should maintain a marking register indicating the above items selected by the Sr.Deputy Accountant General/Deputy Accountant General.

After the Sr.Deputy Accountant General/Deputy Accountant General selects and returns the material file, the Forest Audit sections should proceed to collect the complete set of audited accounts with vouchers for detailed audit and AA check and also the paid cheques for the months marked from A&E Office for sending the same to the field parties. Along with the material file and the last inspection report, the lists of outstanding Audit Notes, money value objections, previous inspection reports, paragraphs awaiting settlement and points marked for verification during local audit should also be sent.

5.7 In order to ensure that the documents sent out to the inspecting parties are received back intact a list of all the vouchers etc. should be prepared by the Sr.Auditor/Auditor. Concerned which should be checked by the AAO/SO. The Auditor in the inspection party should verify that the documents listed are received correctly and should report to main office any missing documents. After the inspection is completed, all the documents should be returned to the Forest Audit Sections and the Inspection Report along with previous years' inspection reports should be forwarded to Forest Coordination Section in respect of expenditure report and the receipt report to SRA Headquarters

Section. The timely despatch of vouchers and other documents and their receipt back from the party should be watched through the Register (Appendix XVIII).

5.8 Process of Audit of Receipts

The department derives its revenue mainly from the sale of sandalwood, timber, red sanders, other forest produce and grazing fees. Sandalwood is so valuable that it is of utmost importance to protect Government against loss at every stage of operation until the sandalwood is sold.

In addition to the usual checks exercised in regard to the counterfoils of receipts and permits, the local audit consists in seeing that

(a) All items of miscellaneous revenue for which receipts were issued in the Divisional Forest Offices and Range Offices have been duly credited in the accounts; ---whether the minor produce leases are properly affected and the amounts collected are brought to account.

(b) Whether the Forest revenue realised by the Revenue Department in accordance with instructions 11 to 14 under A.P.Treasury Code Vol.I has been duly brought to account by the Divisional Forest Officers,

(c) Measurement books of the ranges are maintained as required in Articles 174 to 176 of A.P.Financial Code Vol.I,

(d) The full value fixed by the Divisional Forest Officer has been realised in the case of sale of trees on darkhast lands.

5.9 Accounts, Records, Returns etc.

In the course of local audit of forest divisions it will be necessary to examine the following documents:

- → Range cashbook.
- → Cash Book of the Divisional Forest Officer.
- → Timber Accounts Register.
- → Stock Register of permits.
- → Register of Free grants.
- → Register of Tools and Plant.
- → Stock Register of provisions.
- → Record of sanctioned works.

- → Measurement Books.
- → Security Deposit Registers.
- → Contractor's and Disburser's Ledger.
- → Register of arrears recoverable from the lessees.
- → Stock register of cheque/ Receipt Books.
- → Log books of motor vehicles.
- → Register of Forest Offences.
- → Register of Leases.
- → Miscellaneous demand register.
- → Service Books and the acquaintance rolls.
- → Plantation Journal.
- → Muster Rolls.
- → Register showing the receipt and distribution of uniforms in the ranges.
- → Agreements.
- → Contingent Register.
- → Register of Mining leases.
- → Register of rents.
- → Register of rest houses.
- → Stock register of Polythene granules and bags.
- → Reconciliation registers of CTIs, CTRs and Pay and Allowances.
- → Register of buildings.
- → Register of Service Books and increments.
- → AR Ledgers

5.10 Allocation of work

A) Sr.Audit Officer/Audit Officer

- → Review of all regular contracts and a percentage of other agreements made since the last inspection.
- → Review of Register of Revenue other than rents including a review of the procedure for its assessments and realisation, special attention being paid to cases where a short fall is noticed in the revenue derived from any particular property.
- → Review of system and the extent of check measurements by divisional and sub-divisional officers.
- → Review of balance of stock, system of acquisition of stores and store verifications.
- → Review of accounts of manufacture operations.
- → Review of banking arrangements to see that they are generally satisfactory.

- → Review of arrangements for the custody of cash and withdrawal of money from the cash chest.
- → General review of the account of works (the nature and extent of detailed scrutiny being left to the discretion of the Inspecting Officer).
  - **a.** Muster rolls.
  - **b.** Transfer Entry Books.
  - **c.** Suspense/ Deposit Register
  - **d.** Schedule of rates.
  - **e.** Register of rents of buildings and lands.
  - **f.** Establishment records.
  - **g.** Monthly accounts.

B) Asst.Audit Officer

- → Complete analysis of selected works with reference to sanctioned estimates, agreements etc. and connected measurement books.
- → Material-at-site accounts of selected works.
- → Examination of Register of major and minor works.
- → Disposal of special points referred by Central Audit.
- → Stock accounts including general review of stores ledger, bin cards, etc.
- → Complete checking of contractor's ledgers for the selected months.
- → Examination of abnormal rates quoted by contractors.
- → Examination of arbitration cases.
- → Checking of extra or substitute items, derivation of rates etc.,
- → Scrutiny of estimates of special repairs.
- → Survey Reports along with registers of survey reports.
- → Disposal of previous inspection reports.

C) Section Officer

- → General review of Cash Book with reference to counterfoils of cheques/ receipts.
- → Tracing of receipts in cashbook.
- → Remittance book.
- → Verification of drawals and remittances in the marked months.
- → Checking of transactions in the selected months with cash book and other allied records
- → MAS accounts and road metal returns in respect of works affected during the selected month.
- → Transfer entry books since last inspection.

- → Checking of contractor's ledger for the affected works in the selected month including complete checking of the ledger since last inspection.
- → Examination of tools and plant register.
- → Register of leases/ lease files.
- → Register of Muster Rolls and Muster rolls.
- → Register of licence fee of buildings and lands.
- → Register of agreements/works orders.

D) Senior auditor/Auditor

- → 25% check of Service books.
- → Complete checking of Pay and TA Bills.
- → Checking of leave account of Government servants including leave salary and checking of increments.
- → Provident fund account of Work Charged Establishment and Group D Government servants.
- → Log Books of motor vehicles/construction machinery.
- → Suspense and Deposit Registers.
- → Treasury Bill Books.
- → Register of Fixed charges.
- → Contingent Register.
- → Register of Service Books/Service Books
- → Register of interest bearing security.

5.11 Departmental Extraction Scheme

For effective supervision of the departmental extraction works, the number of works spots should be reduced to a minimum keeping in view the availability of labour and local demand classification of bamboo extracted (conversion of bamboo).

The following points should be examined in the departmental extraction schemes:

1) Scheme:

Different departmental schemes implemented in the Division during the year under inspection should be called for and physical and financial targets should be compared with achievements and the results of the scheme should be examined.

2) Marking and extraction:

It should be seen during local audit.

- **(a)** Whether the Divisional Forest Officer has checked the enumeration and marking of trees for extraction.
- **(b)** Are there any coupes extracted departmentally without check measurement by the DFOs and
- **(c)** Whether the CF himself has checked measured any such marking during field inspection, if so with what results.

3) Extraction and Disposal

While scrutinising the records relating to extraction and disposal, it should be seen whether;

- **i)** There is any approved schedule of rates for all departmental works covering various species and nature of works. If not, are those rates approved by the competent authority for each of the different items of works based on data , and
- **ii)** Whether the rates in the estimate sanctioned by the CF/DFO confirm to the approved schedule of rates.

4) Transport

It is estimated that each Government lorry should transport 2,400 cmt. Per year. Where it is not possible to engage Government Lorries, then locally available carts may be utilised for short distances from coupes to sale depot. For longer distance, private Lorries could be used by calling for tenders.

In the transport of timber and firewood the following further points are to be seen:

- **i)** What is the existing fleet of Government Lorries? Whether all have been utilised for the purpose of transporting the timber.

ii) Whether any quantity of timber has been transported by private Lorries.

iii) The details of the quantities of timber/bamboo/ firewood transported by private Lorries.

iv) The rates paid are according to the rates approved and are reasonable.

v) Whether the rates have been finalised after calling for tenders.

Note:-All the department vehicles including Lorries etc. engaged for transportation in departmental extraction of fuel/ timber etc. in all the divisions and the saw mills are exempted from payment of motor vehicle taxes.

(Govt.of A.P.Memo No.2833'For.II/76-3 dt.27.11.76)

5) Mechanisation

i) to what extent various operations in a particular division are mechanised and

ii) The modern logging tools in stock and their utilisation should be scrutinised during local audit.

6) Sale Depots

The number of permanent timber sale depots should be limited so that there is sufficient inflow of timber to each depot throughout the year. All the material subjected to an offence when the offender could not be detected shall be brought to those depots and put up for sale. In exceptional cases, temporary depots could be formed with prior approval of the Conservator of Forests and in the depots the classification of timber/bamboo should invariably be followed.

7) Fixation of upset price

The upset price shall be fixed on the average rates obtained in the previous three sales and taking into consideration the trend of sales and market. Upset price once fixed should be revised only by Divisional Forest Officer concerned after personal inspection of each lot remained unsold, consequently for three sales and after taking into consideration the present condition of each lot class and quality of bamboo or fuel wood remaining unsold for three consecutive sales.

(Lr.No.72451/87-VI dt.9.10.87, Prl.CCF Cir.No.14/87)

During audit, it must be seen that:

i. The sales have been conducted on the dates approved by the CF of the circle.

ii. All the provisions of G.O.Ms.No.149/F&RD(For.III) dt.16.2.78 regarding the conduct of sale and confirmation of sales have been followed;

iii. the upset price for each sale has been fixed correctly;

iv. the sale amounts collected on the date of sale have been brought to account;

v. the EMDs of unsuccessful bidders have been refunded to them without delay;

vi. the penal provisions of sale notice have been adhered to;

vii. whether the register of bids is maintained;

viii. whether the Sales Tax and surcharge on Sales Tax have been collected at the rate in force on each sale amount;

ix. whether the sale depots are functioning profitably; if not, the loss should be specifically commented in the IR;

x. Whether there are any shortages in the stock and the action taken thereon to make good the shortage.

5.12 Range cash sheets

The Cash sheets of every range (form No.FA I) for the month selected for test audit should be checked to see:

i) That the opening balance agrees with the closing balance of the previous month's cash sheets.

ii) That the cash sheet is written up in the standard form and the entries are in sufficient details.

iii) That all forest produce collected and paid, as per the entries on the charges side under '113 Forests' has been duly brought into the timber return in Form.No.5 as a receipt.

iv) That carting charges for remaining produce from one depot to another etc. are supported by the necessary entries in the timber return in Form.No.5.

v) that all advances made to the Range Office by the Divisional Forest Officer as shown in the cash book have been brought on to the cash sheets without delay.

vi) That the items of revenue on the receipt side are supported either by receipts CF.No.140 or in the abstract from the stock register of permits or by sale lists etc.

vii) That the advance transactions have been properly recorded as required by the rules and are otherwise correct.

viii) That the transactions of permit issuing officers have been duly incorporated in the case sheet.

ix) that the unremitted revenue, if any, is shown in the DFOs Cashbook as an advance to the Range Officer and is remitted by the latter early in the subsequent month.

x) Those collections made by the range Officer and by his permit-issuing officers are remitted into the treasury without undue delay.

xi) That the average unremitted collections of the permit issuing officers do not usually exceed the security furnished by them.

The totals should then be checked and the entries traced into the posting register to find out whether the classification of the items is correct. The total amount of revenue shown as remitted into the treasury shall also be compared with amount taken credit for in sub-treasury account concerned and the adjustment of advances checked, as noted in the ledger in Form FA 4 (A.P.Account Code Vol.III) which should be examined for the purpose. It should also be seen whether the closing balance of Range Cash Sheet agrees with that shown in the ledger against the Range Officer concerned. If any differences are noticed, steps should be taken to ascertain whether they have been rectified and if not the causes should be traced as far as possible and the necessary adjustment suggested. The correctness of the incorporation of the Range transaction into the Divisional Forest Officer's cashbook should also be verified.

5.13 Cash Book of the Divisional Forest Officer

The cashbook should be examined generally for the whole period under audit and in the transactions in the marked months of audit with reference to receipts and payments etc. The counterfoils of the receipts should be checked to see that all the amount received have been brought to account in the cashbook. It should also be seen whether the receipts in the standard form are given for all items of revenue realised in the Divisional Forest Officer.

Further, it should be seen that:

i) Whether the Cash book is closed regularly;

ii) Whether the opening and closing balances are the same as those reported in the classified abstract in Form.No.FA VII (A.P. Account Code Vol.III) submitted to the A.G.

iii) Whether the cash balance always tallied with that advised in the cash balance report to the A.G. in the appendices to classified abstract.

iv) Whether the cash book is written up in sufficient detail and the entries are made correctly with reference to the instructions in the A.P. Account Code Vol.III.

v) Whether there was any case in which large cash balance remained in the hands of the Divisional Forest Officer at the close of the month and whether there were sufficient reasons for any large cash balance kept in the hands of the DFO at the close of the month.

vi) Whether advances made and the recoveries affected have been correctly noted in the ledger in Form.No.A.4 (A.P.Account Code Vol.III) with their respective credits and debits numbered as per the Cash Book.

Note:- For the purpose of this check, the detailed entries in the ledger should be examined.

vii) Whether the counterfoils of the receipt in Form.No.140 are issued for all items and revenue realised brought to account in the cashbook.

5.14 Timber returns

The points to be noted in checking the timber returns are detailed in succeeding paras. The entries in all these returns should, after check, be traced into the corresponding divisional returns.

5.15 Form.I : Marking and Felling Register

It should be seen that

i) whether proper system exists for marking all trees

ii) in respect of unmarked trees the quantity was properly assessed and brought to account.

5.16 Form:2 Register of receipts and disposal of timber and other produce in Forest Depots

It should be seen

i) Whether the quantity transported from the coupe is supported by invoice and permit and the quantity acknowledged by the Depot as per the invoice returned by the depot agrees and whether the quantity

acknowledged has been correctly entered in Form 2. Whether sufficient action has been taken to reconcile the difference, if any, and to fix responsibility for the shortages.

ii) Whether the volume of the log has been arrived at correctly.

5.17 Form: 3 Timber receipts in the sales depot

It should be seen

i) whether all the receipts of the timber have been entered correctly indicating the respective invoice number

ii) Whether the lost number given agrees with the log register.

iii) whether the total of receipts for different kinds of species for the month has been correctly incorporated in Form.5

5.18 Receipts and issue of timber and other produce in depots. Form.No.5

It should be seen that

i) The arithmetical calculations are correct.

ii) The closing balances of the previous month are correctly brought forward as the opening balance of the month.

iii) Total receipts during the month agree with totals in Form.3.

iv) The quantity of produce on account of which charges for collection, conversion and transport are incurred corresponding with the quantity shown as added to stock collected converted or transported in this return.

v) The transport of timber and other produce from one forest depot to another is correctly shown as a receipt against the particular depot concerned.

vi) Sales of timber and other produce are shown in Form.No.5.

vii) The closing balance is correctly struck.

viii) Proper sanctions are forth coming for timber and other produce shown as written off.

ix) The prescribed certificate has been furnished in each case.

x) Timber, if any, used departmentally was covered by proper sanction.

Note : In the case of quantities shown as issued to works, the audit can exercise no check and the DFOs signature on the return may be taken as evidence that he has accepted the quantities and that they are not more than what were actually required.

xi) All the produce confiscated has been brought to account separately.

xii) Whether the balances for the various kinds of timber shown in Form 5 of March agrees with the annual return of stores and stock furnished for the corresponding year.

xiii) The consolidated return in Form-5 prepared in the division represents the correct position.

5.19 Monthly return of sales: Form No.6

It should be seen that

i) The arithmetical calculations are correct.

ii) the sales recorded in Form.5 are brought into Form No.6

iii) The values realised are properly classified and credit given in the monthly cash account.

iv) revenue not realised is taken into Form.No.9

v) in the case of credit sales, the required authority is forth coming

vi) The rates at which sales have been effected have been fixed by the competent authority.

Note 1: For the purpose of this check, the orders fixing the rates should be examined as well as the contract agreements and sale lists.

Note 2: In the case of timber transactions the entries in Form.No6 should be checked as regards girth with reference to Hoop's measure or some similar calculator, which should be obtained from the Divisional Forest Officer. The total in Form.No.6 and the calculations therein with reference to rates should be test checked.

5.20 Revenue from timber and other forest produce cut, collected and removed in forests by consumers or purchasers : Form.No8 :-

It should be seen that:

i) The arithmetical calculations are correct.

ii) The seigniorage rates sanctioned for the district have not been exceeded.

iii) The revenue not realised is taken to Form No.9

iv) Revenue realised is correctly classified and credited in the monthly cash account

v) Credit sales are not allowed except in the case of leases.

5.21 Outstanding on account of Revenue: Form No.9

It should be seen that

i) The closing balances of the last month are correctly brought forward as the opening balances of the month under audit.

ii) All items of revenue not collected as per Forms 6,8,10 and 17 and as per records showing fines and forfeitures and rents of forest residential buildings etc. are duly recorded in these returns.

iii) The realisation of outstanding revenue are credited in the monthly cash account.

iv) The closing balances are correctly struck.

v) Interest is realised on all over due instalments.

vi) A note of realisation of interest is kept in the registers.

Note 1: Attention should be drawn to items, which are long over due. It should be seen by reference to the register of leases or other similar records maintained that all the leases are brought into this return and that a note of the several instalments by which the amounts shown as realised in the month are traceable in the range cash sheet, or in the Divisional Forest Officer's Cash Book.

Note 2: In case a lease granted to a party for a certain number of years is cancelled in the course of the term the outstanding shown in the Form.No,.9 against the particular individual should be treated as irrecoverable as soon as it is found that they cannot be recovered from him or by any proceedings taken at his risk and proper sanction should be obtained for its write off under Art.71 of A.P.Forest Dept.Code. If the produce, however, is resold (except when sold at the risk of the original purchaser) it would be taken as a fresh demand against the purchaser.

5.22 Stock Register of Permits

This register should be examined to see:

i) Whether the receipts and issues of permits are properly recorded and are supported respectively by the invoices received from the Director, Government Press or by the acknowledgement of the officers to whom permits were supplied.

ii) Whether there is any evidence of the stock having been periodically verified by the D.F.O.

iii) Whether the stock of permits is kept in proper custody.

iv) Whether the sale proceeds of permits have been brought duly in the cash book and credited to Government.

5.23 Returns showing abstract from the stock register of permits issued and amounts collected: P/1 and P/2 Returns

P/1 and P/2 returns have been dispensed with in divisions where fact value permits are issued and where the system of pre-payment of the value of permits supplied to permit issuing officers is in force. Instead, an abstract from the stock register of permits will be submitted by the Range Officers with the monthy accounts to the Divisional Forest Officer. In divisions where the pre-payment system is not in force, the P/2 return should continue to be sent, the abstract referred to above taking the place of P/1.

Note: The permits used in connection with the collection, removal and disposal of forest produce under timber transit rules should not be supplied free of cost, but the prescribed cost should be recovered.

The following points should be carefully borne in mind in checking P/2 return.

i) Whether the transactions of the range and permit-issuing officers have been separately recorded.

ii) Whether the permit numbers are consecutive.

iii) Whether the total number of head load permits of each class multiplied by the rate fixed agrees with the amount shown as realised.

iv) Whether in the case of free permits, and those issued in renewal of original ones, the duplicates are invariably attached to the return and whether renewal fees have been collected for time expired permits.

v) whether the total number of each class of permits shown as issued is correctly brought into the P/1 return or into the abstract from the stock register of permits and

vi) whether the total amount of revenue shown against each class of produce agrees with the corresponding total, in the return Form No.4

As regards P/1 or the abstract from the stock register of permits, it should be seen that:

i) The transactions of the range and permit-issuing officers have been separately recorded.

ii) the permits shown as received in the Range Office from the Divisional Forest Office are supported by the corresponding entries shown as issued in Divisional stock register and

iii) the issue are supported either by corresponding entries in the P/2 statement or by receipts against the several permit-issuing stations and vice versa.

It should be seen whether the adjustments on account of timber etc., supplied to other department are promptly made by the Divisional Forest Officer.

5.24 Register of Free Grants Form.No.12

Free grants should generally be sanctioned only in cases of emergency such as fire, flood and other calamities causing sudden damage and distress. A percentage of the entries in this register should be test checked with the sanctions and it should be generally examined to see that the free grants are not in excess of those authorised by the rules.

(Section 52 of A.P.Forest Dept.CodeVol.I)

5.25 Register of receipt and disposal of stores, tools and plant and register of stores, tools and plant issued to or returned Form No.13 and 14

(Section 53 of A.P.Forest Dept.Code Vol.I)

The register in Form.13 should be verified to see

i) Whether the register is written up as and when articles are received and disposed off and is closed by correctly carrying forward the balances at the end of financial year.

ii) whether the stock has been verified at least once a year and a certificate of check submitted to Controlling Officer.

The register in the Form.No.14 should be checked to see

i) Whether separate register has been maintained for each range as required under Section 53 of A.P.Forest Code.

ii) Whether check of stores has been undertaken at least once a year to ensure that stores are properly maintained and accounted for.

5.26 Register of receipts and disposals of livestock, Form No.15

In the National Park, Zoological parks, sanctuaries etc., it should be seen that an account of the live stock i.e. the receipt and disposal of live stock is kept in this form and the daily scale of ration is brought to account and issues regulated according to fixed scales.

5.27 Miscellaneous receipts

The following are the classes of miscellaneous receipts, which are generally collected.

i) Rents for occupation of lands or buildings
ii) Fees for water diversion
iii) Rents on trees for which regular leases are issued.
iv) Revenue realised by the Revenue authorities.
v) Minor produce leases.
vi) Miscellaneous sales of old materials.
vii) Compounding fees.
viii) Fines and forfeitures and
ix) Any other receipts.

In checking the above classes of revenue, the counterfoils of the receipt books for the period under audit should be completely checked with the corresponding registers etc., and credits traced. In the case of revenue realised by the Revenue Department, it should be seen that the amount reported to have been realised has been duly credited in the Divisional Officer's accounts. No detailed rules can be laid down as to how the check should be exercised in the above case because the nature of the items and the procedure relating to their collection etc. may vary from place to place. Inspecting Officers should exercise their discretion in this matter.

5.28 Destruction of Forest

The field staff viz., Forest Beat Officer, Forest Section Officer, and Deputy Range Officers should work to prevent any destruction of forests and to report any destruction noticed. They should cover all the beat registers in their jurisdiction in a year

(Vide CCF Circular No.59289/63 A/O.O No. 41/1963 dt 28.10.68 read with No.44988/75 F dt.22.7.75)

Further all the DFOs are to report the destruction of forest immediately on occurrence to CCF while sending copy of the report to Government where the value involved is Rs.50,000/- in any one case. The value of destruction

should be taken into account in one case but not a cumulative figure at any point of time.

(CCF Circular No.10/74 dt.19.8.74)

5.29 Regularisation of trade in Beedi leaves

Abnus leaves trade was nationalised in the year 1979 and the trade was carried out until 1986 by appointing the highest tendered as purchaser. The departmental collection is taken up since 1987 by eliminating the contractors system. The objectives of the departmental collection are to provide employment to rural landless poor, to remove middlemen to ensure prompt payment of wages and the curtail flow of money to anti-social elements etc.

The Andhra Pradesh Forest Department Corporation has been appointed as an agent by the Government for purchase and sale of Abnus leaves. Government sanction margin money to the A.P.Forest Development Corporation, which enables the corporation to raise loans on Government guarantee from consortium of Banks. The Andhra Pradesh Forest Development Corporation after obtaining the loans from the Banks advances money to the Divisional Forest Officers for carrying out the trade. The cost of establishment is borne by the State Government. The act also provides for purchases of Abnus leaves from private growers.

From 1997 season onwards the Abnus leaves units are sold by advance sale by open tender system and the purchaser will offer rate per standard bag (1000 bundles each bundle with thousand leaves) excluding collection charges. The collection charges will be paid by the department at the time of taking delivery of green leaves at the Kuhalla site periodically which will be recovered from the purchasers in full along with the sale amount. All other operations like pruning, curing, handling, transport to godown etc, will be the responsibility of the purchaser. The Conservator of Forests concerned in consultation with the A.P. Forest Development Corporation, accepts or rejects any tender without assigning any reasons. The Government constitutes a District level Co-ordination Committee with the District Collector as chairman to watch the law and order situation and to solve day-to-day problems in implementation of the scheme.

5.30 Accounting of Sale amount

a) The sale amounts paid by the purchasers are received by the Divisional Forest Officers concerned and they remit the sale amount in the banks in favour of the Andhra Pradesh Forest Development Corporation and by an arrangement get the amounts transferred from the local banks to their main bank at Hyderabad. After clearing the loans taken from the banks, and interest thereon, margin money received from the Government and interest on margin money, the Andhra Pradesh Forest Development Corporation remits the balance surplus amount to the Government Treasury.

The expenditure towards margin money shall be debited to 6406-Loans for Forestry and Wild Life M.H.190 - Loans to Public Sector and other undertakings S.H. (01) loans for margin money -,001 loans to A.P.Forest Development Corporation Limited.

(G.O.RT.NO.95, Energy and Forests (For.II) Dept.dt.1.3.94)

b) The following instructions were given to the bankers.

i) To arrange transfer of the balance over and above Rs.500 on 1st and 15th of every month.

ii) However, if on any occasion balance exceeds Rs.1,00,000 to arrange transfer of the balance over and above Rs.500 immediately without waiting upto 1st or 15th of every month.

iii) To furnish bank statements every month before 5th of succeeding month.

(Circular No.Ref.No.18-16/94/Genl/loans dt.8.9.94)

It should be seen in local audit that:

i) Each application for appointment of agent is accompanied by fee as well as EMD in cash or by challan.

ii) After the agent is appointed, security deposit either in cash under Revenue Head or in the form of Bank Draft or National Saving Certificate duly transferred in the DFOs name is obtained and an agreement entered into by the Agent within 15 days of the appointment.

iii) Transport permits: It should be seen that the transportation of Abnus leaves from any depot to a storage godown to another or from storage godown either to distribution Centre are accompanied by permits in Form TP.I and TP.II and TP.III.

iv) Certificate of Registration to the manufacturers of Beedies and exporters and Abnus leaves have been issued.

v) The returns required to be furnished by the purchasers (daily, weekly etc.) are properly received by the Officers and accounted for in the books.

vi) A close study of the various clauses in the agreement entered into with the agents/purchasers should be made to see that the amount fixed as royalty for the sale of Abnus leaves has been collected correctly including the penalty wherever necessary.

vii) It should be seen that funds intended for every operation of beedi leaves collection may be restricted to the rate provided for standard bag/kg. Additional requirement should not be entertained unless any revised rate is got approved by the CCF.

(APPC Circular No.Ref.1816/1/93/Genl. dt.22.3.93.)

5.31 Forest Utilisation Officer

Forest Utilisation Officer will endeavour for the encouragement of more effective and intensive utilisation of forest products in trade, industries etc. by having a register of inventories on available forest resources. He will observe the trend in the markets to secure the price for timber and other forest produce and will organise exhibitions and give publicity to inform the developments in forestry and effective utilisation of forest resources.

(Section 153 of AP.Forest Dept. Code Vol.I)

During the audit of the office of the Forest Utilisation Officer, the Inspecting Party should verify that the revenue realised through the sale counter is brought to account promptly and correctly.

5.32 Register of Works

A detailed record of the expenditure relating to each sanctioned work should be kept in a register in Form FA.3.

It should be seen in audit:

→ that the columns are properly filled in;

→ that the expenditure is recorded in detail, month-wise;

→ that the totals are made and the dates of submission of completion reports filled in;

→ that the entries relating to each completed work are signed by the DFO at the foot of the page;

- → that the rates for various classes of works sanctioned by the DFO are reasonable;
- → that the more important works are paid for after check measurement by the DFO;
- → that the progress of expenditure on the works is steady and systematic;

Note: The delay in submission of completion reports if any should be specially scrutinised and commented upon in the local audit reports.

5.33 Measurement Books

All works done otherwise than by daily labour and all supplies relating to a work should be paid for on the basis of measurements recorded in a measurement book. The measurement book in the Forest department is to be maintained for works under the budget head 'communications and Buildings'. It should be seen that the measurement books are maintained as required under the rules and the payments for work done are made on the basis of measurements recorded in the books and the check measurement did not precede the measurement.

5.34 Security Deposit Register

While scrutinising the Security Deposit Register maintained in Form.No.17 of APFC Vol.I, it should be seen that:

i) all the passbooks or other securities (except cash) shown in the Register are forthcoming,

ii) securities have been obtained form all permit clerks and others in accordance with the rules in force from time to time,

iii) acknowledgements are obtained and filed in support of all securities returned,

iv) in the case of withdrawals effected with a view to crediting to forest revenue of the amount deposited, no appreciable delay occurred in remitting the amount to the treasury (this applies only to cases of withdrawals in cash from Post offices in places where there are no treasuries or sub-treasuries).

(Article 292 of the APFC Vol.I)

v) The register is maintained neatly and correctly and has been checked by the DFO.

vi) The passbooks etc. are either retained in the personal custody of the DFO or are kept in the treasury in a separate box, its key being retained by the Divisional Forest Officer.

Note: The check prescribed above should be applied to all deposit transactions during the entire period covered by audit and not confined to a percentage check or to a check of the transactions of the month selected for test audit.

5.35 Earnest Money Deposits

The Inspecting Officer should review the list of earnest money deposits with the treasury receipts retained by the Divisional Forest Officer to see that the outstanding items of deposits are supported by treasury receipts and that there is no undue delay in adjusting deposits to revenue. The cash books in form No.FA 1 (Andhra Pradesh Account Code Vol.III and receipts in CF 140) should also be checked to see that there has not been any undue delay in crediting earnest money deposits into the treasury in cases in which they are not immediately returned to unsuccessful bidders.

5.36 Contractor's and Disburser's Ledger Account Form No.FA 4: Andhra Pradesh Account Code Vol.III

In scrutinising the register, it should be seen:

i) whether the accounts of the several disbursers and contractors have been balanced and signed by the DFO at the close of each month in which the transaction occurred

ii) whether the balances shown in the ledger agrees exactly in Appendix I to form VII (A.P.Account Code Vol.III)

iii) Whether the balances appearing against the several disbursers agree with those shown in their cash sheets and

iv) whether the register is neatly and correctly written up

5.37 Register of Forest Offences

A register of forest offences in Form No.37 (Andhra Pradesh Forest Dept.Code) will be maintained in each Divisional Forest Office and corresponding registers in Form No.38 will be kept in Range Offices. Inspecting Officer should:

i) verify the correctness of a percentage of the entries with reference to the original reports

ii) trace into the range cash sheets the credits of not less than 25% of the compounding fees shown as paid during the period under inspection

iii) see whether there are any undue delays in setting cases or in recovering compounding fees

iv) see whether any information is available as to the disposal of property seized and whether in the case of confiscated timber, the articles are brought into the timber return in Form-5 and sold in public auction

v) verify that all properties shown as confiscated have been included in the register, for the month selected for test check

vi) see that the disposal are supported by proper authority and that there are receipts in common Form (100) of the parties concerned for the property shown as released and

vii) see that in the case of property confiscated and disposed of by sale, the credits are traceable into the range cash sheets

5.38 Register of leases in reserved forest and reserved land and in unreserved lands Form No.11 A.P.Forest Dept.Code

It should be seen:

i) whether all the leases have been duly let out after invitation of tenders and as per notification in the District Gazette

Note: All kinds of forest produce including sandal wood should be disposed of by periodical local auction sales in all divisions and that no contract should be entered into for selling them at any fixed price for even a short period in advance.

ii) whether the requisite deposits and agreements in the prescribed form have been taken for the due fulfilment of the lease

iii) whether the lease amounts have been duly recovered and credited without delay

iv) whether penal interest is levied, where necessary

v) whether there is sanction of the appropriate authority for the leases and

vi) Whether in the case of completed contracts, security deposits have been released after the stipulated period mentioned in the contract or agreement.

5.39 Miscellaneous Demand Register

This register is not maintained in all the divisions and is not an authorised record. The Inspecting Officer may, however, suggest its adoption by the Divisional Forest Officer with a view to exercising proper check over the realisation of miscellaneous revenue, but the suggestion should in no case be enforced. In divisions, where a register of this nature is maintained, the entries showing the amounts due should be tested with reference to the sale lists etc., and it should be seen that there is no undue delay in their realisation or credit. The counterfoils of receipt book should be examined in this connection.

5.40 Uniform Register

It should be seen that

i) Supplies of uniforms to forest subordinates are in accordance with the scale.

ii) The contract of stitching of uniforms has been made after inviting tenders.

iii) recipients have given acknowledgement for the issues to them and

iv) The renewals are made observing the periodicity and other instructions issued from time to time.

5.41 Register of Rents

It should generally be seen, as in PWD, that the register is maintained properly and that the rents as determined by the competent authority are recovered promptly from the persons concerned and credited to Government. It should be seen that:

i) the register is maintained properly

ii) the collections are made properly according to the scale and

iii) The revenues derived from the rest houses/ inspection bungalows are correctly brought to account.

The entries should be linked with the respective credits in the cash sheets.

Note: Correctness of the rent data statements should be checked during local audit. Rent lists received with the monthly cash account will, however, be checked in accordance with para 431 and 432 of OAD Manual -I.

(Circular No.CTM II/I.15-12/1 dt.20.6.77)

5.42 Stores and Stock Account

Stores and stock account for the timber etc. held in stock by each DFO should be maintained. The value accounts of the timber etc. are prepared at the end of the year by each DFO. The valuation is based on the average rate at which timber etc. was sold in the auctions during the year. The value of the stock account compiled by the DFO's therefore, be with reference to average selling rates, worked out based on the rates obtained during the auction. Sale of timber in the region/locality is based on the quality and size of timber etc. These accounts of the DFO's are consolidated by the CCF and synopsis of the

consolidated accounts is included in the State Audit Report after audit by the AG.

Field parties should verify the correctness of the stores accounts while inspecting the office of the CCF.

(G.O.Ms.No.198/F&RD (FOR.III) Dept.dt.19.6.74)

5.43 The scrutiny of the registers, like contingent Register, Uniform Register, Rent Register, Log Books of motor vehicles and the service Books and leave accounts of non-gazetted officers should be conducted observing the general instructions contained in the Manual of Outside Audit Department (Civil).

The following general points should also be borne in mind.

i) whether the contingent and works vouchers upto Rs.1000 other than those sent to the Central Office are invariably obtained and properly cancelled

(Section 79(2) of A.P.Forest Dept.Code.Vol.I)

ii) whether the signature of each recipient is taken on pay bills submitted by Range Officers with the range accounts

iii) whether payments on accounts of establishment and travelling allowance for which the original receipts are obtained in the DFO office are promptly made by the DFO

iv) whether the pay and travelling allowances of the DFO and his office are drawn according to Section 80 and 81 of A.P.Forest Dept.Code Vol.I

v) whether the procedure laid down in Section 94 of the A.P.Forest Dept.Code Vol.I is duly followed by the DFO in communicating objections to the Range Officer for rectification of mistakes pointed out in the accounts and for submitting replies within 10 days from the date of receipt of objection statement

vi) Whether a systematic watch is kept over the recoveries of all advances of pay and travelling allowances granted to subordinates as required by Note (2) below Art.238 of A.P.Forest Dept.Code Vol.I.

5.44 Audit of Receipt Transactions

The arrangements for the drawal of cash from treasuries, for realisation from other sources and for the custody, payment and accounting of cash should be examined to see that they are in conformity with the prescribed rules. The cashbook should be generally examined and it should be seen:

i) That all receipts of cash as shown in the counterfoils of receipt book as well as the cash received from the treasury on bills, cheques, cash orders, or Reserve Bank drafts are traceable under proper dates and with correct particulars.

Note: The accounts of the disbursing officers should be checked in respect of selected months with reference to the paid vouchers received from Audit sections, so as to ensure that all moneys drawn are properly accounted for. It should also be seen whether proper treasury verification certificates are obtained from the Treasury officers and those should be generally compared with the cash book, bill and other registers.

(O.A.D.Circular No.28-8/56-57/47 dt.25.3.60)

ii) That receipts which should be remitted into the treasury were so remitted without any delay.

Note 1: The verification of remittances into the treasury as recorded in the cash book of the office inspected should be done with reference to the books of the treasury for the months selected for audit. Where one month's accounts alone are selected for detailed check, the Inspecting officer/ Asst. Audit Officer may select the other month for the verification of remittances. The Inspecting officers/ AAOs should prepare necessary statement of remittances from the entries in the cash book for the two selected months and have them verified from the books of the treasury or sub-treasury where remittances were made.

Note 2(a): the verification of remittances should be conducted independently with reference to treasury records by deputing members of the party to the treasury for the purpose. In cases where the treasury is located at the same place as the office inspected is situated, the procedure outlined above should be scrupulously followed by AAOs/ Inspecting Officer

(Circular No.O.A.D./ Civil XII/ 38-2/ 67/ 68/ 27 dt.14.11.67 file 38-2/67-68 of Unit XII O.A.D.(Civil Hqrs.)

Note 2(b): If the place of inspection is not in the same station where the treasury is located, a list of bills drawn and remittances made for the two months should be prepared in duplicate from the records of the office inspected. One copy should be sent to the Treasury officer or sub-treasury officer, as the case may be for verification and pointing out omissions, if

any and for return of the same with the certificate of correctness to the Headquarters. A copy of the letter addressed to Treasury Officer along with the duplicate copy of the list should be enclosed to the report, so that verification may be made in the headquarters on receipt of the reply from Treasury Officer.

(Circular No.O.A.D.CIVIL/14-16/5/58-59/29 dt.18.1.1960)

Note 2 (c): In cases where the verification of these credits is not possible from the treasury schedules received in our office for any reason, a list of such credits with the relevant details should be called for from the particular Treasury Officer.

Further, if suspicion of the local audit party is aroused in any particular case due to non production of original challan, etc. by departmental officers concerned, opportunity should be taken to have the suspected transaction verified by Forest Headquarters section, with the Treasury Account. In such cases the verification need not be kept pending till the statements are received in this office.

Note 3:*Remittances by private parties into Treasury:* As cases of spurious challans are reported very frequently remittances made by private parties directly into treasuries through challans (including loan instalments etc., repaid) should also be verified for the selected months (two months in the case of annual audit). A list of remittances made by private parties for selected months should be prepared by the Assistant Audit Officer/ Inspecting Officer and the same got verified from Books of Treasury or Sub-Treasury and a certificate to that effect recorded in the forwarded document sent along with the Draft Audit Report.

The Audit parties should themselves checkup whether the amounts stated to have been remitted into treasury as per challans agree with demands raised against parties.

Discrepancies, if any between departmental figures and treasury figures should be specially brought out in the report.

(Circular No.9 Dt. 29.11.1972 - File O.A.D.I/xiii/MISC./72-73)

5.45 Local Audit Report

Prior to introduction of C.F.level audit the local audit report inclusive of the test audit note, in respect of forest divisions was being issued in duplicate to the Divisional Forest Officer for return of one of the copies with his report of compliance/replies through the CF to this office.

Consequent on introduction of C.F. level audit with effect from the fourth quarter of 2005-06, the consolidated local audit report inclusive of the test audit note, in respect of the accounts of the Forest divisions under the Conservator of Forests is issued in duplicate to the Conservator of Forests concerned (with a copy to the Prl.C.C.F., Hyderabad) for return of one of the copies with his report of compliance/replies through the Prl.C.C.F. to this office. His action with reference to the test audit note (which is to contain minor irregularities) is verified during the subsequent local audit held on the accounts of the divisions under the circle. Any serious irregularities brought to light during local audit should also brought to the notice of the Government, if necessary.

5.46 Following instructions are issued for the guidance of the Inspecting Officer/Field Parties in drafting the Audit Reports (AR).

i) Month and year of AR will be given at the top at the time of processing the draft AR in the Central office by Forest Coordination Section. The heading should be Draft Inspection Report on the account of Division for the year.

ii) The Audit Report itself should be in three parts viz., Part I, Part II and III.

Part I: should consist mainly of the following three paras with further sub-para as indicated under each.

A *Introductory*

→ Name of the office/division inspected its location and telephone No.,

→ Names of the Heads of offices and the period of their tenure since last audit

→ Brief mention of main activities/functions of the office being inspected.

→ Name of the Inspecting Officer

→ Dates of Inspection

→ Scope of Audit (This should specifically include nominal audit also).

B) *Outstanding paras of previous Inspection Reports*

The number and month/ year of Report and the number of paras outstanding should be given in the chronological order. The above details

should be incorporated in the body of the Inspection Report itself in the following form:

Sl. No	Month/ year of Report	Para No	Gist of objection	Latest position and action taken for expeditious settlement
1	2	3	4	5

Before drafting the above para, all the outstanding paras of the earlier inspection report should be reviewed by the Inspecting Officer and results of review recorded in the revised sheets to be sent along with the draft Inspection Report. While reviewing outstanding paras, care should be taken to assess the position in relation to the objection raised in the previous years. The specific points raised in the para should be checked to see if they have been addressed. Only such of the paras as in the opinion of the Inspecting Officer need to be pursued should be incorporated in this para. When the latest position is commented in the report on hand, paras on the same issue commented earlier and still outstanding should be dropped.

C) Schedule of persistent irregularities

In this para, the irregularities which were pointed at in the earlier Inspection Reports but which still persist have to be listed bringing out how little or no action has been taken by the Divisional Officer. Nil statement need not be included in the Inspection Report.

PART II

This part should be in two main sections: Section 'A' and Section ‘B’. The former comprises of only major irregularities which are likely to be developed as draft paras for the Audit Report. The latter consists of paras relating to the irregularities which though not major in character are to be brought to the notice of the higher authorities. In arranging the paras with Section ‘A’ and ‘B’ of Para II, the sequence should depend on the seriousness of the irregularity and the amount involved. It may be in the order indicated below:

- → Irregularities in payment of bid amounts, collection of penalties such as extension fees, interest on over-due instalments, fines etc.,
- → Failure of the schemes taken up by the Department such as teak wood plantations, bamboo plantations quick growing species such as Eucalyptus.etc.

→ Delay in the disposal of materials and consequential loss. Incidentally these cases may be analysed with a view to locate the exact reasons or lacunae for the delays i.e., whether the delay was in waiting for instructions from the higher authorities or want of bidders and if so, it may be commented how best these delays could have been avoided by the Department.

→ *Failure to conduct adequate beat inspections:*

Very little purpose would be served by merely mentioning a factual position of insufficiency in beat inspection. The para would be more interesting if instances of forest offences/destruction occurred in the area not covered by the beat inspection are mentioned conspicuously.

→ *Security Deposit not adjusted to Government Revenue:*

Though a comment of non-adjustment of security deposit outstanding for more than 3 years may be mentioned, an endeavour should be made to settle such paras on the spot.

→ *Analysis of outstanding items of Revenue*:

The paras regarding arrears of the revenue and compounding fees should bring out specific information regarding the measures taken by the Department to realise them. Critical analysis of the factors that constitute heavy accumulation of such arrears and the reasons for such outstanding should be mentioned in the para. The approach should be more to ensure that the department is very much alive to the problem of arrears and has been taking effective measures to control the same than merely commenting on the amount of arrears. The paras would be more purposeful if the failure of the Divisional Officers to pursue vigorously or to take timely action is pin-pointed by an in depth analysis of the relevant cases so that immediate higher authorities could take effective action.

→ *General:*

↔ Titles of the paras should be very brief and capable of covering the nature of objection being dealt within the paras.

↔ Comments regarding the state of initial accounts should be recorded by the Inspecting Officer in the forwarding documents after making his own assessments on the basis of the account records etc.

↔ The audit observations should not be vague and general in nature. Specific instances should be quoted and all relevant details duly enclosing copies of reference mentioned in the report.

↔ Production of documents not made available to the previous inspection should be insisted upon and the non-production of records should be specifically commented as a last para duly indicating the check that could not be exercised due to non-production of those records.

Part III: Test Audit Notes:

→ This part will constitute the test audit note in (form No.SY 203) which should contain the irregularities of minor nature. This will be in two

sub-parts. One for remarks relating to accounts matters and other for service books including objections noticed in nominal audit.

Note: Items of the IR which are likely to develop as a draft para to be included in CAG's Audit Report i.e., paras included in Para II Section' A' should be noted in the Register of Major Irregularities by FCS and pursued vigorously with higher authorities.

5.47 Computer Code Numbers to Paragraphs

Outstanding Inspection report paras have been computerised. For this purpose various categories of objection commonly included in the IRs are given specified code numbers. While drafting the IRs, the inspection parties may indicate in the heading of the para or sub-para, not only the nature of objection and amount but the code numbers also. A list of code numbers is given in the Appendix XIX.

(CWAC Circular N: 7-CWAC/B/15-52(A)/98/99 dt, 5.10.98)

5.48 Ranking the performance of audit office-Categorisation of paragraphs in draft Inspection Reports

Headquarters office issued orders introducing from current year (2004-05), a system of ranking the performance of Audit offices with reference to prescribed parameters. Quality of the Inspection Report (IR) is a parameter. In order to assess the quality of Inspection Reports, Audit Observations are to be grouped into Paras category-wise. A detailed description of grouping of audit observations into category of Paras depending on their nature, sequence of paras etc., is given in Appendix XX.

The Senior Audit Officer/Audit Officer of the party has to draft the Inspection Reports. While drafting Inspection Reports, the audit objections/observations contained in Audit enquiries should be grouped based on their nature, into Paras and these paras should be categorised and arranged in sequence as shown in the Annexure.

After the Inspection Reports are drafted accordingly and paras arranged, the category should be invariably marked in the margin along with Audit Enquiry No. and Page .No. of Audit Enquiry.

Authority: (Lr.No.207-Audit (AP)/16-2004, dt. 22/11/04).

5.49 Time limit for issue of Inspection Report

The Inspection Report should be issued within 24 working days from the date of receipt in FCS. In order to curtail delay and ensure timely issue of Inspection Reports, the following time limit is prescribed for disposal of Inspection Reports:

1	Despatch of draft IR by field parties	Within 5 working days of completion of inspection
2	Editing and to submit the report by FCS	Within 5 working days of receipt in the Section
3	Gazetted Officers to pass the report	4 working days
4	IR for typing and issue of the report	10 working days
	Total	**24 working days**

(CAG's Lr.No.799-TA-I/83-83 dt.18.7.83)

5.50 A register, in the form (SY 336) given in Appendix XXI should be maintained in Forest Co-ordination Section for watching the punctual disposal of Inspection reports, by all concerned. The register should be put-up to Group Officers on 5th of each month.

5.51 Formation of Adhoc Committee for settlement of paras.

The Secretary (Expenditure), Government of India Ministry of Finance in D.O.Lr.No.12 (49)-E(co.ord)/66 dt.27.2.67, addressed to all Administrative Secretaries requested to take suitable remedial measures for reducing the backlog of Audit objections. It was also mentioned that where a Ministry had a large number of chronic objections which have somehow defied attempts at settlement in the ordinary manner, the Ministries may consider the appointment of an Adhoc Committee including a representative of Audit, as an observer to go through the backlog and dispose of the objections by taking appropriate action against each one of them.

Instructions were issued by the Govt. of Andhra Pradesh during 1986 that (i) efforts should be made to settle the outstanding audit objections initially at district level and also with the heads of the departments; (ii) Audit objections and paras of inspection reports which could not be settled at the level of Heads of the Departments and also those objections which the Accountant General desires specifically to be brought to the notice of Government shall be reviewed by the concerned Secretary to Government – by constituting Audit Committees with the Secretaries to Government of the

administrative departments as Chairmen. The Accountant General or his nominee, the Head of the Department concerned and also the Additional Secretary/ Joint Secretary/ Deputy Secretary in charge of the expenditure department in Finance Department shall be members of the Committee. The Dy.Secretary of the administrative dept. incharge of legislative work or any Dy.Secretary nominated by the Secretary shall be convenor of the Committee. The Committee shall meet once in two months and the report of review shall be sent to the Special Secretary (Finance).

Authority :-(D.O.Lr.No.35915-A/353/PAC/80, dt.21-3-1986 read with G.O.Ms.No.226 Fin. & Planning (FW-PAC) Deptt., dt.29-7-1986)

The Government of Andhra Pradesh constituted State Level Audit Committee to review and settlement of outstanding paras in Inspection reports and audit objections with the following composition:-

1.	Principal Secretary to Government, EFS&T Department	Chairman.
2.	Accountant General or his/her nominee	Member
3.	Principal Chief Conservator of Forests, Andhra Pradesh, Hyderabad.	Member
4.	Member-Secretary, APPCCB, Hyderabad.	Member
5.	Additional Secretary to Government, Finance Department	Member
6.	Special Secretary to Government (Forests) EFS&T Department.	Member & Convener

Authority: (G.O.Rt.No.120, dt. 26/03/2004, EFS&T(FOR.II)Dept.)

Consequent on introduction of CF level audit, the outstanding audit objections of all the offices/divisions under the control of the Conservator of Forests, concerned, whether taken up for audit or not, are to be reviewed by the local audit parties and the same are to be discussed at the level of Conservator of Forests on the final day of audit. Hitherto Audit Committee Meetings were held at CF level/Circle level. However, only about 4 to 5 such meetings used to be conducted in a year. Now, Audit Committee Meetings at CF level/Circle level are made mandatory. This provided more coverage of circles and better control for CF at circle level.

5.52 FIELD STANDARDS IN GOVERNMENT AUDITING

1. The purpose of field standards is to establish the criteria or overall framework for the purposeful, systematic and balanced steps or actions that the auditor has to follow. These steps and actions represent the rules of investigation that the auditor, as a seeker of audit evidence, implements to achieve a specific result.

2. The field standards establish the framework for conducting and managing audit work. They are related to the general auditing standards, which set out the basic requirements for undertaking the tasks covered by the field standards. They are also related to the reporting standards, which cover the communication aspect of auditing, as the results from carrying out the field standards constitute the main source for the contents of the opinion or report.

3. The field standards applicable to all types of audit are:

(a) 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.

(b) 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.

(c) The auditor, in determining the extent and scope of the audit, should study and evaluate the reliability of internal control.

(d) 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 amounts or the results of regularity audits. The auditor also should be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements or results of regularity audits.

In conducting performance audits, an assessment should be made of compliance with applicable laws and regulations when necessary to satisfy the audit objectives. The auditor should design the audit to provide reasonable

assurance of detecting illegal acts that could significantly affect audit objectives. The auditor also should be alert to situations or transactions that could be indicative of illegal acts that may have an indirect effect on the audit results.

Any indication that an irregularity, illegal act, fraud or error may have occurred which could have a material effect on the audit should cause the auditor to extend procedures to confirm or dispel such suspicions. The regularity audit is an essential aspect of government auditing. One important objective, which this type of audit assigns to the SAI, is to make sure, by all the means put at its disposal, that the State budget and accounts are complete and valid. This will provide Parliament and other users of the audit report with assurance about the size and development of the financial obligations of the State. To achieve this objective the SAI will examine the accounts and financial statements of the administration with a view to assuring that all operations have been correctly undertaken, completed, passed, paid and registered. The audit procedure normally results, in the absence of irregularity, in the granting of a "discharge."

(e) Competent, relevant and reasonable evidence should be obtained to support the auditor's judgement and conclusions regarding the Organisation, program, activity or function under audit.

In regularity (financial) audit and in other types of audit when applicable, auditors should analyse the financial statement to establish whether acceptable accounting standards for financial reporting and disclosure are compiled with. Analysis of financial statements should be per-formed to such a degree that a rational basis is obtained to express an opinion on financial statements.

4. Planning

4.1. The field standards include:

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.

4.2. The following paragraphs explain planning as an auditing standard.

4.2.1. The SAI should give priority to any audit tasks, which must be undertaken by law and assess priorities for discretionary areas within the SAI's mandate.

4.2.2. In planning an audit of specific auditees the auditor should:

(a) Identify important aspects of the environment in which the audited entity operates;

(b) Develop an understanding of the accountability relationships;

(c) Consider the form, content and users of audit opinions, conclusions or reports,

(d) Specify the audit objectives and the tests necessary to meet them;

(e) Identify key management systems and controls and carry out a preliminary assessment to identify both their strengths and weaknesses, Determine the materiality of matters to be considered;

(g) Review the internal audit of the audited entity and its work program;

(h) Assess the extent of reliance that might be placed on other auditors, for example, internal audit;

(i) Determine the most efficient and effective audit approach;

(j) Provide for a review to determine whether appropriate action has been taken on previously reported audit findings and recommendations; and

(k) Provide for appropriate documentation of the audit plan and for the proposed fieldwork.

4.3. The following planning steps are normally included in an audit;

(a) Collect information about the audited entity and its Organisation in order to assess risk and to determine materiality;

(b) Define the objective and scope of the audit;

(c) Undertake preliminary analysis to determine the approach to be adopted and the nature and extent of enquiries to be made later;

(d) Highlight special problems foreseen when planning the audit;

(e) Prepare a budget and a schedule for the audit;

(f) Identify staff requirements and a team for the audit; and

(g) Familiarise the audited entity about the scope, objectives and the assessment criteria of the audit and discuss with them as necessary.

4.4. The SAI may revise the plan during the audit when necessary.

4.5. Auditors should design the audit to provide reasonable assurance of detecting material misstatements resulting from non-compliance with provisions of contracts or grant agreements that have a direct and material effect on the determination of financial statement amounts. If specific information comes to the auditor's attention that provides evidence concerning the existence of possible noncompliance that could have a material indirect effect on the financial statements, auditors should apply audit procedures specifically directed to ascertaining whether that non-compliance has occurred.

5. Supervision and Review

5.1. The field standards include:

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.

5.2. The following paragraphs explain supervision and review as an auditing standard:

5.2.1. Supervision is essential to ensure the fulfillment of audit objectives and the maintenance of the quality of the audit work. Proper supervision and control is therefore necessary in all cases, regardless of the competence of individual auditors.

5.2.2. Supervision should be directed both to the substance and to the method of auditing. It involves ensuring that:

(a) The members of the audit team have a clear and consistent understanding of the audit plan;

(b) The audit is carried out in accordance with the auditing standards and practices of the SAI;

(c) The audit plan and action steps specified in that plan are followed unless a variation is authorised;

(d) Working papers contain evidence adequately supporting all conclusions, recommendations and opinions;

(e) The auditor achieves the stated audit objectives; and

The audit report includes the audit conclusions, recommendations and opinions, as appropriate.

5.2.3. All audit work should be reviewed by a senior member of the audit staff before the audit opinions or reports are finalised. It should be carried out as each part of the audit progresses. Review brings more than one level of experience and judgement to the audit task and should ensure that:

(a) All evaluations and conclusions are soundly based and are supported by competent, relevant and reasonable audit evidence as the foundation for the final audit opinion or report;

(b) All errors, deficiencies and unusual matters have been properly identified, documented and either satisfactorily resolved or brought to the attention of a more senior SAI officer(s); and

(c) Changes and improvements necessary to the conduct of future audits are identified, recorded and taken into account in later audit plans and in staff development activities.

5.2.4. This standard emphasises the importance of involvement of each higher level of supervision and does not in any way absolve the lower levels of audit staff carrying out field investigations from any negligence in carrying out assigned duties.

6. Study and Evaluation of Internal Control

6.1. The auditor, in determining the extent and scope of the audit, should study and evaluate the reliability of internal control.

The following paragraphs explain internal control as an auditing standard.

6.1.1. The study and evaluation of internal control should be carried out according to the type of audit undertaken. In the case of regularity (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 the case of regularity (compliance) audit, study and evaluation are made mainly on controls that assist management in complying with laws and regulations. In the case of performance audit, they are made on controls that assist in conducting the business of the audited entity in an economic, efficient and effective manner, ensuring adherence to management policies, and producing timely and reliable financial and management information.

6.1.2. The extent of the study and evaluation of internal control depends on the objectives of the audit and on the degree of reliance intended.

6.1.3. Where accounting or other information systems are computerized, the auditor should determine whether internal controls are functioning properly to ensure the integrity, reliability and completeness of the data.

7. Compliance with Applicable Laws and Regulations

7.1. 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 amounts or the results of regularity audits. The auditor also should be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements or results of regularity audits.

7.2. In conducting performance audits, an assessment should be made of compliance with applicable laws and regulations when necessary to satisfy the audit objectives. The auditor should design the audit to provide reasonable assurance of detecting illegal acts that could significantly affect audit objectives. The auditor also should be alert to situations or transactions that could be indicative of illegal acts that may have an indirect effect on the audit results.

7.3. The regularity audit is an essential aspect of government auditing. One important objective that this type of audit assigns to the SAI is to make sure, by all the means put at its disposal, that the State budget and accounts are complete and valid. This will provide Parliament and other users of the audit report with assurance about the size and development of the financial obligations of the State. To achieve this objective the SAI will examine the accounts and financial statements of the administration with a view to assuring that all operations have been correctly undertaken, completed, passed, paid and registered. The audit procedure normally results, in the absence of irregularity, in the granting of a "discharge."

7.4. The following paragraphs explain compliance as an auditing standard.

7.4.1. Reviewing compliance with laws and regulations is especially important when auditing government programs because decision-makers need to know if the laws and regulations are being followed, whether they are having the desired results, and, if not, what revisions are necessary. Additionally government organisations, programs, services, activities, and

functions are created by laws and are subject to more specific rules and regulations.

7.4.2. Those planning the audit need to be knowledgeable of the compliance requirements that apply to the entity being audited. Because the laws and regulations that may apply to a specific audit are often numerous, the auditors need to exercise professional judgement in determining those laws and regulations that might have a significant impact on the audit objectives.

7.4.3. The auditor also should be alert to situations or transactions that could be indicative of illegal acts that may indirectly impact the results of the audit. When audit steps and procedures indicate that illegal acts have or may have occurred, the auditor needs to determine the extent to which these acts affect the audit results.

7.4.4. In conducting audits in accordance with this standard, the auditors should choose and perform audit steps and procedures that, in their professional judgement, are appropriate in the circumstances. These audit steps and procedures should be designed to obtain sufficient, competent, and relevant evidence that will provide a reasonable basis for their judgement and conclusions.

7.4.5. Generally, management is responsible for establishing an effective system of internal controls to ensure compliance with laws and regulations. In designing steps and procedures to test or assess compliance, auditors should evaluate the entity's internal controls and assess the risk that the control structure might not prevent or detect non-compliance.

7.4.6. Without affecting the SAI's independence, the auditors should exercise due professional care and caution in extending audit steps and procedures relative to illegal acts so as not to interfere with potential future investigations or legal proceedings. Due care would include considering the concerned laws and relevant legal implications through appropriate forum to determine the audit steps and procedures to be followed.

8. Audit Evidence

8.1. Competent relevant and reasonable evidence should be obtained to support the auditor's judgement and conclusions regarding the Organisation, Program, activity or function under audit.

8.2. The following paragraphs explain audit evidence as an auditing standard.

8.2.1. The audit findings, conclusions and recommendations must be based on evidence. Since auditors seldom have the opportunity of considering all information about the audited entity, it is crucial that the data collection and sampling techniques are carefully chosen. When computer-based system data are an important part of the audit and the data reliability is crucial to accomplishing the audit objective, auditors need to satisfy themselves that the data are reliable and relevant.

8.2.2. Auditors should have a sound understanding of techniques and procedures such as inspection, observation, enquiry and confirmation, to collect audit evidence. The SAI should ensure that the techniques employed are sufficient to reasonably detect all quantitatively material errors and irregularities.

8.2.3. In choosing approaches and procedures, consideration should be given to the quality of evidence, i.e. the evidence should be competent, relevant, reasonable and as direct as possible so as to reduce the need for inferences to be made.

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

8.2.5. Adequate documentation is important for several reasons. It will:

(a) Confirm and support the auditor's opinions and reports;

(b) Increase the efficiency and effectiveness of the audit;

(c) Serve as a source of information for preparing reports or answering any enquiries from the audited entity or from any other party;

(d) Serve as evidence of the auditor's compliance with Auditing Standards;

(e) Facilitate planning and supervision;

(f) Help the auditor's professional development;

(g) Help to ensure that delegated work has been satisfactorily performed; and

(h) Provide evidence of work done for future reference.

8.2.6. The auditor should bear in mind that the content and arrangement of the working papers reflect the degree of the auditor's proficiency, experience and knowledge. Working papers should be sufficiently complete and detailed to enable an experienced auditor having no previous connection with the audit subsequently to ascertain from them what work was performed to support the conclusions.

9. Analysis of Financial Statements

9.1. In regularity (financial) audit, and in other types of audit when applicable, auditors should analyse the financial statements to establish whether acceptable accounting standards for financial reporting and disclosure are compiled 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.

9.2. The following paragraphs explain analysis of financial statements as an auditing standard:

9.2.1. Financial statement analysis aims at ascertaining the existence of the expected relationship within and between the various elements of the financial statements, identifying any unexpected relationships and any unusual trends.

9.2.2. The auditor should therefore thoroughly analyse the financial statements and ascertain whether:

(a) Financial statements are prepared in accordance with acceptable accounting standards;

(b) Financial statements are presented with due consideration to the circumstances of the audited entity;

(c) Sufficient disclosures are presented about various elements of financial statements; and

(d) The various elements of financial statements are properly evaluated, measured and presented.

The methods and techniques of financial analysis depend to a large degree on the nature, scope and objective of the audit, and on the knowledge and judgment of the auditor.

9.2.4. Where the SAI is required to report on the execution of budgetary laws, the audit should include:

(a) for revenue accounts, ascertaining whether forecasts are those of the initial budget, and whether the audits of taxes, rates and duties recorded, and imputed receipts, can be carried out by comparison with the annual financial statements of the audited activity;

(b) For expenditure accounts, verifying credits to assist budgets, adjustment laws and, for carryovers, the previous year's financial statements.

9.2.5. Where the SAI is required to report on systems of tax administration of systems for realizing non-tax receipts, along with a systems study and analysis of realisation of revenues/receipts, detection of individual errors in both assessment and collection is essential to highlight audit assertions regarding the system defects and comment on their efficiency to ensure compliance.

5.53 Reporting Standards

Government auditors submit different kinds of reports to the Executive and the Legislature. The audit reporting process begins with submission of an

Inspection Report to the Head of any Office or Department which has been audited with a request to submit replies and clarifications/comments on the audit observations. Depending on the veracity and relevance of replies/clarifications received and the materiality of the observations in the Inspection Reports, these are further processed for reporting in the Audit Report submitted by the SAI for being placed in the concerned Legislature. Besides this basic distinction, there are audit certificates of financial statements or of statements of expenditure, which are issued to the management of a company/corporation and departments dealing with them. The following standards apply equally to all these reports with variations in the scope of these reports.

1.1. On the completion of each audit assignment, the Auditor should prepare a written report setting out the audit observations and conclusions in an appropriate form; its content should be easy to understand, free from ambiguity and supported by sufficient, competent and relevant audit evidence and be independent, objective, fair, complete, accurate, constructive and concise.

1.2. The auditor should issue the reports in a timely manner for use by management, legislature and other interested users.

1.3. The audit report may be presented on other media that are retrievable by other users and the audit organizations. Retrievable audit reports include those, which are in electronic formats and maybe released on the Internet.

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 statement. Form and content of this report and the nature of opinion is discussed in the following paragraphs.

1.5. With regard to fraudulent practice or serious financial irregularities detected during audit or examined by audit, a written report should be prepared. This report should indicate the scope of audit, main findings, total amount involved, modus operandi of the fraud or the irregularity, accountability for the same and recommendations for improvement of internal

control system, fraud prevention and detection measures to safeguard against recurrence of fraud/serious financial irregularity.

1.6. With regard to Performance or Value for Money Audits, the report should include a description of the scope and coverage of audit, objective of audit, area of audit, main findings in respect of the efficiency, economy and effectiveness (including impact) aspects of the area (subject matter) which was audited and recommendations suggesting the improvements that are needed.

1.7. 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. The report should contain a statement on the results of the tests to indicate the nature of assurance i.e. positive or negative obtained from the tests.

1.8. Reporting standards constitute the framework for the audit Organisation and the Auditor to report the results of audit of regularity or performance audit or expressing his opinion on a set of financial statements.

1.9. These standards are to assist and not to supercede the prudent judgment of the Auditor in making audit observations, conclusions and report.

1.10. The expression 'Reporting' embraces both the Auditor's opinion on a set of financial statements and the Auditor's report on regularity, performance or value for money audit and also the reports prepared on periodical inspection of the records of an audit entity.

1.11. The audit report should be complete. This requires that the report contains all pertinent information needed to satisfy the audit objectives, and to promote an adequate and correct understanding of the matter reported. It also means including appropriate background information.

1.11.1. In most cases, a single example of a deficiency is not sufficient to support a broad conclusion or a related recommendation. All that it supports is that a deviation, an error or a weakness existed. However, except as necessary, detailed supporting data need not be included in the report.

1.12. Accuracy requires that the evidence presented is true and the conclusions be correctly portrayed. The conclusions should flow from the evidence. The need for accuracy is based on the need to assure the users that what is reported is credible and reliable.

1.12.1. The report should include only information, findings and conclusions that are supported by competent and relevant evidence in the auditor's working papers. Reported evidence should demonstrate the correctness and reasonableness of the matters reported.

1. 12.2. Correct portrayal means describing accurately the audit scope and methodology and presenting findings and conclusions in a manner consistent with the scope of audit work.

1.13. Objectivity requires that the presentation throughout the report be balanced in content and tone. The audit report should be fair and not be misleading and should place the audit results in proper perspective. This means presenting the audit results impartially and guarding against the tendency to exaggerate or over-emphasise deficient performance. In describing shortcomings in performance, the Auditor should present the explanation of the audited entity and stray instances of deviation should not be used to reach broad conclusions.

1.13.1. 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 auditor should keep in mind that one of the objectives is to persuade and this can best be done by avoiding language that generate defensiveness and opposition.

1.14. Being convincing requires that the audit results be presented persuasively and the conclusions and recommendations followed logically from the facts presented. The information presented should be sufficient to convince the readers to recognise the validity of the findings and reasonableness of audit conclusions. A convincing report can help focus the attention of management on matters that need attention and help stimulate correction.

1.15. Clarity requires that the report be easy to read and understand. Use of non- technical language is essential. Wherever technical terms and unfamiliar abbreviations are used, they should be clearly defined. Both logical Organisation of the material and precision in stating the facts and in drawing conclusions significantly contribute to clarity and understanding. Appropriate visual aids (such as photographs, charts, graphs and maps etc.) should be used to clarify and summarise complex material.

1.16. Being concise requires that the report is not longer than necessary to convey the audit opinion and conclusions. Too much of details detracts from the report and conceals the audit opinion and conclusions and confuses the readers. Complete and concise reports are likely to receive greater attention

1.17. Being constructive requires that the report also includes well thought out suggestions, in broad terms, for improvements, rather than how to achieve them. In presenting the suggestions due regard should be paid to the requirements of rules and orders, operational constraints and the prevailing milieu. The suggestions should be discussed with sufficiently high level functionaries of the entities and as far as possible, their acceptances obtained before these are incorporated in the report.

1.18. Timeliness requires that the audit report should be made available promptly to be of utmost use to all users, particularly to the auditee organisations and/or Government who have to take requisite action.

2. Follow up of Audit Reports

2.1. Adequate, prompt and proper follow up action by the entity on and in the light of audit conclusions projected will enhance the effectiveness of audit and promote public accountability.

2.2. Systems and procedures should be in place and implemented for securing appropriate conclusions and preventive follow up action on audit reports. In subsequent audits and otherwise, the Auditor should examine and report whether satisfactory action was taken on the audit reports.

3. Report distribution.

3.1. Written audit reports are submitted by the audit Organisation to the appropriate officials of the Organisation audited. Copies are also sent to other officials who may be responsible for taking action on audit observations and conclusions. However, the report is not a public document till it is presented to the legislature.

4. Reporting on compliance with laws and regulations and on internal control

4.1. This standard is discussed under two sections, viz.,

(a) Value for money/Performance audit; and

(b) Audit of Financial statements.

5. Value for Money Audit.

5.1. Auditors should report all significant instances of noncompliance and all significant instances of abuse that were found during or in connection with the audit. In some circumstances, auditors should report illegal acts promptly to the audited entity without waiting for the full report to be prepared after the audit.

6. Noncompliance and Abuse.

6.1. When auditors conclude, based on evidence obtained, that significant noncompliance or abuse either has occurred or is likely to have occurred, they should report relevant information. The term “noncompliance" comprises illegal acts (violations of laws and regulation) and violations of provisions of contracts or grant agreements. Abuse occurs when the conduct of a government Organisation, program, activity or function falls far short of societal expectations for prudent behavior.

6.2. Whether a particular act is, in fact, illegal may have to await final determination by a court of law. Thus, when auditors disclose matters that have led them to conclude that an illegal act is likely to have occurred. They should take care not to imply that they have made a determination of illegality.

6.3. In reporting significant instances of noncompliance, auditors should place their findings in perspective. To give the reader a basis for judging the prevalence and consequences of noncompliance, the instances of noncompliance should be related to the universe or the number of cases examined and be quantified in terms of money value, if appropriate.

6.4. When auditors detect non-significant instances of noncompliance they should communicate them to the auditee, preferably in writing. If the auditors have communicated such instances of noncompliance to top management, they should refer to such communication in the audit report. Auditors should document in their working papers all communications to the auditee about noncompliance.

6.5. Auditors may report illegal acts directly to specified parties in the auditee Government (for example, to the Union and State Vigilance authority etc) in certain circumstances.

6.6. The auditee may also be required by law or regulation to report certain fraud illegal acts to specified internal or external parties (for example, to a Central/State Government investigating agency or Central/State Vigilance Commission). If auditors have communicated such illegal acts to the auditee, and it fails to report them, then the auditors should include such matters in their report.

7. Internal Controls.

7.1. Auditors should report the scope of their work on management controls and any significant weaknesses found during the audit.

7.2. Reporting on management controls will vary depending on the significance of any weaknesses found and the relationship of those weaknesses to the audit objectives.

7.3. In audits where the sole objective is to audit the management controls, weaknesses found of significance to warrant reporting would be considered deficiencies and be so identified in the audit report. The management controls that were assessed should be identified to the extent necessary to clearly present the objectives, scope and methodology of the audit. In a performance audit, auditors may identify significant weaknesses in management controls as

a cause of deficient performance. In reporting this type of finding, the control weaknesses would be described as the "cause".

8. Audit of financial statements.

8.1. The report on the financial statements should either (1) describe the scope of the auditors' testing of compliance with laws and regulations and internal control over financial report in and present the results of those tests or (2) refer to the separate report(s) containing that information. In presenting the results of those tests, auditors should report fraud, illegal acts, other material noncompliance, and reportable conditions in internal control over financial reporting. In some circumstances, auditors should report fraud and illegal acts promptly to the specified authority in the audited entity.

8.2. These responsibilities are in addition to and do not modify auditors responsibilities to (1) address the effect fraud or illegal acts may have on the report on the financial statements and (2) determine that the approximate authority are adequately informed about fraud, illegal acts, and reportable conditions.

8.3. Auditors may report on compliance with laws and regulations and internal control over financial reporting in the report on the financial statements or in separate reports.

8.4. When auditors report separately (including separate reports bound in the same document) on compliance with laws and regulations and internal control over financial reporting, the report on the financial statements should state that they are issuing those additional reports. The report on the financial statements should also state that in considering the results of the audit, these reports should be read along with the auditor's report on the financial statements.

8.5. Auditors should report the scope of their testing of compliance with laws and regulations and of internal control over financial reporting, including whether or not the tests they performed provided sufficient evidence to support an opinion on compliance or internal control over financial reporting and whether the auditors are providing such opinions.

9. Fraud, illegal acts and other noncompliance.

9.1. When auditors conclude based on evidence obtained, that fraud or an Illegal act either has occurred or is likely to have occurred they should report relevant information. Auditors need not report information about fraud or an illegal act that is clearly inconsequential. Auditors should also report other noncompliance (for example a violation of a contract provisions that is material to the financial statements.

9.2. Whether a particular act is, in fact, illegal may have to await final determination by a court of law.

9.3. Thus when auditors disclose matters that have led them to conclude that an illegal act is likely to have occurred, they should take care not to imply that they have made a determination of illegality.

9.4. In reporting material fraud, illegal acts, or other noncompliance, the auditors should place their findings in proper perspective. To give the reader a basis for judging the prevalence and consequences of these conditions, the instances identified should be related to the universe or the number of cases examined and be quantified in terms of money value, if appropriate. In presenting material fraud, illegal acts or other noncompliance, auditors should ensure that standard for objectives, scope and methodology, audit results and presentation standards, as appropriate are observed. Auditors may provide less extensive disclosure of fraud and illegal acts that are not material in either a quantitative or qualitative sense.

9.5. When auditors detect fraud, illegal acts, or other noncompliance that are not of materials nature, they should communicate those findings to the auditee, preferably in writing and should refer to such communications in their report on compliance. Auditors should document in their working papers all communications to the auditee about fraud, illegal acts, and other noncompliance.

9.6. Management is responsible for taking timely and appropriate steps to remedy fraud or illegal acts that auditors report to it. When fraud or an illegal act involves assistance received directly or indirectly from another government or agency, (for example Central Government Grants received by

the State Government or a government agency including an autonomous body received a government grant) auditors may have a duty to report it directly (to the other government/agency) if management fails to take remedial steps.

9.7. Auditors should obtain sufficient, competent and relevant evidence (for example, by confirmation with outside parties) to corroborate assertions by management that it has reported fraud or illegal acts.

9.8. Auditors under some circumstances may be required to report promptly indications of certain types of fraud or illegal acts to law enforcement or investigatory authorities. When auditors conclude that these type of fraud or Illegal act either has occurred or is likely to have occurred, they should ask those authorities and/or legal counsel if reporting certain information about that fraud or illegal act would compromise investigative or legal proceedings. Auditors should limit their reporting to matters that would not compromise those proceedings, such as information that is already a part of the public record.

10. Deficiencies in Internal Control.

10.1. Auditors should report. deficiencies in internal control that they consider to be reportable conditions. The following are examples of matters that may be reportable conditions:

- 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 falls to provide complete and accurate out put consistent with the auditee's control objectives because of the misapplication of control procedures;
- Evidence of intentional override of internal control by those in authority to the detriment of the overall objectives of the system;

- Evidence of failure to perform tasks that are part of internal control, such as reconciliation not prepared or not timely prepared;
- Absence of a sufficient level of control consciousness within the Organisation;
- Significant deficiencies in the design or operation of internal control that could result in violations of laws and regulations having a direct and material effect on the financial statements; and
- Failure to follow up and correct previously identified deficiencies in internal control.

10.2. Audit follow-up standard requires auditors to report whether satisfactory action was taken or not, on the audit reports.

10.3. In reporting reportable conditions, auditors should identify those that are individually or cumulatively material weaknesses. Auditors should ensure that standard for objectives, scope, methodology, audit results and report presentation standards, as appropriate are followed in their reports on audit of financial statements.

10.4. When auditors detect deficiencies in internal control that are not of material nature, they should communicate those deficiencies to the auditee, preferably in writing. If the auditors have communicated other deficiencies in internal control to top management, they should refer to such communication when they report on internal control. All communications to the auditee about deficiencies in internal control should be documented in the working papers.

11. The form and content of audit opinion and report.

11.1. The form and content of all audit opinions and reports are founded on the following general principles-.

(a) Title. The opinion or report should be preceded by a suitable title or heading, helping the reader to distinguish it from statements and information issued by others.

(b) Signature and date. The opinion or report should be properly signed. The inclusion of a date informs the reader that

consideration has been given to the effect of events or transactions about which the auditor became aware up to that date (which, in the case of regularity (financial) audits, may be beyond the period of the financial statements).

(c) Objectives and scope. The opinion or report should include reference to the objectives and scope of the audit. This information establishes the purpose and boundaries of the audit.

(d) Completeness. Opinions should be appended to and published with the financial statements to which they relate, but performance reports may be free standing. The auditor's opinions and reports should be presented as prepared by the auditor. In exercising its independence CAG may acquire information from time to time, which in the national interest cannot be freely disclosed. This can affect the completeness of the audit report. In this situation the auditor should consider the need to make a report, possibly including confidential or sensitive material in a separate, unpublished report.

(e) Addressee. The opinion or report should identify those to whom it is addressed, as required by the circumstances of the audit engagement and local regulations or practice. This is unnecessary where formal procedures exist for its delivery.

(f) Identification of subject matter. The opinion or report should identify the financial statements (in the case of regularity (financial) audits) or area (in the case of performance audits) to which it relates. This includes information such as the name of the audited entity, the date and period covered by the financial statements and the subject matter that has been audited.

(g) Legal basis. Audit opinions and reports should identify the legislation or other authority providing for the audit.

(h) Compliance with standards. Audit opinions and reports should indicate the auditing standards or practices followed in conducting the audit, thus providing the reader with an assurance that the

audit has been carried out in accordance with generally accepted procedures.

(i) Timeliness. The audit opinion or report should be available promptly to be of greatest use to readers and users, particularly those who have to take necessary action.

11.2. An audit opinion is normally in a standard format, relating to the financial statements as a whole, thus avoiding the need to state at length what lies behind it but conveying by its nature a general understanding among readers as to Its meaning. The nature of these words will be influenced by the legal framework for the audit, but the content of the opinion will need to indicate unambiguously whether it is unqualified or qualified and, if the latter, whether it is qualified in certain respects or is adverse or a disclaimer of opinion.

11.3. An unqualified opinion is given when the auditor is satisfied in all material respects that:

(a) The financial statements have been prepared using acceptable accounting bases and policies which have been consistently applied;

(b) The statements comply with statutory requirements and relevant regulations;

(c) The view presented by the financial statements is consistent with the auditor's knowledge of the audited entity; and

(d) There is adequate disclosure of all material matters relevant to the financial statements.

11.4. Emphasis of Matter. In certain circumstances the auditor may consider that the reader will not obtain a proper understanding of the financial statements unless attention is drawn to unusual or important matters. As a general principle the auditor issuing an unqualified opinion does not make reference to specific aspects of the financial statements in the opinion in case this should be misconstrued as being a qualification. In order to avoid giving that impression, references that are meant as "emphases of matter" are

contained in a separate paragraph from the opinion. However, the auditor should not make use of an emphasis of matter to rectify a lack of appropriate disclosure in the financial statements, nor as an alternative to, or a substitute for, qualifying the opinion.

11.5. Adverse Opinion. Where the auditor is unable to form an opinion on the financial statements taken as a whole due to disagreement which is so fundamental that it undermines the position presented to the extent that an opinion which is qualified in certain respects would not be adequate, an adverse opinion is given. The wording of such an opinion makes clear that the financial statements are not fairly stated, specifying clearly and concisely all the matters of disagreement. Again, it is helpful if the financial effect on the financial statements is quantified where relevant and practicable.

11.6. Disclaimer of Opinion. Where the auditor is unable to arrive at an opinion regarding the financial statements taken as a whole due to an uncertainty or scope restriction that is so fundamental that an opinion, which is qualified in certain respects, would not be adequate, a disclaimer is given. The wording of such a disclaimer makes clear that an opinion cannot be given, specifying clearly and concisely all matters of uncertainty.

11.7. It is customary to provide a detailed report amplifying the opinion in circumstances in which it has been unable to give an unqualified opinion.

11.8. In addition, regularity audits often require that reports are made where weaknesses exist in systems of financial control or accounting (as distinct from performance audit aspects). This may occur not only where weaknesses affect the audited entity's own procedures but also where they relate to its control over the activities of others. The auditor should also report on significant irregularities, whether perceived or potential, on inconsistency of application of regulations or on fraud and corrupt practices.

11.9. In reporting on irregularities or instances of non-compliance with laws or regulations, the auditors should be careful to place their findings in the proper perspective. The extent of non-compliance can be related to the number of cases examined or quantified monetarily.

11.10. Reports on irregularities may be prepared irrespective of a qualification of the auditor's opinion. By their nature they tend to contain significant criticisms, but in order to be constructive they should also address future remedial action by incorporating statements by the audited entity or by the auditor, including conclusions or recommendations.

11.11. In contrast to regularity audit, which is subject to fairly specific requirements and expectations, performance audit is wide-ranging in nature and is more open to judgement and interpretation; coverage is also more selective and may be carried out over a cycle of several years, rather than in one financial period, and it does not normally relate to particular financial or other statements. As a consequence performance audit reports are varied and contain more discussion and reasoned argument.

11. 12. The performance audit report should state clearly the objectives and scope of the audit. Reports may include criticism (for example where, in the public interest or on grounds of public accountability, matters of serious waste, extravagance or inefficiency are drawn to attention) or may make no significant criticism but give independent information, advice or assurance as to whether and to what extent economy, efficiency and effectiveness are being or have been achieved.

11.13. The auditor is not normally expected to provide an overall opinion on the achievement of economy, efficiency and effectiveness by an audited entity in the same way as the opinion on financial statements. Where the nature of the audit allows this to be done in relation to specific areas of an entity's activities, the auditor should provide a report, which describes the circumstances and arrives at a specific conclusion rather than a standardised statement. Where the audit is confined to consideration of whether sufficient controls exist to secure economy, efficiency or effectiveness, the auditor may provide a more general opinion.

11.14. Auditors should recognise that their judgement is being applied to actions resulting from past management decisions. Care should therefore be exercised in making such judgements, and the report should indicate the nature and extent of information reasonably available (or which ought to have been

available) to the audited entity at the time the decisions were taken. By stating clearly the scope, objectives and findings of the audit, the report demonstrates to the reader that the auditor is being fair. Fairness also implies the presentation of weaknesses or critical findings in such a way as to encourage correction, and to improve systems and guidance within the audited entity. Accordingly the facts are generally agreed with the audited entity in order to ensure that they are complete, accurate and fairly presented in the audit report. There may also be a need to include the audited entity's responses to the matters raised, either verbatim or in summary, especially where an auditor presents its own views or recommendations.

11. 1 5. Performance reports should not concentrate solely on criticism of the past but should be constructive. The auditor's conclusions and recommendations are an important aspect of the audit and, where appropriate, are written as a guide for action. Generally these recommendations suggest what improvements are needed rather than how to achieve them, though circumstances sometimes arise which warrant a specific recommendation, for example to correct a defect in the law in order to bring about an administrative improvement.

11.16. In formulating and following up recommendations, the auditor should maintain objectivity and independence and thus focus on whether -identified weaknesses are corrected rather than on whether specific recommendations are adopted.

11. 17. In formulating the audit opinion or report, the auditor should have regard to the materiality of the matter in the context of the financial statements audit or regularity audit as the case may be or the nature of the audited entity or activity being audited where performance audit is being conducted.

11.18. If the auditor concludes that, 'judged against the criteria most appropriate in the circumstances, the matter does not materially affect the view given by the financial statements, the opinion should not be qualified. Where the auditor decides that, a matter is material the opinion should be qualified, having determined the type of qualification.

11.19. In the case of performance audits that 'judgment will be more subjective as the report does not relate as directly to financial or other statements. Consequently, the auditor may find that materiality by nature or by context is a more important consideration than materiality by monetary amounts involve.

CHAPTER - 6

COMPUTERISED SYSTEMS IN AUDIT

6.1 With a view to building up suitable database for planning of audit assignments and also for effective monitoring/ pursuance of the results of audit, the following software packages relating to Forest audit activity have been developed:

Sl.No	Code	Item
1	AU 01	Audit Planning
2	AU 02	Profile of Auditees
3	AU 04	IR Monitoring
4	AU 06	Monitoring recoveries at the instance of Audit
5	AU 07	Database of sanctions

It is the responsibility of FCS to ensure that the required database is built up systematically and the software packages developed are put to profitable use. The user manuals issued for the packages (by computer cell) are to be kept in the custody of FCS for reference and consultation by user sections.

6.2 The common components used in the software packages, namely 'departments', 'directorates', 'sub-ordinate office', and 'districts', 'audit sections' have been codified as indicated in para 6.5 of this Chapter.

The department code is in four characters. The first two characters are numeric indicating the department. The third and the fourth characters are alphabetic, the third character representing sub-department or sub-division according to audit requirements and the fourth character, the head of the directorate. The office code also consists of four characters (all numeric), the first two digits indicating circle and the next two digits, division.

The register of codification shall be maintained by FCS and whenever a new auditee unit is to be codified, the codification given should be entered in the register and got attested by the Sr.Audit Officer Incharge.

As regards codification for any particular component relevant to individual packages, the user manual concerned shall be referred to the codification given for audit objections in forest audit is indicated in Appendix XIX to Chapter 5.

6.3 The data base for sanctions includes all sanctions accorded by officers higher than the Divisional officer -

i) sanctions to projects/schemes,

ii) technical sanctions to works,

iii) sanctions to contract agreements and

iv) all other sanctions accorded by Government/Head of department/others namely administrative sanctions, sanctions for maintenance of reserve stock,; sanctions for sale, write off orders, sanctions for relaxation of contract conditions, sanctions for payment of special nature and other sanctions.

The particulars required for data entry in respect of above sanctions shall be collected by the local audit parties visiting the offices of Conservator of Forests, Principal Chief Conservator of Forests and Secretariat Departments. To enable the parties to collect the information relating to sanctions, the party days may be suitably increased while planning the local audit of above offices.

Sanctions with a monetary value of more than Rs.10 lakh alone will be included in database.

6.4 The outputs that could be generated with the given data entry are indicated in the user manuals of each package.

6.5 Codification of auditee units and other components

a) Department:

06	Environment, Forests, Science And Technology Department.

b) Sub-departments/ sub-divisions

06 XX	Principal Chief Conservator of Forests
06 XO	Functional circles (others)
06 XS	Social Forestry circles
06 XW	Wild life Management circles
06 XT	Territotial circles

c) Audit Sections (Forest)

40	Forest Coordination Section
41	Forest Coordination Section (IR Cell)
42	Forest Coordination Secton (Draft Paragraph cell)
43	Forest Audit .I
44	Forest Audit .II

d) Districts:

Code No	**District**
10	Srikakulam
11	Vizianagaram
12	Visakhapatnam
13	East Godavari
14	West Godavari
15	Krishna
16	Guntur
17	Prakasam
18	Nellore
20	Chittoor
21	Cuddapah
22	Ananthapur
23	Kurnool
30	Mahaboobnagar
31	Medak
32	Nizamabad
33	Adilabad
34	Karimnagar
35	Khammam
36	Rangareddy
37	Nalgonda
38	Warangal
39	Hyderabad
40	Karnataka State

6.6 Data entry – Forest Coordination Section and Inspection Parties

i) Draft inspection reports shall invariably be accompanied by a 'Data Entry Sheet' in the format 'A' enclosed (Appendix-XXII). The Inspecting officer should personally fill in the columns of the format.

ii) The details of items I, II and III of the format are to be filled in by Forest Coordination Section.

iii) The details of items, IV, V, VI and VII are to be filled-in by the Inspecting Officer. They should be checked and modified by Forest Coordination Section where necessary after editing of the report is completed.

iv) The 'data entry sheet', shall bear the same number as that of Local Audit Report, Forest Coordination Section shall make arrangements to enter the data in the system already loaded. A certificate to the effect that the Data entry, has been completed in respect of Local Audit Reports issued to the end of ----month shall be recorded over the signature of AAO/ Forest Coordination Section at the time of closing the register of Local Audit Reports.

6.7 Data entry – Forest Audit Sections

Whenever paras of previous inspection reports are settled either by Audit committee or by Forest Audit Sections, the details thereof shall invariably be furnished by Forest Audit Sections to Forest Coordination Section in the format 'B' (Appendix XXII), by 15th of every month. If the particulars for any month are 'nil', the sections shall send a 'nil' return. Coordination section shall make arrangements to enter the data furnished by Forest Audit Sections.

6.8 Updating

Whenever an Auditee unit is programmed for inspection, the data base relating to that particular auditee unit in IR Main shall be updated adopting the revised codification and the computerised list of paras outstanding shall be communicated to the inspection party in format 'C' (Appendix XXII).

6.9 Progress Report

Monthly progress report on implementation of software programmes is to be furnished by Forest Coordination Section to computer cell by 10th of every month.

(Circular No.7;CWAC/B/15-52(A)/98-99 dt.15.10.98)

6.10 Monitoring of recoveries at the instance of Audit

In accordance with instructions of Headquarters office, a software programme for monitoring of recoveries at the instance of Audit has been developed by computer cell (Audit). A consolidated monthly report regarding the progress made in this regard has to be submitted to Principal Accountant General by the computer cell. IAU Sections may, therefore, arrange to feed the data once in a week or whenever objections about recoveries to be made are raised in local/central audit and also as and when recoveries are effected. A monthly report to computer cell has to be sent in this regard by IAU Sections through FCS by 5th of every month.

(Office Order No.6 of IAU/CACD Section dt.22.9.98).

CHAPTER - 7

MISCELLANEOUS

7.1 Protection and management of Forests

The Andhra Pradesh Forest Act 1967, which came into force from 13th March, 1967 (date of publication in the Gazette) regulates the protection and management of forests in the State of Andhra Pradesh.

The State Government may declare any land as a reserved forest in the manner prescribed in the Act. Revenue Divisional Officers are appointed as Forest Settlement Officers to consider objections, if any, against the declaration regarding constitution of Reserved Forests.

Note: The Pay and Allowances, etc., of the Forest Settlement Officers and his staff are paid by the Divisional Forest Officer concerned and are included in the Accounts of the Division.

7.2 Protected Forests

The Government of Andhra Pradesh may, by notification, declare any forests or waste land which is the property of the State Government or which is placed under their control for management and which is not included in a reserved forest, to be a Protected Forest.

7.3 Working Plans

i) A 'Working Plan' is a written arrangement (document) sanctioned by Principal Chief Conservator of Forests, for the systematic treatment of a forest, the object being to ensure continuity of action by Officers in charge and also to provide against the deterioration and for the improvement of capital (Growing Stock) while working out what represents the interest (average annual improvement) in an orderly, useful and economic manner on the principles of sustained yield.

ii) A working Plan should deal with all forests situated in one locality and the entire area of each forest in that locality. This area may consist of a forest division, or number of forests divisions in a Revenue District.

The working plan shall be divided into as many working circles as may be necessary.

iii) A Working Circle is an area subjected to one and the same cultural treatment, by means of distinct series of operations. A Working Circle for which a definite method of treatment is prescribed may overlap portions or the whole of other working circles for which other distinct methods of treatment are prescribed.

iv) 'Blocks' are main divisions of a forest and should be indicated by local names. Their standards may be made to coincide with those of administrative charge such as Ranges and beats.

v) 'Compartments' are smaller divisions in a forest block. Where a forest is divided into compartments, their boundaries should be either natural features - such as streams, spurs or ridges or existing landmarks such as roads, canals etc. They should be indicated by Arabic numbers.

vi) A 'Coupe' is the area of forest set aside to be worked in a single year and may or may not constitute a permanent sub-division of the forest. It should be indicated by Roman number. A working Circle may comprise, according to convenience of working, one or more series of coupes.

vii) A 'Series' is an area comprising number of coupes to be worked during the working plan period.

(Section 38 of Forest Dept.Code)

7.4 Report of losses to Audit

The State Government have ordered that losses of forest produce or timber etc., by theft or fire should be reported to audit with reference to Art.294 of Andhra Pradesh Financial Code Vol.I, the valuation of the items being made with reference to their value at the place from which they were removed or lost but not with reference to their potential value when sold in market.

7.5 Supply of timber, poles, fuel and bamboo to Devasthanam authorities for annual fairs and festivals.

Principal Chief Conservator of Forests has been delegated with powers to supply the timber, poles, fuel and bamboo to any religious organisations/authorities for annual fairs and festivals sponsored by Endowment department (Value of Rs.5000)

(G.O.Ms.No.376 F&RD (FOR.III) Dept. dt.26.5.98)

7.6 Supply of forest material to various consumers

While supplying forest material to the following consumers, the rates as fixed by the Government for each year should be adopted.

i) supply of bamboo to Burood societies

ii) supply of firewood to tobacco barns

iii) Supply of firewood to Devasthanams.

iv) Supply of firewood to voluntary organisations and hostels (Educational Institutions).

v) Supply of poniki wood to Artisans and Handicrafts societies.

vi) supply of Sandal wood billets to Devasthanams

vii) supply of timber to Shilpakala Nilayam and other craftsmen of Andhra Pradesh

viii) supply of bamboo to A.P.Handicrafts Development Corporation/ Societies

Note: Government banned the use of firewood in tobacco barons in order to have a positive effect on the Conservation of forests.

7.7 Supply and pricing of seeds and seedlings of Forest Department

The Divisional Forest Officer (as also State Silviculturists, Forest Utilisation Officer, and Curator, Nehru Zoological Park) may price and supply seeds and seedlings to the public; other State Governments and Research Institutions subject to the following conditions:

i) Seeds collected free of cost and seedlings raised free of cost by subordinate staff be supplied to public free of cost.

ii) seeds collected at cost and seedlings raised at cost be supplied at actual cost rate to the public or other Government Departments and with nominal profit to other State Governments and

iii) For Research purpose, supply of seeds and seedlings and such materials be made free of cost to Forest Research Institutions and its branches and other Research Institutions.

(Government of A.P.Food and Agriculture Memo No.G.M.3289 - For.III/66-2, dt.1.12.66)

7.8 Supply of bamboo to paper mills

The main forest raw material being used in paper industry is bamboo. The A.P.Forest Department is supplying through auction bamboo to four paper mills in the State by concluding short-term agreements which provide for increase in the rate of royalty every year at fixed percentages.

7.9 Supply of minor forest produce to A.P.Girijan Co-Operative Corporation

Minor forest produces like honey, shikakai, myrobalan, gum etc. in some forest areas are allotted to the A.P.Girijan Cooperative Corporation limited, Visakhapatnam, on rental basis fixed by the Government. The rental is 15 percent of the procurement price on the total quantity procured or at the average of the rent of three previous years which ever is higher.

7.10 Periodical returns to be sent to Headquarters Office

The following returns to Headquarters Office will be prepared and sent by the Forest Co-ordination Section;

a) Quarterly Statement showing the Inspection Reports/paras

→ Statement indicating the number of Inspection Reports/paras together with money value objections awaiting settlement for more than six months relating to forest expenditure should be sent for each quarter during 1st week of March, June, September and December in the proforma given in Appendix-XXII.

(Hqrs.Lr.No.286 Rev.(SR)/107/65,dt.6.2.1967 and 3976/Rev.A/117dt.26.10.1967)

b) Quarterly Report regarding progress of Receipt Audit:

→ Progress report in the prescribed form given in Appendix-XXIV is due to Headquarters Office quarterly during the 1st week of April, July, October and January indicating the forest offices to be audited, and balance remaining unaudited to the end of each quarter. This will also include the particulars of inspection reports issued and balances, if any, and information regarding important objections which could develop into draft paras should also be given.

→ In addition to the above, an annual report on the staff position and training programme should also be furnished to Headquarters office in the proforma given in Appendix-XXV in the month of April every year.

(CAG's Circular No.9(a) of 1973 received with S.O.NO. 134, Rec.A IV/178-71 II, dt.16.6.1973 read with Hqrts. Lr.No.79/RECA/IV/875 dt.9.2.1976).

c) Settlement of Audit objections of Rs.10,000/- and above in respect of Forest Receipts.

i) A statement of audit observations involving Rs.10,000/- and above pending settlement for over 2 year as on 31st March each year with a statement of objections settled during the year should be sent to Headquarters office by 31st May in the form given in Appendix XXVI.

ii) Consolidated para and a review containing statistical information on outstanding IRs of Forest Receipts should be included in Chapter I of State Audit Report on Revenue Receipts with a view to having a meaningful presentation rather than mere statistics.

The following instructions should be kept in view:

- → A brief write up indicating how the audit objections on Revenue receipts are communicated to the various departments and Government and the manner in which the half yearly or quarterly statements of audit objections which are pending settlement are sent to Government may be given.
- → Government orders for speedy disposal of the audit observations, the procedure, if any, prescribed for the early settlement, from time to time, and the failure of the departmental authorities in following these orders may be given.
- → A comparative picture of number of local audit reports and the number of paragraphs involved along with the money value of objections for last three years may be given.
- → A special review may be undertaken and important points, if any, in the pursuit of objections may be indicated.
- → A synopsis of pending paras may be proposed under specified categories bringing out the implications of outstanding items drawing meaningful conclusions. The irregularities relating to non-observance of the provisions of Act/Rules leading to loss of revenue etc. are some of the instances where the irregularities have persisted may also be mentioned.
- → A narrative paragraph indicating the major objections along with the money value and the state of the settlement may also be given.

iii) In the case of paras outstanding for over 10 years, where ratification/action is not possible due to operation of time bar, a review type of para highlighting the interesting aspects of objections has to be attempted.

(CAG's circular No.23 of 1980 communicated in Lr.No.1205/RA IV/66-78 dt.17.12.l80).

7.11 Compensatory Afforestation

Forest (Conservation) Act, 1980 and Rules and Guidelines made thereunder by the Government of India provides that whenever forest land has to be used for non-forest purposes, the user agency should provide not only equivalent non-forest land but also the amount required for raising compensatory afforestation on that land and area/ land to be declared as protected forest. The State Government should create a special fund to which the individual user agency will make its deposits for compensatory afforestation and the Forest Department should fully utilise this amount for implementation of the afforestation scheme approved by the Government of India and keep separate and meticulous account thereof.

APPENDIX-I

GUIDELINES FOR AUDITORS (INCLUDING SENIOR AUDITORS) AND CLERKS IN INTEGRATED AUDIT UNITS (FOREST)

A. SR. AUDITORS/ AUDITORS

The items of work entrusted to Sr. Auditors/Auditors are:

i) Audit of Divisional accounts and vouchers as per the procedure and percentages prescribed.

ii) Processing and issue of Audit Notes.

iii) Maintenance of Objection-Books and other Registers.

iv) Preparation of material for local audit and sending vouchers and of files to the field parties.

v) Pursuance of Section-B paras of Inspection Reports.

vi) Visits to Secretariat and offices of Heads of Departments to collect more details in respect of points noticed in central audit.

vii) Processing and forwarding to D.P. Cell factual notes based on important points noticed in central audit for further action.

The procedure for discharging the above responsibilities is indicated below:

I.(a) CENTRAL AUDIT: The Forest Divisional Officer render compiled accounts every month to Accountant General (A&E). After posting accounts records and exercising the prescribed checks, Forest Accounts Section of the A&E Office send the monthly accounts along with vouchers to I.A.U.(Forest) Sections for audit by 5th of the second succeeding month to which the accounts relate (for example: accounts with vouchers for January are to be received by Audit by 5th March). A register to watch receipt of monthly accounts and vouchers is maintained for the entire Section by A.A.O/S.O/Supervisor. Auditors should list out all the Vouchers in the A.A. Check Register duly classifying the vouchers into the following categories and submit to the Section Head for selection and marking vouchers for audit as per the percentages prescribed.

After selection and marking of vouchers for audit by the Assistant Audit Officer/Section Officer/Supervisor, the Auditor should proceed with detailed audit. On completion of audit, the monthly accounts with vouchers should be submitted to the Section head for review along with the register for selection of vouchers for audit. The following Certificate: “Certified that all vouchers required to be audited have been audited and in respect of other vouchers not marked for audit prescribed checks have been exercised.” should be recorded by the Auditor. The Section head reviews

the vouchers as per the prescribed percentages and returns the same to the Auditor. After completion of review, the Section head will furnish the following certificate: "Certified that all the vouchers required to be reviewed have been reviewed and in respect of other vouchers not marked for review, prescribed checks have been exercised." After review, the accounts should be passed for the total disbursements less any amount under cash balance increased. This audit enforcement should be written in red ink by the Auditor and signed by the Section head.

(Authority: C&AG's circular No: 31-Accounts/95, dt. 15-5-85 Appendix 17 of M.I.C.A.)

In order to monitor the receipt and timely disposal of accounts by Auditors, the register prescribed to be maintained for the purpose shall be submitted every week (on Monday) to the Branch Officer indicating the receipt and disposal of accounts in the preceding week.

(b) PROCESSING AND ISSUE OF AUDIT NOTES

A note of objection taken on voucher or on any item in the schedule or other account should be recorded in detail on a separate paper, which should be treated as office copy of the Audit Note. Reference to the Rule should be given wherever necessary in the Audit Note. The Audit Note should be signed by the Branch Officer and sent to the Divisional Officer. On its return, the reply should be scrutinised and any further information required or any items not cleared should be included in a rejoinder to be issued separately to the Divisional Officer. Any items needing action during local audit of the divisions should be entered after Branch Officer's approval in the register of points for verification during next inspection.

A progress Register of Issue, Receipt and Disposal of Audit Notes should be maintained and submitted to the Branch Officer on 15th of each month, indicating the year-wise details of outstanding Audit Notes/Rejoinders.

(c) MAINTENANCE OF OBJECTION BOOKS AND OTHER REGISTERS

The objections raised on accounts and vouchers having money value should be registered in detail before the Audit Notes are issued to the divisions concerned. As and when the wanting documents or the other information are received and the replies accepted, the objection should be cleared. The Objection Book should be closed monthly indicating the year-wise details of outstanding items and amounts.

Whenever the objections are treated as settled/dropped, the same should be entered in the Adjustment Register, which should be closed every month along with

the Objection Book.

Objections outstanding for over six months should be taken to the Register of Objections outstanding for over six months. A statement containing such items which are outstanding for over six months should be sent to the Government with a copy to the Principal Chief Conservator of Forests every half year on 20th July and 20th January to expedite clearance. For this purpose, IAU (Works) Sections should furnish the material to D.P. Cell.

(d) PURSUANCE OF SECTION 'B' PARAS OF INSPECTION REPORTS

As soon as the edited inspection Report is despatched to the division/ office, office copies of edited reports along with draft Inspection Report and rough notes are received in I.A.U (Forest) section from FCS. On their receipt, the auditor should carefully go through the Inspection Reports to see whether any observations are made by the Sr. Dy. Accountant General at the time of approval which require separate action by I.A.U. Sections. The paras pertaining to previous Inspection Reports recommended by inspecting officers for accepting and dropping by the Sr. Dy. Accountant General should be cleared from the Register for watching progress in settlement of Inspection Reports and paras included in the current Inspection Reports taken to the Registers as additions. Gist of each para of the Inspection Report issued along with money value, if any, should be noted in the Register as this will facilitate easy compilation of any information required at a future date. The Divisional Officers are expected to send replies to paras of Inspection Reports within one month from the date of their receipt. In case replies are not received, the matter should be taken-up with them and also with the higher authorities by issue of periodical reminders. As and when replies are received and when the objections are treated as settled/ dropped, the same should be deleted from the register. The register should be closed every month for submission to Dy. Accountant General (IC Wing) by 25th.

Section -A paras (representing major irregularities) are pursued by D.P. Cell. These paras cannot be dropped by I.A.U.(Forest) section.

II (A) - SANCTIONS

As soon as sanctions in the form of Government Orders or proceedings of Heads of Departments/ are received in the Section, they have to be examined carefully in detail. After acceptance of sanctions by the Branch Officer/Sr. Deputy Accountant General/ Prl.Accountant General, the sanctions relating to schemes should be kept in separate portfolios.

II (B) - PORTFOLIO FILES

As soon as the budget is passed by the Legislature, budget booklets including annual plan booklets are received in FCS/ Report Section. The provisions made under the Major Head concerned for implementations of plan schemes my be identified and separate files opened for each Scheme. All the sanctions, estimates, audit comments, statements of expenditure and correspondence relating to the schemes concerned may be filed in the scheme files. These files may be supplied to the field parties visiting division offices for local audit.

III. REGISTERS TO BE MAINTAINED BY THE Sr.AUDITOR /AUDITOR

Each Sr.Auditor/ Auditor is required to maintain the following registers and submit the same with closings on the due dates to the Branch Officer as indicated below:

1. Purport Register: Every Monday
2. Despatch Register: 18th of every succeeding month
3. Weekly Progress Register audit of Accounts: Every Month
4. Auditor's NoteBook: 25th of alternative month
5. Objection Book: 15th of every month
6. Adjustment Register: 15th of every month
7. Register of Objections pending over six months **:** 15th of every month
8. Register for watching progress in settlement of Inspection Reports: 25th of every month to the Sr.D.A.G.
9. Register of points for verification in local audit**:** 5th of every month
10. Register for marking for **:**To be reviewed by Section head as frequently as possible
11. Transit Register **:** To be reviewed by Section head as frequently as possible
12. Register of Project estimates **:** 3rd of every month

IV. FILING

Filing of sanction orders, estimates, agreements, audit notes, etc., is an important item of work. All possible care should be taken to see that these records are properly filed and maintained so as to enable every officer of the section to locate them at any time without any difficulty. The Auditor should see that the records in his Unit are dusted regularly and kept neatly.

B. CLERKS

1. After the dak has been seen and marked by the Section Officer/Asst. Audit Officer, it will be made over to clerks for distribution of letters among the

Sr.Auditors/ Auditors in the Section. The Clerk is to verify the letters in the dak transit registers and acknowledge the same. He will then enter the letters in the respective purport registers for acknowledgement by the Sr.Auditors/Auditor concerned. If any letter entered in the T.R. has not been sent along with it, the matter should at once be reported to the O.E. Section. The T.R.s should be carefully checked to see that there are no missing items and any discrepancies should be immediately pointed out for further investigation. Leaving items unacknowledged or remarks such as "not received", "enclosures not received", "does not relate to this section", "not found", etc., in the T.R. should be avoided.

2. The Clerk has to transfer papers not relating to his section to other Sections promptly.

3. He will arrange the letters in respective files and see that they are properly filed by the Group 'D' official. He should also see that the papers contain the file orders of the Section Officer/Asst. Audit Officer before they are filed

4. He will receive the accounts and dockets from 'A&E' Office and hand them over to Sr.Auditors /Auditor for audit. After completion of audit, he will arrange to return the same to 'A&E' office along with the Audit Certificate.

5. He will make out indents for stationery for signature of the Section Officer/Asst. Audit Officer and distribute the same as and when received.

6. He will maintain the Casual Leave Account register and close the Attendance Register on the due dates as per the procedure laid down in M G.P.

7. He will assist the Section Officer/Asst. Audit Officer in consolidating the material furnished by the Auditors/Sr. Auditors for compilation of Monthly Report/Quarterly Arrear Report.

8. He will close on due dates all general registers of the section for submission to the Audit Officer through the Section Officer/Asst. Audit Officer.

9. He will do any other work which the Section Officer/Asst. Audit Officer of the Section may assign to him with the approval of the Branch Officer.

[CASS (AU)-II/Co-Ordn./II 92-93, dt. -8-92]

APPENDIX – VII

(Referred to in Paragraph 3.5)

Register of Review of Sanctions of permanent Nature

Sl. No	Reference to File No.	Sanctioning Authority	Major Head under which the Expenditure is classified	Condition on which and/ or nature of work for which sanction is accorded	Date of commencement of sanctions	Period of currenc y	Amount involved	Final action taken	Remarks
1	2	3	4	5	6	7	8	9	10

APPENDIX – VIII

(Referred to in Paragraph 3.10)

REGISTER OF DEFALCATIONS AND LOSSES

Subject matter of the work Amount involved (Book value or replacement value as the case may be in the case of stores)

Amount written off:

Amount Recovered:

Total :

Sl. No	No. & Date of the report	From whom received	Nature of the loss		Head of account (which the original cost of the property damaged was debited)	Total progress of case & action taken	Particulars to break of rules which rendered loss possible.	Final orders of the competent authority	Remarks
			Date of occurrence	Brief particulars of the case with description of the loss.					
1	2	3	4	5	6	7	8	9	10

Note: If the case has been commented in the Audit Report, give reference to the Paragraph of Audit Report. In case, where the competent authority has ordered recovery of the amount of loss, details of recovery should be given.

A P P E N D I X –IX(a)

G.O.Ms.No.2, dt 07-01-2004)

S. No.	Item	Delegation of Financial Powers approved by the Government (Rs.)		
1.	To enter into contract for execution of works	C.F.	20,00,000/-	
		DFO	10,00,000/-	
		Sub-DFO	1,00,000/-	
		R.O.	50,000/-	
		Dy.R.O.	25,000/-	
		Forester	25,000/-	
2.	To make payment on Single Bill and Check Measurement of works	Officer measuring and recording the work in measurement book and the value of the work bill upto which measurement and recording the work can be made.	Designated officer to Check Measure	Percentage of check measurement
		F.B.O. upto work bills of value not exceeding Rs.25, 000/- at a time.	F.S.O.	100%
		F.S.O: Work bills exceeding Rs.25, 000/- at a time. There is no maximum limit.	FRO	100%
3.	Sanctioning Estimates/entrustment on nomination of basis			
	a) Entrustment of works on nomination basis		Forester (Forester Section Officers) D.R.O.)	25,000/-
			F.R.O	50,000/-
			Sub-Divisional Forest Officers	1,00,000/-
			Divisional Forest Officers	3,00,000/-
			Conservator of Forests	5,00,000/-
			Prl.C.C.F.	10,00,000/-
	b) on calling for tenders		Prl.C.C.F.	No limit
			C.F.	20,00,000/-
			Divisional Forest Officers	10,00,000/-
			Sub-DFO	1,00,000/-
			FRO	50,000/-
4.	Power for sale or dismantlement of buildings		Prl.C.C.F.	1,00,000/- (as per book value)
			C.Fs	40,000/- (as per book value)
			DFOs	20,000/-

			(as per book value)
		Sub-DFO	10,000/- (as per book value)
	In other cases orders of Government have to be obtained		
5.	Powers to sanction “secret service expenditure”	FRO	1,000/-
		Sub-DFO	2,500/-
		DFO	5,000/-
		CF	10,000/-
		Prl.C.C.F.	No limit

APPENDIX – IX(b)

(Referred to in Paragraph 3.11)

FINANCIAL POWERS OF THE FOREST OFFICERS.

Nature of transaction	Authorities to whom powers delegated	Monetary Limits.
1.Contracts for expenditure on conservancy and works. (Powers to enter into contracts for execution of works).	Conservator of Forests	Above Rs.1,00,000/- without any limit.
	Divisional Forest Officer	Rs.1,00,000/-
	Forest Range Officer.	Rs.25,000/-
	Dy. Range Officer.	Rs.15,000/-
	Forester.	Rs.10,000/-
(G.O.RT.No.6 EFS&T (FOR IV) Dept., dt.11.1.1996)		
2.Electrical Installation.	Chief Conservator.	Rs.2,000/-
(a) Original Installation.	Conservator.	Rs.1,000/-
	Divisional Forest Officer	Rs.400/-
	(G.O.Ms.No.1455 F&A, Dated 19th May, 1965 and Govt.Memo No.749/For.I/65-1, dated 8th June, 1965) Note: Table fan or pedestal fan not included in Electrical Installation vide Govt.Memo.No.841 for.I/66-8, dated 21st October, 1966.	
b) Additional Improvements and alterations		
Residential Buildings.	Chief Conservator of Forests	Rs.1,000/-
	Conservator of Forests.	Rs.500/-
	Divisional Forest Officer.	Rs.200/-
Non-Residential Buildings.	Chief Conservator of Forests.	Rs.2,000/-
	Conservator of Forests.	Rs.1,000/-
	Divisional Forest Officer	Rs.400/-
	(G.O.Ms.No.1455/F&A, dated 19th May, 1965 and G.M.No.749/For.I/65-1, dated 8th June, 1965).	
3. Expenditure in connection with Exhibition.	Chief Conservator	Rs.3,000/- a year (Rs.1,000/- at a time in each case)
(G.O.(P)No.703/GA (ART-1)Dept., dated 4th December, 1978).		
4. Expenditure on photographic	Chief Conservator of Forests.	No limit

charges except live photographic film making.	Conservator of Forests.	Rs.200 at a time and upto a limit of Rs.2,500/- per annum
	State Silviculturist and Forest Utilisation Officer.	Rs.200/- at a time and upto a limit of Rs.1,500/- p.a.
	Divisional Forest Officer.	Rs.50/- at a time and upto a limit of Rs.1,500/- p.a.
(G.O.Ms.No.2063 F&A, dated 6th August, 1965, Govt. Memo.No.5266 For.I/63-12, dated 23rd June, 1967 and G.O.(P) No.703/GA (ART.1) Dept., dated 4th December, 1973).		
5. Printing and binding in private presses including the cost of paper.	Chief Conservator of Forests.	Full Powers.
	Conservator of forests.	Rs.8,000/-
	Divisional Forest Officer	Rs.5,000/-
	State Silviculturist.	Expenditure should not exceed Rs.4,000/- at a time
	Forest Utilisation Officer.	
(G.O.Ms.No.334 F&RD (For.I), dated 25-4-1977, G.M.No.4269 For.I/76-15, dated 22nd June, 1978 and G.O.(P) No.703/GA (AR &T 1) Dept., dated 4th December, 1978.)		
6. Purchase of Livestock animals, birds, reptiles, store, tools, vehicles, plants and furniture		
a) Included in Forest Schemes for which the approval of Govt. has already been received.	Chief Conservator of Forests.	No limit.
	Conservator of Forests.	Rs.50,000/- in each case.
	Divisional Forest Officer.	Rs.20,000/- in each case.
b) Not included in Forest Schemes.	Chief Conservator of Forests.	Rs.8,000/- p.a.
	Conservator of Forests.	Rs.2,000/- p.a.
	Divisional Forest Officer.	Nil.
(G.O.Ms.No.851/F&RD (For.I) Dept., dated 12th December, 1978.		
7. Purchase of elephants.	Chief Conservator of Forests.	Rs.6,000/- for each elephant.
	Conservator of Forests.	Rs.3,000/- for each elephant.
(Appendix 12 Part IV Page 168 of APFC Vol.II)		
8. Exchange of birds and animals into India and Foreign Zoos from Nehru Zoological Park.	Chief Conservator of Forests.	Rs.5,000/- at a time as per book value.
	Ex-Officio Director.	Rs.3,000/- at a time as per book value.
	Curator.	Rs.100/- at a time as per book value.
(O.M.No.1309/For.III/70-2/F&Agrl.Dept., dated 10th June, 1970).		

a) Exchange of animals and birds from dealers and private persons.	Committee.	Upto Rs.2,000/- in each case
	Government.	Exceeding Rs.2,000/- in each case.
(G.O.Rt.No.2033 F&A (For.III) Dept., dated 14th November, 1972).		
9. Repairs to boats including motor boats and launches.	Chief Conservator of Forests.	In excess of 10% of book value.
	Conservator of Forests.	10% of book value or Rs.500/- whichever is more
	Divisional Forest Officer.	Rs.200/-.
(G.O.Ms.No.1455/F&A,dated 19th May, 1965 and G.M.No.749/For.I/65-1,dated 8th June, 1965).		

10.Stores			
I.A) Purchase and repairs to stores, tools and plants. B) To sanction special expenditure. C) To sanction ordinary expenditure. D) Petty repairs to tents	Chief Conservator of Forests.	Upto Rs.1,00,000/- p.a.	
	Conservator of Forests.	Upto Rs.25,000/- p.a.	
	Divisional Forest Officer.	Upto Rs.10,000/- p.a.	
(G.O.Ms.No.334 F&RD (For.I), dated 25th April, 1977, G.O.(P) No. 703 GA (AR&T1) Dept., dated 4th December, 1978.			
II.A) Purchase of bulbs and lamps	Chief Conservator of Forests.	Rs.6,000/- p.a.	
	Conservator of Forests.	Rs.1,000/- p.a.	
	Divisional Forest Officer.	Rs.500/- p.a.	
(G.O.Ms.No.389, dated 4-9-96)			
B) Air Coolers	Chief Conservator of Forests.	Full Powers.	
C) Books and Periodicals and maps.	Chief Conservator of Forests	Full Powers.	
	Conservator of Forests.	Rs.1500/- p.a.	
	Divisional Forest Officer.	Rs.600/- p.a.	
D) Repairs to type writers	Chief Conservator of Forests.	Full Powers.	
	Conservator of Forests.	Rs.1000/- p.a	
	Divisional Forest Officer.	Rs.1000/- p.a.	
11. Maintenance of heavy vehicles.(Per annum).	Chief Conservator of Forests.	Rs.40,000/-	
	Conservator of Forests.	Rs.20,000/-	
	Divisional Forest Officer.	Rs.10,000/-	
12. Local Purchase of stationery.(Per annum)	Chief Conservator of Forests.	Rs.20,000/-	
	Conservator of Forests.	Rs.5,000/-	
	Divisional Forest Officer.	Rs.2,500/-	
13. Purchase of steel and wooden furniture. (Per annum)		*Purchase*	*Repairs*
	Chief Conservator of Forests.	Rs.40,000	Rs.6,000/-
	Conservator of Forests.	Rs.10,000	Rs.1,000
	Divisional Forest Officer	Rs.2,000	Rs.1,000.
(G.O.Ms.No.389, dated 4-9-96 of General Admn. (AR&T.I) Dept.			

14. Rent of private buildings for office accommodation.	Chief Conservator of Forests.	Upto the ceiling of Rs.16,000/- per month.	To all officers according to plinth area values and rent assessment by Roads and Buildings Department. Subject to rental value certificate of the Roads and Buildings Dept.
	Conservator of Forests.	Rs.2,000/- per month.	
	Divisional Forest Officer.	Rs.1000/- per month.	
(G.O.Ms.No.389, dated 4-9-96)			
15. Renting of land and building for other private purposes.	Chief Conservator of Forests.	Rs.500/- per month.	
	Conservator of Forests.	Rs.400/- per month.	
	Divisional Forest Officer/ State Silviculturist.	Rs.200/- per month.	
(G.O.Ms.No.1455, dated 19th May, 1965 and G.O.Ms.No.749, dated 8th June, 1965).			
16. Leases to sanction contracts and other instruments relating to Forest Departments such as leases.	Conservator of Forests.	Full powers to deal with confirmation of sales of lease units exceeding one lakh.	
	Divisional Forest Officer.	Upto and including Rs.One lakh.	
(G.O.Ms.No.851/F&RD (For.I) Dept., dated 12th December, 1978).			
17. Collection of compounding fees.	Forester.	Rs.500/-	
	Deputy Range Officer.	Rs.1,000/-	
(Govt.Memo No.4139/For.II/74-1/F&RD, dated 20th December, 1974).			
18.Collection of Forest Revenue.	Forester.	Upto Rs.500/-	
	Deputy Range Officer.	Upto Rs.1,000/-	
(G.O.Ms.No.875/F&Agrl(For.IV) Dept., dated 30th June, 1971).			
19. Free grant of timber and other forest produce			
a) for the construction of large works of public utility such as buildings, tramways, etc.,	Chief Conservator of Forests.	Rs.5,000/-	
b) In other cases.	Chief Conservator of Forests.	Rs.1,000/-	

	Divisional Forest Officer.	Rs.1,000/- inclusive of village communities up to Rs.250/- to private individuals in each case.
c) To other Departments of the State and Departments of Govt. Of India for experimental purposes free of cost.	Chief Conservator of Forests.	Up to Rs.50/- of value of produce in each case.
(G.O.Ms.No.1809 F&A (For.III)Dept., dated 2nd July, 1965, Section 52 of Forest Dept.Code).		
20. Refund		
a) Refund of any amount relating to an item of Forest revenue.	Chief Conservator of Forests.	Rs.50,000/- p.a.
	Conservator of forests.	Rs.30,000/- p.a.
	Divisional Forest Officer.	Rs.10,000/- p.a.
(G.O.Ms.No.1455 F&A, dated 19th May, 1965, Govt.Memo.No.749 (For.I), dated 8th June, 1965 and G.O.(P) No.703 GA(AR&T.1)Dept., dated 4th December, 1978 and Section 75 of A.P.Forest Dept.Code). Note: The refund may be sanctioned in case it is clear that the Government were not in first instance or have since ceased to be entitled to it. In respect of lease amounts which are not confirmed and wherein part amounts have been collected and are to be refunded as the Government ceased to be entitled to them the above delegation applies.		
b) Refund of grazing fee.	Conservator of Forests.	No limit in respect of grazing fee collected under Forest village system.
	Divisional Forest Officer.	To sanction the refund of face value of an unused permit after the permit has been actually recovered.
21. Remissions of Revenue.	Chief Conservator of Forests.	Rs.3,000/-
	Conservator of Forests.	Upto Rs.250/-.
(Section 75 of A.P.Forest Department Code).		
22. Supply of timbers from Reserve/unreserved forests to religious and charitable institutions at the prevailing market rates calculated at stump site minus extraction charges.	Chief Conservator of Forests.	Above Rs.400/-
	Conservator of Forests.	Rs.400/-
	Divisional Forest Officer.	Rs.200/-

(G.O.Ms.No.1297/F&A Dept.(For.III), dated 29th April, 1965 and G.O.Rt.No.49 Forest and Rural Devl.Dept., For.III, dated 17th January, 1978).		
23. Administrative approval to original work other than residential building and electrical works the cost of which is debitable to the public works grant.	Chief Conservator of Forests.	Rs.20,000/-.
24. Individual works included in forest scheme(approved by Govt.)		
a) Roads and Buildings.	Chief Conservator of Forests.	Rs.3,00,000/-
	Conservator of Forests.	Rs.1,00,000/-
	Divisional Forest Officer.	Rs.50,000/-
b) Other than roads and buildings.	Chief Conservator of Forests.	Full Powers.
	Conservator of Forests.	Rs.3,00,000/-
	Divisional Forest Officer.	Rs.50,000/-
25. Works other than those included in Forest schemes approved by Government.	Chief Conservator of Forests.	Rs.50,000/-
	Conservator of Forests.	Rs.10,000/-
	Divisional Forest Officer.	Rs.5,000/-
(G.O.Ms.No.1455 F&A, dated 19th May, 1965, GO.M.No.749/For.I/65-1, dated 8th June, 1965).		
26. Works expenditure.		
a) Special expenditure.	Divisional Forest Officer	Rs.10,000/-
b) Ordinary expenditure.	Divisional Forest Officer.	Rs.20,000/-.
(G.O.Ms.No.2493 F&A (For.I) Dept., dated 12th December, 1967).		
27. Payment on a single bill.	Range Officer	Rs.15,000/-
	Deputy Range Officer/Forester.	Rs.5,000/-
(G.O.Rt.No.6, dated 11-1-96).		
28. Sale or dismantling of buildings.	Conservator of forests.	Rs.10,000/-
	Divisional Forest Officer.	Rs.5,000/-
(Section 59 of Forest Dept. Code).		
29. Purchase of medicines for veterinary dispensary in Nehru Zoological Park (Subject to Budget Provision).	Conservator of Forests, WLM, Hyderabad.	Not exceeding Rs.500/- in each occasion maximum ceiling of Rs.25,000/- (N.Z.P) Rs.5,000/- (IGZP)

	Curator.	Rs.200/- N.Z.P./IGZP.
(G.O.Ms.No.2671/F&Agrl.(For.III)Dept., dated 9th September, 1966 and G.O.Ms.No.298/F&RD(For.III) Dept., dated 9th March, 1979).		
30. Petty sales. (to confirm sale of forest produce or the property seized in the Forest Offices).	Range Officer.	Rs.50/-
	Deputy Range Officer.	Rs.10/-
(G.O.Ms.No.875 F&A (For.IV), dated 30th June, 1971).		
31. Write off deficits.		
a) Due to drainage or wastage.	Chief Conservator of Forests.	Rs.5,000/-
	Conservator of Forests.	Rs.2,500/-
	Divisional Forest Officer.	Rs.250/-
b) Other than due to drainage or wastage.	Chief Conservator of Forests.	Rs.5,000/-
	Conservator of Forests.	Rs.1,000/-
	Divisional Forest Officer.	Rs.200/-
(G.O.Ms.No.1455 F&A, dated 19th May, 1965 and G.M.No.749/For.I/65-1, dated 8th June, 1965).		
32. Write off in respect of damaged (but not missing) permits with face value.	Chief Conservator of Forests.	Rs.1,000/-
	Conservator of Forests.	Rs.500/-
	Divisional Forest Officer.	Rs.200/-
33. Write off unsaleable produce.	Chief Conservator of Forests.	Rs.1,000/-
	Conservator of Forests.	Rs.500/-
	Divisional Forest Officer.	Rs.200/-
(G.O.Ms.No.1455 F&A, dated 19th May, 1965)		
34. Write off value of the animals and birds in the Nehru Zoological park dead or otherwise lost.	Chief Conservator of Forests.	Rs.8,000/- p.a.
	Ex-Officio Director, Nehru Zoological Park.	Rs.5,000/- p.a.
(G.O.Ms.No.882/F&Agrl(For.III)Dept., dated 23rd August, 1973). Note: The maximum limit of sanction to write off in each case is Rs.1,500/- and Rs.1,000/- respectively. Carcass value alone should be taken into account for the purpose of write off.		

35. To write off unserviceable stores, tools, plants except missing items.	Chief Conservator of Forests.	Rs.1,000/-
	Conservator of Forests.	Rs.500/-
	Divisional Forest Officer.	Rs.200/-
36. Write off unserviceable furniture of book values.	Chief Conservator of Forests.	Rs.1,000/-
	Conservator of Forests.	Rs.500/-
	Divisional Forest Officer.	Rs.200/-

37.Write off irrecoverable value of stores or public money (loss through fraud negligence or other causes and unprofitable outlay on works).	Chief Conservator of Forests.	Rs.5,000/-
	Conservator of Forests	Rs.2,500/-
	Divisional Forest Officer.	Rs.500/-
38. Write off irrecoverable items of departmental revenue. (Forest revenue)	Chief Conservator of Forests.	Rs.2,000/-
	Conservator of Forests.	Rs.1,000/-
	Divisional Forest Officer.	Rs.500/-
39. Write off irrecoverable advances to disbursers for forest works etc.	Chief Conservator of Forests.	Rs.100/- in each case.
(G.O.Ms.No.892, dated 25th April, 1959).		
40. Remission or write off of irrecoverable arrears of loans and advances.	Chief Conservator of Forests.	Rs.1,000/-
	Conservator of Forests.	Rs.200/-
(Item 3 of Section III of Appendix 20 of APFC Vol.II).		
41. Write off losses of public moneys included in cash accounts and stores included in the stock of other accounts (irrecoverable value or stationery articles loss or damaged).	Chief Conservator of Forests.	Rs.5,000/-
	Conservator of Forests.	Rs.1,000/-
(Item 1 of Section A of Appendix 23 A.P.F.C. Vol.II).		
42. Write off in cases other than irrecoverable value of stores or public money.	Chief Conservator of Forests.	Rs.5,000/- in each case.
	Conservator of Forests.	Rs.1,000/-
	Divisional Forest Officer.	Rs.500/-
(G.O.Ms.No.900/F&RD (For.I) Dept., dated 7th October, 1976). **Note:** Separate delegations of financial powers at different levels is sanctioned by Govt. for implementation of departmental collection of Beedi Leaves.		

ANNEXURE TO APPENDIX-IX(c)

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

ESTABLISHMENT – Forest Department – Delegation of certain administrative and financial powers to the Officers and Staff of Forest Department – Enhancement of Powers – Orders – Issued.

ENVIRONMENT, FORESTS SCIENCE & TECHNOLOGY (FOR.IV) DEPARTMENT.

G.O.Rt.No.6 Dated: 11-1-96
Read the following:-

1. G.O.Ms.No.1455, F&A Deptt., dt.19-5-66.
2. G.O.Ms.No.334, F&R.C. (For.I) Deptt., dt.25-4-77.
3. G.O.Ms.No.851, F&R.D.(For.I) Deptt., dt.12-12-78.G.O.Ms.No.95, E&F (For.IV) Deptt., dt.1-3-94.
4. G.O.Ms.No.188, EFS&T (For.IV) Deptt., dt. 9-9-94.
5. G.O.Ms.No.490, G.A.(AR&T-DESK) Deptt., dt.28-9-94.
6. From the Prl.CCF Lr.No.32234/85-A1, dt.31-1-94.

** ** **

ORDER:-

In his letter 7th read above, the Principal Chief Conservator of Forests has reported that the post of F.R.O., then existing in A.P.Forest Sub-ordinate Service were declared as Gazetted vide orders issued in G.O. 5th read above. Action is also being taken by the Prl.Chief Conservator of Forests, Hyderabad for inclusion of the posts of F.R.Os as Gazetted it is desirable to delegate more financial powers to them. Similarly delegation of more financial powers to other Officers of Forest Department are also required as the existing powers were delegated long ago and also inadequate for smooth running of the administration in time with the present trends.

2. Accordingly, the Prl.Chief Conservator of Forests, Hyderabad has submitted proposals for enhancement of the financial powers to the Officers and Staff of Forest Department for smooth running and efficient execution of development works in the Forest Department.

3. After careful examination, Government hereby approve delegation of enhanced financial powers to the Officers and Subordinate Staff of Forest Department as detailed in the annexure to this order.

4. This order issues with the concurrence of Finance & Planning (FW EXP. EFS&T) Department vide their D.O.No.46036/369/A2/F.F.R./95, dt.8-12-1995.

//BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH/

DR C.S.RANGACHARI,
PRINCIPAL SECRETARY TO GOVERNMENT

STATEMENT SHOWING THE ENHANCED FINANCIAL POWERS TO OFFICERS AND SUB-ORDINATE STAFF OF FOREST DEPARTMENT

Sl. No.	Item	Existing powers	Delegation of powers proposed by the Prl.CCF.	Delegation of by the enhanced powers approved by the Government
1.	To enter into contract for Execution of works.	DFO: Rs.50,000 FRO: Rs. 5,000 (GO Ms.No.851, dt.12-12-78)	1,00,000 25,000 Dy.RO: 15,000 Forester: 10,000	1,00,000 25,000 15,000 10,000
2.	To make payment on Single Sill.	FRO : Rs.1,000 Dy.FRO:Rs. 100 Forester:Rs. 100 (Sec.105 of A.P.Forest Code)	15,000 5,000 5,000	15,000 5,000
3.	A.R.Advance amount that can be advanced at a time.	FRO : Rs.10,000 Dy.RO:Rs. 2,000 (Art.257 of A.P.Finance Code Vol.I and A.P.Forest Code Sec.84) Forester:Rs1,000	50,000 10,000	50,000 10,000
4.	Check Measurement of works.	FRO: 100%	100%	100%
5.	Sanctioning Estimates:			
	a) Other estimates for expenditure not relating to Forest Schemes.	CF : 50,000 DFO: 20,000 (GO Ms.No.851 F&RD Dept, dt.12-12-78).	Prl.CCF: No limit CF: 5,00,000 DFO: 3,00,000	No limit 5,00,000 3,00,000
	b) Individual works in a Forest Scheme which has already received Govt. approval.	CF : 3,00,000 DFO: 50,000 (GO.Ms.No.334 F&RD (For.I) Dept.dt.25.4.77).	Prl.CCF: No limit CF : 5,00,000 DFO : 3,00,000 FRO:No delegation	No limit 5,00,000 3,00,000

Dr. C.S.RANGACHARI
PRINCIPAL SECRETARY TO GOVERNMENT.

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Administrative Reforms – Delegation of Financial Powers to Heads of Department, Regional Officers and District Officers and Unit Officers in respect of certain Common items of expenditure – Enhancement of Financial Powers on certain common items of expenditure – Orders – Issued.

FINANCE & PLANNING (FW:ADMN.I.TFR) DEPARTMENT

G.O.Ms.No.148 Dated: 21-10-2000
Read the following:

1. G.O.(P) No. 703, Genl. Admn. (AR&T.I) Dept, dt.4-12-1978.
2. G.O.Ms.No.215 Fin.& Plg. (FW.A&L) Dept., dt.14-9-1983.
3. G.O.Ms.No.102, Genl. Admn. (AR&T.I) Dept., dt.24-2-1986.
4. G.O.Ms.No.490, Genl. Admn.(AR&T Desk) Dept., dt.28-9-1994.
5. G.O.Ms.No.389, Genl.Admn.(AR&T.I.) Dept., dt.4-9-1996.
6. G.O.Ms.No.100, Genl.Admn.(AR&T.I.)Dept., dt.18-3-2000.

-oOo-

ORDER:

Orders were issued in the Government Order 6th read above, constituting a Committee consisting of Special Chief Secretary & Chief Commissioner, Land Administration as Chairman and Secretary to Government (Coord.), General Administration Department as Convener, Prl.Secretary to Government, Revenue Department, Prl.Secretary to Government, Finance & Planning (FW) Department and Prl.Secretary to Government, Panchayat Raj & Rural Department (RD) Department as Members to examine and to suggest further enhancement of delegation of Financial Powers. The said Committee has considered the existing Financial Powers as contained in the Government Orders 1st, 2nd & 5th read above in respect of some common items of expenditure to Departments of Secretariat, Heads of Departments, Regional Officers and District Officers and Unit Officers and made certain recommendations.

2. Government after careful consideration of the recommendations of the Committee for enhancement of the existing Financial Powers on certain common items of expenditure, have agreed to the recommendations of the Committee.

3. Government have accordingly, in pursuance of the decision taken in para 2 above and in modification of the orders issued in the Government Orders 1st, 2nd & 5th read above, fix the revised monetary ceiling limits of Financial Powers to be exercised by each authority as detailed in the Annexure to this order, subject to the following conditions:-

1. The above delegation of financial powers are subject to availability of Budget provision.
2. Where already higher powers are delegated on certain common items of expenditure, such higher provision will continue.

3. Where higher powers are not delegated on certain common items of expenditure now, the existing powers delegated earlier will continue.
4. Eligibility of the expenditure will be determined as per the existing guidelines & orders in force.

4. The Departments of Secretariat/Heads of Departments and the District Collectors are requested to communicate these orders to the Regional Officers, District/Unit Officers and other Sub-Ordinate Officers under their administrative control for taking necessary action.

5. No. separate concurrence of the Finance & Planning (FW) Department is required to exercise the enhanced financial powers as stated in para (3) above, while issuing proceedings, this should be invariably mentioned by the concerned authority by quoting this G.O.

6. This order comes into force with immediate effect.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

S.K.ARORA
PRINCIPAL SECRETARY TO GOVERNMENT

To
All Departments of Secretariat.

GOVERNMENT OF ANDHRA PRADESH
Forest Department

Ref.No.39920/99/H1 Office of the Prl.Chief Conservator of Forests, Andhra Pradesh, Hyderabad. Dated: 5-12-2000

Sri S.D.Mukherji, IFS.,
Prl.Chief Conservator of Forests.

Communicated.

Sd/-
For Prl.Chief Conservator of Forests.

Sl. No	Item of Expenditure	Ceiling Limits for Secretariat Deptts./ Heads of Deptt./ Dist.Collectors.	Ceiling limits for Regional Officers.	Ceiling limit for District (other than Collectors) Unit Officer DFO
1.	Maintenance of Motor Vehicles:-			
	(a) Light Vehicles	Full powers subject to guidelines vide G.O.Ms.No.333 G.A.(OP-II) Deptt.Dt.31-7-1997	20,000 per vehicle	20,000 per vehicle.
	(b) Heavy Vehicles	Full powers subject to guidelines vide G.O.Ms.No.333 G.A.(OP-II) Dept.Dt.31-7-1997	40,000 per vehicle	40,000 per vehicle.
2.	Purchase of Stationery	Full powers	Full powers.	Full powers.
3.	Purchase of Steel & wooden Furniture:			
	(a) Purchase of Furniture	Full powers.	50,000	10,000
	(b) Repairs to furniture.	Full powers.	5,000	5,000
4.	Rent for Office Building.	Full powers according to plinth area values and rent assessment by R&B Deptt. (Subject to following the instructions issued in G.O.Ms.No.35 Fin.& Plg.(FW.EBS.PWD) Dept. Dt.27-2-1997 read with Memo No.127/R&E/97, dt.9-6-97.	Full powers according to plinth area values and rent assessment by R&B Deptt. (Subject to following the instructions issued in G.O.Ms.No.35 Fin.& Plg. (FW.EBS.PWD) Dept., dt.27-2-1997 read with Memo No.127/R&E/97, Dt.9-6-97.	Full powers according to plinth area values and rent assessment by R&B Deptt. (Subject to following the instructions issued in G.O.Ms.No.35 Fin.& Plg.(FW.EBS.PWD) Dept. Dt.27-2-1997 read with Memo No.127/R&E/97, dt.9-6-7.
5.	Purchase of Bulbs & Lamps.	Full Powers.	10,000	-
6.	Light Refreshments.	Rs.300/- at a time not exceeding Rs.2,000/- per month.	200/- per month.	200/- p.m.
7.	Repairs to Type	Full powers.	Full powers.	Full powers.

	Writers.			
8.	Condemnation of Vehicles.	Full powers subject to technical scrutiny by Public Works Deptt. Or Area Transport Officer.	Full powers subject to technical scrutiny by Public Works Deptt. Or Area Transport Officer.	Full powers subject to technical scrutiny by Public Works Deptt., Or Area Transport Officer.
9.	Repairs to Duplicators.	Full powers.	Full powers.	Full powers.
10.	Organisation of Sports and Games.	50,000	10,000	10,000
11.	Electrical Installation:			
	For additional improvements and alterations to the existing electrical installations for each building and apartments in the compound.	Full powers.	5,000	5,000
	Improvements, alterations and new installations to new building.	1,00,000	50,000	50,000
12.	Printing Locally without referring to Govt. Press.	Full powers.	Full powers.	Full powers.
13.	Visits of High Personnel.	Rs.5,000/- on each occasion subject to a ceiling of Rs.50,000/-.	No limit on occasion not exceeding 5,000 p.a.	No limit on occasion not exceeding 5,000 p.a.
14.	Purchase of Non-Govt. Publications relevant to Law and Administrative Management.	Full powers.	5,000	5,000
15.	Crockery, Cutlery & Utensils (initial purchases).	5,000	1,000	1,000
16.	Printing and Binding.	Full powers.	Full powers.	Full powers.
17.	Purchase of wall clocks not exceeding one	1,000	500	500

	piece for each unit office at a cost not exceeding			
18.	Purchase of Fans.	Full powers.	Full powers.	Full powers.
19.	Write Off of various kinds.	Full powers.	Full powes.	Full powers.
20.	Air coolers.	Full powers.	Full powers.	Full powers.
21.	Drawal of amounts on Abstract Contingent Bills.	10,000	-	-
22.	Photographic Charges.	-	-	1,000
23.	Freight Charges.	Full powers.	Full powers subject to eligibility.	Full powers subject to eligibility.
24.	Apparatus, instruments and Machinery.	Full powers.	Full powers.	Full powers.
25.	Purchase of Stores.	Full powers.	-	-
26.	Legal costs.	Full powers.	Full powers.	Full powers.
27.	Expenditure on exhibitions.	Full powers.	-	-
28.	Maintenance of Residential and non-residential buildings of Prisons Department.	Full powers.	-	-
29.	Petrol, Oil Lubricants.	Full powers.	Full powers.	Full powers.
30.	Maintenance of Computers.	Full powers (through APTS or original manufacturer).	Full powers (through APTS or original manufacturer)	Full powers (through APTS or original manufacturer)
31.	Maintenance of Xerox Machine.	Full powers.	Full powers.	Full powers.
32.	Maintenance of Fax Machine.	Full powers.	Full powers.	Full powers.
33.	Purchase of Computer/Fax Machine Stationery (Printer ribbons, Heads, Cartridges, Floppies, CDs and Tapes, etc.,)	Full powers.	Full powers.	Full powers.

34.	Air Cooler Repairs.	Full powers.	Full powers.	-
35.	Supply of Uniform Cloth to Class IV Employees.	Full powers.	Full powers.	Full powers.
36.	Telephone for connectivity purposes.	Full powers.	Full powers.	Full powers.
37.	Internet Service Charges.	Full powers.	1000	1000
38.	Refreshments expenditure on visits of officials from other States.	Full powers.	1000	500
39.	Purchase of Batteries.	Full powers.	Full powers.	Full powers.
40.	Pest Control Measures, Fire Alarm and Fire Extinguisher maintenance.	Full powers.	Full powers.	Full powers.
41.	Electrical & Net working works relating to computer, Air Conditioner and UPS equipment.	Full powers.	Full powers.	Full powers.
42.	Courier charges.	Full powers.	Full powers.	Full powers.
43.	Supply of Uniform Cloth for junior Forest Officers.	Full powers.	-	-

APPENDIX-X

(Referred to in Para 3.16)

C.A.G's General Cir.No.20/1987.No.375-AC II/251-84, dated 14th April, 1987.

Sub:- Important Checks to be exercised in Accounts/ Audit Officers on Cash Accounts and Various other schedules received with monthly accounts of Forest Divisions.

Sir,

The question of prescribing precise duties in connection with the checks to be applied on the monthly accounts of the Forest Divisions by the Accountant General (A&E) and by the A.G.(Audit) in the context of restructuring of cadres in the Department, has been under consideration of this Office for some time past in consultation with selected Accountants General.

After careful examination of all the issues, it has been decided that the checks including the preliminary checks on the Monthly Cash Accounts etc., of the Forest Divisions, which are to be exercised by the Accountants General (A&E) and Accountant General(Audit) respectively will be as detailed in the Annexure.

The Accountants General (A&E) and Accountants General (Audit) are requested to implement these with immediate effect. It is, however, mentioned that the Accountants General (A&E) and the Accountants General(Audit) are empowered to add any other check/checks which they may like to exercise on the accounts/documents taking into account the provisions in the codes/manuals of the State Government and other local conditions.

Please acknowledge receipt,

Hindi version will follow.

Yours faithfully,
Sd/-
(G.S.GARC)
Administrative Officer(A.C.II)

Annexure to Appendix-X

STATEMENT SHOWING IMPORTANT CHECKS TO BE EXERCISED IN AUDIT OFFICES ON MONTHLY CASH ACCOUNTS AND VARIOUS SCHEDULES ATTACHED THERETO.

The distribution of checks prescribed for preliminary checks of Divisional Cash Accounts and Schedules and detailed checks relating thereto in AG(Audit) Offices are as under:

Form FA 1 Cash Book/Cash Account:

(i) To check the certificate as recorded on the monthly cash Account vide Art.289 of Account Code Vol.III to see (a) that cash recoveries of service payments have not been shown in the Cash Account as separate items, (b) that refunds of forest revenue have been taken by deduction from revenue in the Cash Account and (c) that the receipts and recoveries on capital account have been deducted from expenditure from the capital outlay on Forests in the Cash Account.

(ii) To see that it (F.A-1) shows merely the totals of the month in respect of the items enumerated under Art.282(a) Debtor Side and Art.282(b) Creditor Side of Account Code Vol.III and that all other items (other than mentioned under Art.282(a) and (b) of Account Code Vol.III) of receipts and charges are entered in detail in the said accounts.

(iii) To see that charges have been incurred with reference to sanctions and allotments therefor and advances and recoverable payments are covered by proper authority.

(iv) To record pass order on the Monthly Cash Accounts.

F.A.5: Classified Abstract of Revenue and Expenditure:

(i) That sufficient details have been given in column 8 to enable the charges at once to be understood and checked.

(ii) That the authority for charges lying outside the powers of sanction of the officer submitting the accounts is quoted invariably in the remarks columns.

(iii) That wherever expenditure on any work is spread over two or more months, the quoted previous expenditure on such work is noted in the 'Remarks' column.

F.A.7:Schedule of Transactions with over Governments and Railways:

As regards accounts for March all correcting entries affecting schedules of transactions with other Governments and Railways (under Art.285 of Account Code Vol.III) received in the A.G.Office upto 12th April at the latest have been given effect to.

F.A.8: Abstract of entries in the contractors and Disbursers Ledger:

i) The Abstract for March in each year has accompanied by a brief statement explaining the circumstances in which each items

outstanding for more than 12 months remains unadjusted and the steps which have been taken with a view to its early clearance.

ii) The closing balance should be reviewed for check that the relevant rules and orders governing their clearance are observed.

iii) Outstanding balances which are not cleared within a reasonable period should form the subject of special enquiry.

iv) When the balances due as exhibited in column 12 and 13 is made up of more than one item the details of the items making up the balance is given by the Divisional Officer in the Column for remarks.

APPENDIX XI

(Referred to in Note(1) below Para 3.24)

Progress report on the supply of vouchers for central audit

(for the month/ quarter ended _____)

Sl. No.	Name of the Group	Month upto which requisitions for vouchers have been sent to A&E office	Month up to which vouchers have been made available for central audit	Months for which vouchers are wanting	Arrears in central audit on account of wanting vouchers	Action taken for prompt supply of vouchers for central audit by the A&E office
(1)	(2)	(3)	(4)	(5)	(6)	(7)

APPENDIX – XII

(Referred to para 3.25)

REGISTER OF PROGRAMME OF AUDIT

1. Name of the Division

2. Receipt of Account

    i) Date of requisition

    ii) Actual date of receipt

3. Audit by Auditor

    i) Selection of vouchers for audit

        a) due date

        b) actual date

    ii) completion of audit

        a) due date

        b) actual date

4. Review by AAO/SO

        a) due date

        b) actual date

5. Initials of the Auditor

6. Date of issue of Audit Note.

AAO/SO/Supr. **Sr.AO/AO**

APPENDIX XIII

(Referred to in paragraph 3.31)

Certificate to be recorded by the Auditor

1. Certified that the vouchers selected for audit have been audited and in respect of other vouchers not marked for audit prescribed checks have been exercised.
2. The objections with monetary value have been registered in the **O.B.** and the balance totalled and progressive totals brought upto date.

Signature of Sr.Auditor /Auditor

Certificate to be given by Asst.Audit Officer/Section Officer/Supervisor

Certified that all the accounts allocated to the section have been audited in accordance with the rules and audit notes have been issued.

Certified that I have fully reviewed all the vouchers which are marked for review and entered in column (4) of the Selection Register and generally examined are other vouchers (whether audited or not) in order to see that there is nothing irregular or peculiar on the face of them. Certified that I have checked classification of all vouchers for amounts exceeding Rs.5000 each.

Signature of AAO/ SO/ Supervisor/ Section

APPENDIX XIV

(Referred to in Para 3.36)

Audit checks to be exercised on compiled accounts in A.G.(A&E) Office

(a)	**Monthly checks** **Check of classification**	**a) Periodicity** **b) Section concerned**
(i)	to see that full classification as per 'Budget' has been recorded; where any amount is provisionally classified under 'Other receipts/Other expenditure' on the basis of insufficient/incomplete classification, proper follow up action has been taken to get the particulars from the D.D.Os.	The check will be carried out as per provisions in Paras 2.3.2 of MSO (Audit)and Para 11 of Secret Memo of Instructions; Para 2.4 read with Annexure 2.4.1 of MICA.
(ii)	the classification of 'Loans' should receive special attention to see that all the repayments have booked properly	Departmental Compilation Section.
(b)	**Broadsheet of D.A.A. Suspense** -to ensure that all the transactions which are required to be accounted for have been accounted for.	331/3 per cent of the Broadsheets maintained every month. Departmental Compilation Section.
	-items in respect of vouchers actually received but not compiled are not transferred to 'O.B. Suspense'.	
	-all 'Suspense slips have been received from various sections and incorporated in the accounts.	
	-all 'Suspense slips' which were to be issued had actually been issued.	
(c)	**Register of O.B. Suspense**	
	-to see that in cases of wanting vouchers, proper and timely follow up action had been taken to obtain the wanting documents, wanting vouchers subsequently received were duly accounted for.	331/3 per cent of the Registers maintained every month.

APPENDIX –XV

(Referred to in para 5.2)

Audit Plan for the year _____

Wing _____

(Viz., Civil, Central Receipt (DT), Central Receipt (INDT), State Comml. Etc.)

Local Audit

Name of Wing	**Total No. of auditee units**					**Party days available**	**No. of units planned for audit during the years**					**Party days proposed to be utilised**
	A	**B**	**T**	**Q**	**Total**		**A**	**B**	**T**	**Q**	**Total**	
Total:												

* No. of units audited up to 31st Dec in the previous year plus those likely to be completed by March may be shown in brackets below the current year figures.

Note: No. of units relating to Civil (Central), Civil (State), Public Works, Forest and Autonomous Bodies (Civil and State) may be distinctly shown.

Distribution of men-in-position

as on 31st January_____

Wing	Sanctioned Strength			Men-in-Position		
	Sr.AOs AOs	AAOs SOs	Sr.Ars. Auditors	Sr.AOs AOs	AAOs SOs	Sr.Ars. Auditors
Admn.						
Central Audit						
OAD (Civil) HQs Field Parties						
Revenue Audit: Central (DT) HQs Field Parties						
C.A.Central (INDT) **HQs** Field Parties.						
State Receipt Audit						
Commercial Audit						
Appn Report & ECPA						
Others (to be specified)						
Total:						

A. Deployment of parties for Civil Audit:

(i) Audit under Sections

	13, 16 & 17	14/15	19	20	Others
Civil					
Public Works					
Forest					
Others (to be specified)					
Party days proposed to be utilised.					

(ii) Draft Paragraphs:

Wing	No. of DPs targeted for the current year	No. of DPs approved in previous year
Civil		
Public Works		
Forest		
Others (to be specified)		

(iii) Reviews:

Wing	No. of Reviews *		Party days proposed to be utilised
	All India	State	
Civil			
Public Works			
Forest			
Others (to be specified)			

- Details may be given in Annexure.

B. Deployment of parties for Revenue Audit:

	Party days available	No. of Parties.
(i) Central Receipt Audit		
(a) Income Tax		
(b) Central Excise		
(ii) Custom Receipt Audit		
(iii) State Receipt Audit		
(a) Sales Tax		
(b) Other than Sales Tax		
(c) Non Tax Revenue		
(iv) Reviews.		

C. Deployment of staff for Commercial Audit:

	Party days available	No. of Parties.
(i) State Electricity Board		
(ii) State Road Transport Corp.		
(iii)Govt.Companies (a) Accounts Audit (b) Transaction audit		
(iv) Reviews		

D. Financial Profile:

Name of the department*	Budgeted Figure		State level		Dist. Level		Field Level	
	Expdr. (in lacs)	Receipts (in lacs)	No. of Offices	Party days	No. of Offices	Party days	No. of Offices	Party days

*(viz., Education, Health, Hospital, Jail, Irrigation, Public Works, etc.)

Central Audit	Sanctioned Strength	Men-in-Position
CAPs		
CASS		

(a) Audit of Units/Vouchers:

Wing	Sanctioned Strength	Men-in-Position
Civil		
Works		
Forest		
Others (to be specified)		
Relaxation in quantum of audit considered, if any		

(b) Check of Monthly Accounts:

Group	Whether current or in arrears (If in arrears state months which are in arrears)	Taget date of completion
Civil		
Public Works		
Forest		
Others (to be specified)		

Targets for the year

Wing _____

Sl. No.	Item of Work.	Arrears as on 31st March (in terms of man days or otherwise, if any)	Target fixed for clearance during the financial years.
1	**2**	**3**	**4**
1.	Internal arrears*		
2.	External arrears*		
3.	Total No. of outstanding objections and paras of IRs (Age-wise break-up may be given in Annexure-I)		
4.	Obtaining vouchers/accounts from AG(A&E) for central audit.		
5.	Audit of Finance & Appropriation Accounts.		
6.	Issue of audit certificates in respect of World Bank/Externally aided projects.		
7.	Issue of Separate Audit Reports in respect of Autonomous Bodies. **Central:** **State:**		
8.	Certification and issue of audit certificates in r/o 1. Centrally sponsored schemes. 2. Central Plan Schemes. 3. State Plan Schemes.		
9.	No. of units planned for audit but not audited. (i) Civil		

	(ii) Works (iii) Forest (iv) Departmental Comml. Undertakings, Govt.Cos. and Corporations etc. (v) Receipt Audit (Branch may be specified)		

10.	Material for conventional Audit Report. (a) Civil (b) Union Govt: Other Autonomous Bodies. (c) Others(to be specified)		
	(i) Submission of Review to HQs Office. (a) (b) (c)		
	(ii) Submission of draft paras to Headquarters Office. (a) (b) (c)		
	(iii) Printing of Audit Reports. (a) (b) (c)		
11.	O&M (i) (ii)		
12.	Training		
13.	EDP		
14.	Administration (i) Recruitment of Personnel. (ii) Promotion. (iii) Gradation List. (iv) Confirmation of Officials. (v) Declaration of Quasi- Permanency (vi) Disciplinary cases. (vii) Finalisation of pension cases and payment of retirement benefits		
15.	Special items.		
16.	Other items.		

- **The arrears should be for the entire Office.**

$ Where a time schedule is already prescribed by HQs, it may be stated that the same will be adhered to.

REPORT ON THE ACHIEVEMENTS OF TARGETS FOR THE YEAR
Wing _____

Sl. No.	Items of Work	Arrears as on 31st March in terms of mandays or otherwise, if any.	The time schedule prescribed by HQs for completion of this work and or targets fixed for clearance of arrears during the year.	Clearance of arrears made during the year.	Arrears in terms of mandays or otherwise as on 31st March.			Whether the prescribed schedule was adhered to and the targets fixed were achieved. If not, reasons therefor.
					Balance which could not be cleared during the year	Addition during the year i.e., current work which has gone into arrears	Total	
1	**2**	**3**	**4**	**5**	**6(a)**	**6(b)**	**6(c)**	**7**
1.	Internal arrears.							
2.	External arrears.							
3.	Total No. of outstanding objections and paras of IRs (Age-wise break-up may be given in Annexure II)							
4.	Obtaining vouchers/ accounts from AG(A&E) for central audit.							
5.	Audit of Finance & Appropriation Accounts.							
6.	Issue of audit certificates in respect of World Bank/ Externally aided projects (addl. Information to be filled in Annexure III)							
7.	Issue of Separate Audit Reports in respect of							

	Autonomous Bodies.							
8.	Certification and issue of audit certificates in r/o 1. Centrally sponsored schemes. 2. Central Plan Schemes. 3. State Plan Schemes.							
9.	No. of units planned for audit but not completed. (i) Civil (ii) Works (iii) Forest (iv) Departmental Commercial Undertakings, Govt. Companies and Corporations etc. (v) Receipt (Audit) (Branch to be specified)							
10.	Material for conventional Audit Report. (a) Civil. (b) Union Govt: Other Autonomous Bodies. (c) Others (to be specified)							
	(i) Submission of Review to HQs Office. (a) (b) (c)							
	(ii) Submission of draft paras to Head-quarters Office. (a) (b) (c)							
	(iii) Printing of Audit Reports.							

	(a) (b) (c)							
11.	O&M (i) Revision of Manuals. (ii) Old Records Management.							
12.	Training.							
13.	EDP							
14.	Administration (i) Recruitment of Personnel. (ii) Promotion. (iii) Gradation List. (iv) Confirmation of Officials. (v) Declaration of Quasi-Permanency. (vi) Disciplinary cases. (vii)Finalisation of pension cases and payment of retirement benefits.							
15.	Special Items.							
16.	Other Items.							

Annexure I

(Referred to item 3 of Targets)

	As on 31st March	
	Number of OB items	**No. of paras.**
(a) More than one year		
(b) More than two years		
(c) More than three years		

Annexure II

(Refer to item 3 of Achievements)

No. of outstanding objections and paras of Inspection Reports.

	No. as on 31st March		**Clearance during the year.**		**Addition during the year.**		**Closing Balance as on 31st March**	
	OB items	**Paras**	**OB items**	**Paras**	**OB items**	**Paras**	**OB items**	**Paras**
(a) More than one year.								
(b) More than two years.								
(c) More than five years.								

Annexure III

(Refer to item 6 of Achievements)

Name of World Bank/ Externally aided Projects.	**Due date of certification of accounts.**	**Whether Accounts certified by due date.**	**Reason for delay in certification.**
1	**2**	**3**	**4**

APPENDIX – XVI

(Referred in Para 5.2)

PROFORMA – I

No. of units auditable during the year	No. of units planned for audit	No. of units auditable during the quarter	No. of units audited during the quarter	No. of units auditable locally during the quarter but not selected for audit	No.of IRs issued during the quarter	No.of Pt.II (major) paras in the IRs issued during the quarter	No. of Pt.III (minor) paras in the IRs issued during the quarter (for final action by auditee and his superior)	No. of IRs pending settlement as at the end of the quarter	No. of Pt.II Paras in the IRs pending settlement as at the end of the quarter
1	2	3	4	5	6	7	8	9	10

APPENDIX – XVII

(Referred in Para 5.2)

PROFORMA– II

No. of vouchers audited during the quarter	No. of vouchers pending for audit at the end of the quarter	No. of divisional accounts audited during the quarter	No. of divisional accounts pending for audit at the end of the quarter	No. of other records audited during the quarter	No. of audit notes issued during the quarter	No. of audit notes settled (Cumulative)	No. of audit notes pending (Cumulative)
1	2	3	4	5	6	7	8

APPENDIX – XVIII

(Referred in Para 5.7)

Register to Watch Despatch of Documents, etc.,

Sl. No	Year	Name of the Division	Period of Inspection	Range selected	Months selected for DC/AA	No.& date of despatch to the Local audit Party.	Date of receipt from the Local audit Party.
1	2	3	4	5	6	7	8

APPENDIX XIX

(Referred to in Para 5.52)

FOREST AUDIT
MODIFIED CODE NUMBERS OF AUDIT OBSERVATIONS

SUBJECT CODE	DESCRIPTION
100	Establishment
101	Drawal without Sanction
102	Pay Fixation/Additions
103	Compensatory Allowances
104	Travelling Allowances
105	Leave Salary
106	Loans and Advances
107	Surplus Staff
108	Estt. Other Irregularities
110	Estimation
111	Incorrect Provisions/Rates
112	Admn. Sanction Wanting
113	Revision of Estimates
114	Excess over Estimates
115	Expenditure without Estimates
120	Tenders/Agreements

121	Tender Calls
122	Acceptance of Tenders
123	Defects/Deviations in Agreements
124	Nominations
125	Supplemental Agreements
126	Termination of Agreements
127	Tenders/Agreements and other Irregularities
130	Execution of Civil Works
131	Unauthorised Aid
132	Excess/Recoverable payments from Contracts
133	Avoidable Payments
134	Infructuous payments
135	Civil Works other Irregularities
140	Nurseries and Plantations
141	Advance Operations.
142	Maintenance of Plantations/Nurseries
143	Plantation Journal/Nursery Journal
144	Purchase of Polythene granules/bags/root Trainers
145	Purchase of other Materials
146	Plantation Failures
147	Compensatory Afforestation
150	Forest Revenue

151	Auctions
152	Short demand of Royalty
153	Short demand in sale of Timber
154	Irregularities in Department Extraction
155	Short Demand in Beedi Leaves
156	Extra Expenditure on Beedi Leave collection.
157	Short demand in collection of Lease rents
158	Short demand in collection of other Forest produce
159	Short demand in collection of compounding fee
160	Short collection of Sales Tax
161	Short collection of Zoo Parks
162	Forest Offence Cases
163	Misappropriation of departmental receipts
164	Arrears of Revenue
200	Cash Accounts
201	Irregularities in Maintenance of Cash Accounts
202	Securities
203	AR Advances
204	Reconciliation of CTIs/CTRs
210	Budgetary Control
211	Funds-Advances drawal
212	Substantial savings

213	Rush of Expenditure
214	Contingency Fund
215	Budget other Irregularities
220	Miscellaneous
221	Shortages, losses awaiting regularisation
222	Disposal of unserviceable articles.
223	Vehicles- Purchase and maintenance
224	Inspection of Departmental Offices
225	Arrears in initial accounts.
226	Documents not produced
227	Other Misc. Irregularities

APPENDIX – XXI

(Referred to in Para 5.50)

Register to Watch Receipt/Issue of Inspection Reports

Sl. No.	Name of Office Inspected	Names of Inspecting Officers and Staff	Month up to which the account is now audited	Dates of audit		Due date for receipt of draft report from the IO	Particulars of reminders issued in case of non-receipt of IR by due date	Date of receipt of draft report	Date of submission to AO/ DAG	Date of Approval	Date on which sent for type	Date of return from Type	Reference to progress register	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

APPENDIX -XXII

FORMAT 'A'

(Referred to in Para 6.6)

DATA ENTRY SHEET

Software Packages (Works)

1) AU01 - Audit Planning
2) AU02 - Profile of Auditees
3) AU04 - IR Monitoring
4) AU06 - Monitoring Recoveries at the instance of Audit

FOREST COORDINATION SECTION	
I. IR Main MST 1.DBF	**II. IR Main MST 2.DBF**
1. DEP CODE	1. DAYS ALLOTTED
2. DEP NAME	2. SCHEDULE OF COMMENCEMENT
3. OFFICE CODE	3. DATE OF COMMENCEMENT
4. ADDRESS	4. DATE OF COMPLETION
5. DDO	5. IR – APPROVAL DATE
6. SOURCE OF DRAWAL♣	6. IR-TO-TYPE
7. DISTRICT CODE	7. IR-FR-TYPE
8. PERIODICITY	8. IR-ISSUED
9. LAST INSPECTION	9. IR-NO.
A. MONTH AND YEAR	10. IR-YEAR♥
B. NO. OF WORKING DAYS	11. REF-NO.
C. EXPENDITURE♦	12. IR-SUB♠
D. LAR NO.	13. IR-PERIOD*

♣ Source of drawal : Treasury/PAO/Divl.Accountant
♥ IR Year : Indicate year of issue – eg; 1998 for 98-99
♦ Expenditure : indicate in lakhs of Rupees
♠ IR Subject : Local audit report / Special report.
*** IR Period : Period of accounts covered by audit. Eg: 04/97-03/98**

	14. STATUS
10. PARTY DAYS	
11. DPC SECTION	
12. SECTION CODE	

FCS:

III. PROFILE OF AUDITEES (CURRENT ENTRY):

1. IR MONTH.
2. NO. OF WORKING DAYS.
3. EXPENDITURE
4. LAR NO.

IV. INSPECTION PARTY & FCS:

MST 3 DBF

PARA NO.	PARA SUBJECT	SUBJECT CODE	MONEY VALUE	PDP INDICATOR↔
1	2	3	4	5

V. MVOPD: (MONEY VALUE OBJECTED PARA DETAILS)

PARA NO.	PART	SUBJECT	MONEY VALUE OBJECTED	A/C YEAR→
1	2	3	4	5

VI. INSPECTION PARTY & FCS:

MST 3 DBF (SETTLEMENT OF OLD PARAGRAPHS)						
Dep. Code/ Office Code	Name Of Office	IR Year	IR No.	Para No.	Closed	Date Closed←
1	2	3	4	5	6	7

VII. RECOVERY AT THE INSTANCE OF AUDIT:

DEP CODE OFFICE CODE	NAME OF OFFICE	IR YEAR	IR NO.	PARA NO.	SUBJECT	MONEY VALUE OBJECTED	ALREADY RECOVERED	RECOVERED NOW	MONTH/ YEAR	TOTAL RECOVERED	BALANCE
1	2	3	4	5	6	7	8	9	10	11	12

↔ **PDP Indicator** - **Yes/No**

→ **A/C Year** - **Indicate the financial year to which the objected money value relates**

← **Date closed** - **indicate the date of settlement of the para**

SR. A.O/FIP **SR. A.O/FCS** **DAG**

FORMAT 'B'

FOREST AUDIT SECTON

Data entry for paras settled during the month of

I. MST.3 DBF (Settlement of old Paragraph).

Dep.Code Office code	Name Of Office	IR Year	IR No.	Para No.	Closed	Date Closed
1	2	3	4	5	6	7

II. RECOVERY AT THE INSTANCE OF AUDIT:

Dep Office Code Code	Name Office Of	IR Year	IRNo.	Para No.	Subject	Money Value Objected	Already Recovered	Recovered Now	Month/ Year	Total Recovered	Balance
1	2	3	4	5	6	7	8	9	10	11	12

FORMAT 'C'

PARAS OUTSTANDING IN PREVIOUS INSPECTION REPORTS:

DEP. CODE/ OFFICE CODE	NAME OF OFFICE	IR YEAR	IR NO.	Para No.	Subject Code	Subject	Money Value
1	2	3	4	5	6	7	8

APPENDIX -XXIII
(Referred to in para 7.10)

STATEMENT SHOWING
THE INSPECTION REPORTS/PARAS
TOGETHER WITH MONEY VALUE OF OBJECTIONS
PENDING OVER SIX MONTHS AS ON……..

(Forest Receipts)

	Opening Balance	Additions	Clearances	Closing Balance	No. of items		Arrears in Manday		Remarks
					This Report	Previous Report	This Report	Previous Report	
No. of Inspection reports									
No. of paras									
Amount									

Details of Closing Balance			
Year	IRs	Paras	Amounts

Total			

APPENDIX XXIV

(Referred to in Para 7.10)

QUARTERLY PROGRESS REPORT

(Due to C.A.G's Office by August, November, February and May in respect of quarter ending June, September, December and March)

Quarterly progress report relating to State Receipt Audit for the Quarter ending in respect of receipts

(Nature of receipt - Forest)

1. (a) Total Number of offices/units to be audited during the year (including arrears brought forward from the previous year)

Total number of offices/ units for audit									
Programmed	Selected for audit	Brought forwarded from previous quarter	Total	Audited during the quarter out of total (col.4)	Reasons for not auditing the audit at previous column (col.5)	Audited to end of previous quarter	Audited during this quarter	Audited to end of this quarter	Balance remained to end of this quarter
1	2	3	4	5	6	7	8	9	10

2.(a) Year wise number and revenue involved in assessment cases which could not be audited due to non-production of records by the offices/ units audited for other reason.

Year in which it was to be audited and earlier years	No. of assessment cases or equivalent record not audited	estimated amount of revenue involved in assessment.

(b) With reference to (a) indicate whether draft paragraph have been issued.

(i)	In respect of records not made available to audit in 3 successive audits despite requisition to audited offices	Forest receipt audit reports are being received by .F.R.A (SRA Hqrs) direct from field

(ii)	Where percentage of requisitioned records not made available has been exceeded 10 percent for 3 years running.	parties hence Forest Coordination Section could not supply this information.

3. No.of Local Audit Reports

Number of local audit reports to be issued running total from the beginning year i.e., April up to the end of the quarter	**Number of local audit reports issued**	**Number of local audit reports to be issued**				**Reasons as to why the local audits reports could not be issued within one month and steps taken to expedite the work**
		3 months old	**2 months old**	**one month old**	**less than one month**	
1	**2**	**3**	**4**	**5**	**6**	**7**

4. Outstanding objections (all types progressive total)

Reported up to end of the previous year.		**Reported during the quarter**	**Clearance during the quarter**	**Closing balance***
Number of objections	**Amount in lakhs.**			

* (giving below also year wise break up for current year and for each of last four years of all other previous years together)

5. Number of objections
(with a tax effect of Rs.10,000/- and above i.e., potential draft paras)
Amount of revenue involved

Opening for the quarter	**Additions during the quarter**	**Total of (i) and (ii)**	**Number of draft paras actually sent to CAG's offices during the quarter.**	**Closing**	**Number of objections dropped on the basis of replies received from the department or on verification of facts in audit**	**closing balance**	**Nature of objection and amount of under assessment of potential draft para cases still to be converted into draft paragraphs**	
							Sl.No	**Nature of objection in potential draft**
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**

6. Name of revenue Audit manuals in use of office and years of their issue. i.e., Forest Audit Manual.

APPENDIX-XXV

(Referred to in Para 7.10)

Annual Report on staff position and training programme in Receipt Audit on sanctioned strength

No.of parties	Field				Hqrs				Total				No.of persons actually deployed				Difference between 4 & 5				Reasons for difference			
	Ars	SOs	AAOs	AOs	Ars	SOs	AAOs	Aos	Ars	SOs	AAOs	AOs	Ars	SOs	AAOs	AOs	Ars	SOs	AAOs	AOs	Ars	SOs	AAOs	AOs
1	2				3				4				5				6				7			

Training Programme

Sanctioned strength				Total.No. of persons to be trained out of sanctioned strength				Total. No. of.parties trained at the beginning of the year including those deemed to have been trained				No. of persons trained during the year including those deemed to have been trained				Total No. of trained persons				No.of trained persons available				No.of untrained persons actually deployed			
Ars	SOs	AAOs	AOs	Ars	SOs	AAOs	AOs	Ars	SOs	AAOs	AOs	Ars	SOs	AAOs	AOs	Ars	SOs	AAOs	AOs	Ars	SOs	AAOs	AOs	Ars	SOs	AAOs	AOs
1				2				3				4				5				6				7			

APPENDIX-XXVI

(Referred to in para 7.10)

**LIST OF OBJECTIONS
OF Rs.10,000/- AND ABOVE SETTLED/
PENDING FOR OVER 2 YEARS**

Sl .No	Para No.	Letter No. & Date of issue of L.A.R	Period to which objection pertains	Money value of the objection	Gist of the objection	Gist of the Dept/ Govt's reply on the basis of which the objection has been dropped/ pending for over two years	Remarks
1	2	3	4	5	6	7	8

APPENDIX-XXVII

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

BUDGET MONITORING – Budget Release Order – Certain instructions – Regarding.

FINANCE & PLANNING (FW:BG) DEPARTMENT

G.O.Ms.No.59 Dated: 30.03.2001

Read the following:

1. G.O.Ms.No.101, Finance (BG.II) Deptt., dt.18-5-1967.
2. G.O.Ms.No.119 Finance (BG.II) Dept. Dt.19-4-1974.
3. G.O.Ms.No.111, Fin. & Plg. (W&M) Dept. Dt.26-4-1975.
4. G.O.Ms.No.68, Fin. & Plg. (FW.BG) Dept. Dt.27-3-1976.
5. G.O.Ms.No.135, Fin. & Plg. (FW.BG) Dept., dt.20.09.2000.

-oOo-

ORDER:

In the existing system of flow of funds, the Appropriation Act comes into force from 1st of April every year. The Appropriation Act enables the Government to incur the expenditure through various departments for their varied functions. The Head of the Departments prepares the District wise distribution statements as per the estimates reflected in B.Es and the respective Officers belonging to various Departments at the District level further distribute the amounts among various Unit Offices at Sub-District level. The distribution of amounts by the Head of the Departments to various Subordinate Controlling Officers and issue of authorisations by Director of Treasuries and Accounts in a systematic manner duly adhering to quarterly regulations and other executive instructions issued from time to time, regulate the expenditure. At present the Head of the Departments are getting sanctions from the administrative departments concerned wherever necessary with the concurrence of Finance Department. The Finance Department accords concurrence in the form of U.O. Notes.

2. The matter has now been reviewed thoroughly. In order to further facilitate smooth flow of funds and to cut down the unnecessary delays in movement of files the Government have decided to place 50% of the B.E. provision of the financial year at the disposal of the Head of the Departments at the beginning of the financial year itself i.e., 1st April with quarterly regulations.

3. Budget Release Order will be issued by the concerned Secretary in the Finance Department releasing 50% of the total budget estimate provisions specified under each scheme duly monitoring the head of accounts for each scheme and items for which otherwise proposals used to come to Finance Department for the specific administrative sanction. For each department one Budget Release Order will be issued containing all such schemes and items for which otherwise concurrence of Finance Department is needed. Based on this Budget release order, each Secretary in the concerned administrative department will issue orders on the other such details like guidelines for implementing the schemes, district-wise allocation and other such instructions which administrative department would need to give to their district

level officials or to such other implementing agencies. Each Head of the Department shall mention the reference of the budget release order and enclose the copy of the budget release order to the DTA along with the copy of the orders by the administrative department in Secretariat, if any, and the distribution statements based on which the Director of Treasuries and Accounts shall give authorisation as per the normal procedure. However, Finance Department shall send each budget release order independently and directly to the Director of Treasuries and Accounts for verification before issuing authorisation.

4. However, there may be certain schemes which require detailed proposals from the administrative departments before Finance Department can give its approval for release of funds. Such schemes could be new schemes being implemented for the first time, the schemes where funding pattern has changed, Centrally Sponsored Schemes, Externally Aided Projects where reimbursements are involved. The concerned Secretaries in the Finance Department shall decide in consultation with the Secretaries in the administrative departments as to the schemes for which a single budget release order can be given at the beginning of the year and the schemes for which separate specific concurrence of Finance Department is required before release orders can be issued by the Finance Department.

5. Even though budget release order will be issued for 50% of the budget provision be placed at the disposal of the administrative departments, the amounts for the schemes shall be released following all quarterly regulations. Second installment shall be released only after the review of the schemes and achievement in performance indicators, actual expenditure incurred and subject to the actual receipt of inflows from Central Government, NABARD or other financing institutions. Accordingly second installment will be released by 1st October of each year and shall be equal to the amount of expenditure incurred out of the first quarter or 25% of the total budget provision whichever is less. Each department shall finalise a review of their schemes and submit proposals for revised estimates for the current year as well as next year's budget estimates by the end of November each year. The Finance Department shall estimate the overall availability of resources for the balance period of the year as well as for the next year and finalise the revised estimates for the current year and budget estimates for the next year by 25th December of each year. Consequently, the third and final installment for each scheme shall be decided and released by 1st January every year.

6. In respect of Externally Aided Projects, Centrally Sponsored Schemes and NABARD etc., where the expenditure is incurred first and then the releases or reimbursement is received from Government of India, the second and subsequent instalments shall be released only on receipt of releases/reimbursements of the amounts pertaining to releases under first instalments or other releases made in the previous years. In respect of new schemes for which budget provision is made in anticipation of sanction, release shall be made to the extent of 50% of the budget provisions in the first installment only when specific sanction orders from the concerned Agencies/Government of India are received. Further releases under matching State share shall be regulated depending upon the amounts received from Government of India and other financing agencies and the expenditure incurred by the departments.

7. It is once more made clear to all the administrative departments that budget release order which will be issued by the Finance Department on 1st April of the financial year shall substitute the specific finance concurrence and U.O. Notes which are required as per the existing instructions. Therefore, the administrative

departments need not send any file or proposal to the Finance Department except in the cases mentioned in para 4 above. The administrative departments shall issue Government orders on implementing the schemes by quoting the budget release order issued by the Finance Department. However, the departments shall follow the each scheme will be issued by the Finance Department on the 1st October of each financial year sanctioning second installment and then third and final budget release order will be issued sanctioning third installment on 1st January as mentioned in para 5 above.

8. In respect of Public Works Departments who are following the system of LoCs the Chief Controlling Officers shall send a copy of each LoCs issued by them to Director, Treasuries and Accounts who, in turn, shall communicate the same to the District Treasury Officers based on which paid cheques shall be watched by the Treasury Officers.

9. All the Secretariat departments, Head of the Departments, Treasury Officers and PAO are instructed to follow the instructions given herein to facilitate smooth flow of funds at the appropriate time.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

S.K.ARORA
PRINCIPAL SECRETARY TO GOVERNMENT

To
All Departments of Secretariat.
The Director of Treasuries & Accounts, A.P., Hyderabad.
All the Heads of the departments.
The Dy. Directors/District Treasury Officers in the State.
The Pay and Accounts Officer, Hyderabad.
The A.G., A.P., Hyderabad.
Copy to: SF/SC

GOVERNMENT OF ANDHRA PRADESH
FINANCE & PLANNING (FW.EXPR.) DEPARTMENT

G.O.Ms.No. Dated:

Sub:- Budget Estimates 2000-2001 – Budget Release Order for Rs.----------towards ---------- order issued.

Ref:- G.O. on Budget Release Order.

*** ***

In pursuance of the orders issued in reference cited, the Commissioner/Director/---------- is hereby issued a Budget Release Order for an amount of Rs.----------being the 50% of the B.E. provision 2001-2002 towards 1st installment under the following schemes.

Sl. No	Name of the Scheme / Item	Plan/ Non-Plan	Head of Account	BE	Authorised amount	Procedure of drawal of funds (mention specifically)	Drawing Officer
						-Adjustment to PD Bill -AC Bill -Detailed Voucher Bill -loans -Adjustment to other heads	
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**

Sd/-
PFS/Secy./Addl.Secy.

To
The Department of Secretariat concerned.
The Director of Treasuries & Accounts.
Copy to the Heads of the Departments.

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Works Accounts – Budget and Regulation of Expenditure – Introduction to LOC System and extension of P.A.O., Work system to all the Departments dealing with Public Works – Order – Issued.

FINANCE & PLANNING (FW.BG) DEPARTMENT

G.O.Ms.No.60 Dated:30.3.2001

ORDER:-

Broadly the accounts of the State are two types i.e., Civil accounts comprising of establishment, Office expense and other incidental expenses not coming under the purview of Works Accounts. The Civil Accounts are operated, controlled and accounted for by the Treasuries and Accounts Department, while the Works Accounts are operated by the Divisions of respective Engineering Departments viz., Roads & Buildings, Panchayat Raj, Public Health and Forest and accounted for by them directly to Accountant General. Since, the Works Accounts of an engineering division are accounted for by the Executive Engineer to Accountant General, Govt. is not in a position to get the expenditure particulars in time and requiring it takes 3 to 4 months to get the consolidated expenditure figures from Accountant General. In respect of Irrigation Sector which is under the payment control of Pay and Accounts Organisation the expenditure figures are available on weekly basis. Under the Pay and Accounts System both Civil & Works Accounts are combined and bills are paid after cent percent precheck. The audit and accounting procedure was evolved in consultation with C & A.G., which has been updated and elucidated in the Pay and Accounts Officer (Works Accounts) Manual which is exhaustive and covers all the facts of Works Audit and Accounts.

2. The Organisation of Pay and Accounts Office Works is also being computerised and likely to become operational from 1.4.2001. The package already developed and ready for use will help the Govt. to have day to day picture of the expenditure in relation to Budget and funds released.

3. In respect of other Departments dealing with Public Works there is no adequate system of pre-audit and timely information of expenditure in relation to Budget and Funds on the transactions made by them. In some Departments expenditure is being incurred much in excess over the budgetary provisions. The Govt. have also been experiencing difficulty in collecting the expenditure particulars from the other works executing Departments.

4. In case of Irrigation and R &B Departments, the utilisation of Budget and Regulation of Expenditure on Works is regulated by way of authorisation of LOC while in case of Panchayat Raj and Public Health Departments the grants released by a sanction are operated through P.D. accounts and Deposit account and Cheques drawn directly through Banks. In Forest Department neither the LOC is issued nor payments are made through Treasury or Pay and Accounts Office Works. The Expenditure is incurred by drawal of Cheques directly on Banks against the budget provision.

5. In order to bring about uniformity in pre-audit and account keeping in all the Departments dealing with Public Works and to have effective computerised financial management in the areas of expenditure, Govt. after careful consideration of the matter introduce LOC System for release of funds & the payments in Roads & Buildings, Public Health, Engineering Wing of Panchayat Raj and Forest Department shall be made by Pay and Accounts Officers (Works) in Irrigation Department with effect from 1.4.2001. This order is applicable only for Works Expenditure. The Civil Accounts i.e., Establishment claims of the above Departments will however continue to be with the treasury.

6. Finance and Planning (Projects Wing) Department will issue separate working instructions about the jurisdiction of the Pay and Accounts Officer/Assistant Pay and Accounts Officers. All the Works Payments from 1.4.2001 shall be made only against the LOC authorised by the Govt. from time to time. The detailed guidelines for authorisation LOC and payments by the Pay and Accounts Officer Works will also be issued separately.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

S.K.ARORA
PRINCIPAL SECRETARY TO GOVERNMENT

GOVERNMENT OF ANDHRA PRADESH
FOREST DEPARTMENT

Ref.No.13841/2001/R1,
Dated: 9-4-2001.

Office of the
Prl.Chief Conservator of Forests,
Andhra Pradesh,
'Aranya Bhavan',Hyderabad.

Sri K.Subba Rao, IFS.,
Prl.Chief Conservator of Forests.
-oOo-

Sub:- Forest Department – Conducting Video Conference on 11-4-2001 at 2 PM – Discussion by the Addl. Prl.Chief Conservator of Forests (Development) regarding budget and regulation of expenditure and introduction of LOC system and extension of PAO Works System – Regarding.

Ref:-1. G.O.Ms.No.59 Finance & Planning (FW.BG) Dept., dt.30-3-2001.
2. G.O.Ms.No.60 Finance & Planning (FW.BG) Dept., dt.30-3-2001.
3. Prl.CCF's Fax in Rc.No.13841/2001/R1, dated: 6-4-2001.
4. Fin. & Plg. (Projects Wing:F3) Dept., Memo No.2358/F3(2)/2001-1, Dated: 9-4-2001.
5. Prl.CCF's Fax in Rc.No.13841/2001-R1,Dated: 9-4-2001.

-oOo-

Attention of all the Conservator of Forests and Divisional Forest Officers (Drawing & Disbursing Officers) is invited to the subject cited. In continuation of the Fax messages given vide references 3rd & 5th cited the detailed operational guidelines issued by the Government in reference 4th cited regarding new Accounting LOC System from 1-4-2001 onwards in enclosed.

The detailed operational guidelines enclosed now are self explanatory and all the Conservator of Forests are requested to call for an immediate meeting and discuss with all the Divisional Forest Officers, Accounts Officer and Accounts Superintendents of Circle/Divisions at circle Headquarters. These instructions are applicable to those Divisions who are maintaining Cash Book and rendering account to the Accountant General.

All the above officers are requested to go through the instructions thoroughly and attend to the Video Conference on 11-4-2001 at 2.00 PM where the Addl. Prl. Chief Conservator of Forests (Dev) will explain in detail the operational guidelines and spirit of G.O.Ms.No.59 & 60.

Till the Head Office issues the LOC (Letter of Credit) received from the Finance Department, the previous accounting procedure and cheque drawing powers and submission of FA-VII to the Accountant General will automatically seized to exist. They are requested not to try for issuing cheques as usual, till the LOC is issued by the Head Office. In the mean while all the Conservators of Forests are requested to prepare their requirement of budget under Non-Plan schemes, State Plan Schemes, EAPs, RIDF, and Social Forestry etc. and to be in readiness to send to Head Office in a day or two through the concerned Accounts Officer, so that necessary arrangements will be made for operation of LOC.

Encl: (Ref. 4th cited)

Sd/- B.V.RAO,
For Prl. Chief Conservator of Forests

GOVERNMENT OF ANDHRA PRADESH

FINANCE & PLANNING (PROJECTS WING::F3) DEPARTMENT

Memo No.2358/43(2)/2001-1 Dated 09.04.2001.

Sub:- Works Accounts – Budget & Regulation of Expenditure – Introduction of L.O.C system and extension of PAO works System to all the Departments dealing with Public Works – working Instructions – issued.

Ref:- G.O.Ms.No.60, fin & Plg (FW.BG) Dept, dt.30.03.2001.

** ** **

In the G.O read above, Government have issued orders introducing LOC system for release of funds extending the PAO works to R&B, PH, Engineering Wing of PR and Forest Department, dealing with Public works w.e.f.1.4.2001and these orders are applicable for only works expenditure.

2. In Para 6 of the G.O read above, it was further ordered, that the Finance & Planning (Project Wing) Department will issue separate working instructions about the jurisdiction of the PAOs/ APAOs and detailed guidelines in regard to payment etc, by the PAOs/ APAOs. Accordingly, after careful consideration of the matter, all the Divisions/ Offices of above four Departments are now attached to the payment control of PAOs/ APAOs of this Works Accounts Department as in the Annexure I to V enclosed to this Memo. The guidelines in regard to presentation of claims and various related documents to the PAOs/ APAOs are indicated below:

i) The payment and Accounting functions of Works Expenditure in R&B, PH, Engineering Wing of PR Department and Forest Department shall be discharged by the Pay & Accounts Officer/ Asst. Pay & Accounts Officer of Works Accounts Department.

ii) The Divisional Offices etc, in the above Departments are relieved of the duty of maintaining cash book and issuing cheques for the payments relating to works expenditure. They are not required to render monthly and consolidated accounts to the Accountant General. At the same time, they however, continue to remain responsible for correct maintenance of initial records which form the basis of claims for payments.

iii) The drawing account of the Divisional Officers with the Banks and Treasuries will cease. The Divisional Officers will however continue to be given imprest advance at the rates applicable under rules. The Divisional officer from out of the total imprest placed at his disposal give imprest to the sub-Divisional officers/ Section Officers as the case may be not exceeding the rates applicable to them. All the transactions including those met by the Sub-Divisional officers & Section Officers should be incorporated in the imprest account of Divisional Officer and the consolidated account duly recording pass order for the total amount required for recoupment should be presented to the PAO/ APAO's at least once in fort night for recoupment. All the officers who are already holding imprest with them shall remit back the amounts in to treasury and seek fresh imprest by presenting requisition to the PAO's.

iv) Bills for works expenditure are to be presented to the PAO/ APAO in a complete shape along with all the supporting documents viz., M.Books, L.F. Books, Section and Calculation Sheet, recovery statement etc, and accompanied by check slip/ scrutiny slips signed by both DAO (works) (wherever available) and the Divisional Officers after completing all the formalities.

v) The Pay & Accounts Officers/ Asst. Pay & Accounts Officers will make the payment against the LOCs distributed by the Head of department/ Unit Officers. The Head of Departments have to obtain LOC released by Government and issue distribution division/ Office wise and Head of Account wise up to Sub-Head level and communicate copies of distribution order to the respective Pay & Accounts Officers/ Asst. Pay & Accounts Officers as well as Joint Director of Works Accounts who will arrange the payments and regulate the expenditure accordingly.

vi) Ordinarily no works should be started before an estimate is sanctioned by competent authority and also an agreement is executed, where necessary. No expenditure on works shall be allowed without a sanctioned estimate. However, in case of urgency like payment of salaries, etc, to the work charged establishment, the payments on a provisional basis may be claimed. In such case, the claims are to be presented accompanied by form of provisional payments duly filled in and counter signed by the authority competent to regularise the formality. However, in case where the particular formality require the sanction of Government, the HOD/ CE concerned may ask provisional payments confined to four payments in a series, subject to a limit of 25% of the estimates cost of the works.

vii) Communication of Sanctions:

(a) Copies of all sanctioned Estimates, Agreements entered in to and purchase orders/ works orders issued are to be sent immediately as they are sanctioned or entered, or issued to the PAO/ APAO concerned in a complete shape (i.e.,) sanction order, Report accompanying the estimate, data in support of rates etc, and accompanied by the scrutiny slip duly filled in and signed by the competent authority (i.e.,) DAO(W) & Divisional Officers in case of sanctions accorded by the Divisional Officers, by the Deputy Superintending Engineer's in case of sanctions accorded at the level of SEs & Dy.CE's in case of sanctions accorded at the level of CE's.

(b) A consolidated return of estimates sanctioned during a month by the Divisional Officers, SEs & CEs/ HODs shall be sent to the PAO/ APAO and JDWAs concerned to reach not later than the 5th of every succeeding month to watch its receipts.

vii. Receipt of money: All cash receipts collected from the individuals, contractors, firms etc, to be credited into Government account are to be obtained in the shape of Demand drafts in favour of PAOs/ APAOs concerned and all such DDs are to be sent to the PAOs/ APAOs for realisation and incorporation into accounts.

viii. Claims of Works charged Establishment: The operation of temporary advance for payment of claims of work charged establishment wherever in vogue is discontinued. The claims of Work Charged Establishment duly indicating the head of account, name of work with reference to sanction to which the expenditure is chargeable are to be presented to the PAO/ APAO accompanied

by the check slip in the prescribed format and recording pass order for gross amount and enclosing all the recovery schedules, copies of sanctions etc, in a complete shape as in the case of regular employees. The PAO/ APAO after thorough scrutiny issue cheque in favour of DDO for arranging payment to the Work Charged Establishment.

ix. The following registers related with Works Expenditure are maintained in PAO Office.

1. Works, Abstract-cum-audit register
2. Contractor Ledger
3. Suspense registers
4. Deposit register
5. Register of R&R on capital accounts etc,

For this purpose, the Divisional officers have to get their registers closed up to 31.03.2001 tallying the balances with the compiled accounts rendered to the Accountant General and then get the outstanding balances carried forwarded to a new register under attestation by the DAO(W)/ Divisional Officers {where there is no DAO(W)} with a certificate of tally recorded there in and the registers then sent to the PAO/APAO concerned for continuing further maintenance.

In regard to the contractors ledger, the Divisional officers however maintain it in the simplified form (proformae enclosed) to enable them to watch the recoveries to be made from the contractors. The USR's should after entry in the simplified contractor ledger in the division, be passed on the PAO/ APAO for further action.

x. **Statement of Bills paid:** The PAO/ APAO will send every month to each Divisional officers a statement of bills paid (in duplicate) in the proforma enclosed which shall be verified by the Divisional Officer to ensure that the bills paid do not include any bill either not presented or not passed by him and then return one copy of the same to the PAO/ APAO duly recording a certificate that all the payments mentioned in the statement relate to his Division.

xi. **Delivery of Cheques:** The cheques drawn by the PAO/APAO for payment will be delivered to the Drawing Officers under proper acknowledgement for handling over to the parties. For this purpose, the drawing officers should furnish names of 2-3 selected persons with their specimen signature duly attested.

3. The Principal Chief Conservator of Forests and all the Engineers-in-Chief/ Chief Engineers of Road and Buildings, Panchayat Raj & Public Health Departments are requested to bring these working instructions etc, to all the concerned in their Department dealing with works expenditure with directions to follow them strictly to facilitate for smooth and speedy payment of claims, accounting and prompt reporting of expenditure.

P.K. RASTOGI
PRINCIPAL SECRETARY TO GOVERNMENT
(WORKS & PROJECTS)

//true copy//

sd/
for **Prl.Chief Conservator of Forests**

ANNEXURE

List of offices/ divisions of forest department

Sl. No.	District	PAO/ APAO	Name of the division/ office	Name of the Administrative control of the division
1.	Srikakulam	Srikakulam	Dy.CF, P&E, Srikakulam DFO, Srikakulam	CF, Visakhapatnam
2.	Vizianagaram	PAO, Vizianagaram	Dy.CF, P&E, Vizianagaram DFO, Vizianagaram	CF, Visakhapatnam
3.	Visakhapatnam	Visakhapatnam	CF, Visakhapatnam DFO, Visakhapatnam Dy.CF, P&E, Visakhapatnam DFO, Paderu Asst. Director of Agriculture, SC, Aruku Valley	CF, Visakhapatnam
			Curator, IGZP, Visakhapatnam	CF (WLM), Hyderabad.
4.	East Godavari	APAO, Dowlaiswaram	CF, Rajahmundry DFO,LD, Rajahmundry DFO, WLM, Rajahmundry	CF, Rajahmundry
			S.S., Rajahmundry	R&D, Rajahmundry
		APAO, Kakinada	i. DFO, Kakinada ii. Dy.CF, P&E, Kakinada.	CF, Rajahmundry
5.	West Godavari	PAO (W&P), Eluru	DFO, Eluru DFO, WLM, Eluru DFO, LD, Jangareddigudem	CF, Rajahmundry
			Dy.CF (P&E), Eluru	CF, P&E, Vijayawada
6.	Krishna	PAO (W&P), Vijayawada	DFO, Krishna Division, Vijayawada	CF, Rajahmundry
			CF (P&E), Vijayawada Dy.CF (P&E), Vijayawada	CF, P&E, Vijayawada
7.	Guntur	PAO (W&P), Guntur	PAO (W&P), Guntur DFO, FS, Guntur Guntur	CF, Guntur
			Dy.CF (P&E), Guntur	COF, P&E, Vijayawada
8.	Prakasham	APAO, Ongole	i. DFO, Giddalur ii. DFO, LD, Giddalur	CF Guntur
			iii. DFO (WLM), Markapur	CF, FDPT, Srisailam
			iv. ACF (P&E), Ongole	CF, P&E, Vijayawada

9.	Nellore	APAO, TGP, Nellore	DFO, Nellore Dy.CF, CAP(TGP), Nellore	CF, Guntur
			DFO (WLM), Sullurpet	CF (WLM), Tirupathi
			Dy.CF (P&E), Nellore	CF, P&E, Vijayawada

10.	Kurnool	PAO, Kurnool	CF, Kurnool DFO, Kurnool DFO, FSP, Kurnool	CF, Kurnool
			Dy.CF (P&E), Kurnool	CF, (P&E), Cuddapah
		PAO, SRBC, Nandyal	DFO WL, Nandyal DFO, LD, Nandyal	CF, Kurnool
			DFO (WLM), Atmakur	CF, FDPT, Srisailam
		APAO, Srisailam	CF, FDPT, Srisailam DFO (FS), Srisailam ACF, Bio-diversity, Srisailam	CF, FDPT, Srisailam
11.	Cuddapah	PAO, Cuddapah	DFO, Cuddapah DFO, Red Sanders, Cuddapah DFO, WL, Proddatur	CF, Kurnool
			CF (P&E), Cuddapah Dy.CF (P&E), Cuddapah	CF, (P&E), Cuddapah
			DFO (WLM), Rajampet	CF (WLM), Tirupathi
12.	Anantapur	PAO, Anantapur	CF, Anantapur DFO, Anantapur Dy.CF(P&E), Anantapur	CF, Anantapur
13.	Chittoor	PAO, Srikalahasti	DFO(W) Chittoor Dy.CF(P&E), Chittoor DFO, FSP, Pileru	CF, Anantapur
			DFO, (WLM), Chittoor (East) DFO (WLM), Tirupathi Curator, SVZP	CF (WLM), Tirupathi
			SS, Tirupathi CF, WLM, Tirupathi	SS, Tirupathi
14.	Adilabad	PAO, JGT, Branch at Nirmal	CF, Adilabad DFO, Adilabad DFO, Nirmal DFO(WLM), Jannaram DFO, Mancherial DFO, Bellampally DFO, Kaghaznagar DFO, LD, Nirmal DFO, FS, Nirmal DFO, Fs, Mancherial Dy.CF(P&E), Adilabad	CF, Adilabad
15.	Warangal	PAO, Warangal	CF, Warangal DFO, Warangal (North) DFO Warangal (South) DFO, FS, Warangal Dy.CF(P&E), Warangal DFO, WLM, Warangal	CF, Warangal
			FG, Warangal	FG, Warangal
16.	Karimnagar	PAO, SRSP, LMD	DFO, Karimnagar (East) DFO, Karimnagar (West) DFO, FSP, Karimnagar	CF, Warangal

			Dy.CF (P&E)	
17.	Khammam	APAO, Tekulapalli at Khammam	DFO, Khammam DFO, Kothagudem DFO, Paloncha DFO, WLM, Paloncha DFO, Bhadrachalam (North) DFO, Bhadrachalam (South) DFO, (LD), Bhadrachalam DFO, FS, Khammam Dy.CF (P&E)	CF, Khammam
			CF (APSOF), Yellandu	CF (APSOF),Yellandu
18.	Hyderabad	APAO, Hyderabad	CF, Hyderabad DFO, FS, Hyderabad FSO, Hyderabad	CF, Hyderabad
			CF (WLM), Hyderabad DFO (WLM), Hyderabad Curator, NZP, Hyderabad	CF (WLM), Hyderabad
			NZP, Hyderabad	Curator, NZP, Hyderabad
			CF (T&E), Hyderabad	CF (T&E), Hyderabad
			CF (P&E), Hyderabad	CF (P&E), Hyderabad
			CF (MEP), Hyderabad	CF (MEP), Hyderabad
			CF (MEP), Hyderabad PFC, Hyderabad	CF PFC, Hyderabad
			SS, Hyderabad	CF (R&D), Hyderabad
			FUO, Hyderabad	FUO, Hyderabad
			STC, Hyderabad	STC, Hyderabad
			A.O.II	PCCF, Hyderabad
19.	Medak	APAO, Medak	DFO, Medak DFO, WLM, Medak FSO, Medak	CF, Nizamabad
			Dy.CF (P&E), Sangareddy	CF (P&E), Hyderabad
20.	Mahaboobnagar	PAO, Gadwal	DFO, Mahaboobnagar DFO, FS Mahaboobnagar, , FSO, Mahaboobnagar	CF, Hyderabad
			DFO, WL, Achampet	CF, FDPT, SLM
			Dy.CF (P&E), Mahaboobnagar	CF (P&E), Hyderabad
21.	Nalgonda	PAO, Nalgonda	DFO, Nalgonda	CF, Hyderabad
			Dy.CF (P&E), Nalgonda	CF (P&E), Hyderabad
22.	Nizamabad	APAO, Pochampad Branch at Nizamabad	CF, Nizamabad DFO, Nizamabad Dy.CF(P&E), Nizamabad DFO(FS), Nizamabad	CF, Nizamabad

			DFO, Kamareddy	

GOVERNMENT OF ANDHRA PRADESH
FINANCE AND PLANNING (Projects wing) DEPARTMENT

Memo No.2525/Fd(2)/2000-1 dated 20.04.2001.

Sub:- **Works Accounts – Budget and Regulation of expenditure – Introduction of PAO System for Panchayati Raj, Public Health, Roads & Buildings and Forest Department – Issuance of working instructions – Reg**.

Ref:- 1. G.O.Ms.No.60, F&P (FW.BG) Dept, dt.30.3.2001.
2. Govt. Memo no.2358/F3(2)/2000-1, F&P(PW) Dept, dt.9.4.2001.
3. Prl.CCF, Hyderabad lr.no.13841/2001/R1 dt.10.4.2001 and 15.4.2001.

** ** **

In the Government order 1st read above, orders were issued introducing the LOC system of release of funds and extending PAO system in Engineering Wing of Panchayati Raj, Public Health, Roads & Buildings and Forest Department dealing with Public Works w.e.f. 1.4.2001.

2. In the Government Memo 2nd read above, working instructions and modalities of presenting the claims etc, to Pay and Accounts Officers for speedy regulation payments were issued.

3. In the reference 3rd cited, the Principal Chief Conservator of Forests, Hyderabad has expressed certain difficulties in immediate implementation of this scheme owing to the commencement of Beedi Leaves collection season which is seasonal and lasts for 45 days in the month of April and May. He has expressed that the amount of expenditure involved would be around 43.00 crore and the payments are to be made to labourers through field officers. The daily payments would be more in number and involve delay in arranging the payments, through PAOs, which finally affects the scheme and result in loss to Government Revenue. He has requested to exempt the scheme from LOCs and PAO system.

4. The Beedi leaves collection scheme is implemented by the Forest Department as a deposit work from Forest Development Corporation and no amount is released by the Government. The FDC release money to the DFO and funds are deposited in 8443 civil deposit account and therefrom the DFO issues cheques to Forest Range Officers for implementation of the scheme. Therefore, the Forest Department may continue the implementation of the Beedi leaves schemes as the old pattern. The DFOs/DCFs shall however, maintain a separate cash book and close their account immediately after the closure of the Beedi Leaf scheme and submit the cash Book along with all the supporting vouchers in a complete shape to his respective Pay and Accounts Officer/ Assistant Pay and Accounts Officer in the District with in a period of 10 days who on receipt will verify the transactions and incorporate in his monthly accounts and render the same to the Accountant General, Hyderabad.

5. The Principal Chief Conservator of Forests is requested to ensure that the transactions of Beedi Leaf collection are correctly accounted for by the DFOs/ DCFs and promptly incorporated in the accounts of Pay and Accounts Officer/ Assistant Pay and Accounts Officer concerned in the respective district.

P.K.RASTOGI
PRINCIPAL SECRETARY TO GOVERNMENT
(WORKS & PRO.IFLTS)

GOVERNMENT OF ANDHRA PRADESH
FINANCE AND PLANNING (PW-F3) DEPARTMENT

Memo No.252S/F3(2)/2001-2 Dated 25.4.2001.

Sub:- Works Accounts _ Budget and Regulation of Expenditure – Introduction of LOC system and extension of PAO (Works) to Forest Departments – Further working instructions – Issued.

Ref:- 1. G.O.ms.No.60, Finance and planning (FW-BG) Dept, dt.30.3.2001.
2. Govt.Memo no.2358/F3(2)/2001-1 dt.9.4.2001.
3. Govt.Memo no.2525/F3(2)/2001-1, dated 20.4.2001.
4. DO.Rc.No.13841/2001/R1, dt.19.4.2001 of Principal Chief Conservator of Forests, AP, Hyderabad.

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In the GO 1st read above, orders were issued introducing LOC system and extending PAO system in all the Departments dealing with Public Works with effect from 1.4.2001 with a view to provide operational flexibility and maintain financial discipline. In the reference 2nd read above, working instructions were issued.

2. However, the Principal Chief Conservator of Forests, AP, Hyderabad, through his reference 4th cited has brought to the notice of the Government certain difficulties in implementing the instructions issued in the reference 1st and 2nd cited, specifically in view of the fact that most of the works in Forest Department concerned with Nurseries' plantations are seasonal and time-bound. Similarly, expenditure on feed to animals in Zoos and Deer parks have to be incurred in time. Apart from this, the works in Forest Department are done departmentally and not through contractors. As the works are done departmentally, a different mechanism has to be adopted for releasing of funds to the departmental officers as the work is got done by themselves through cash disbursement, etc.

3. Government after careful examination of the matter, hereby decide to extend the system of limited cheque drawing powers contemplated in para 306 to 314 of PAO Works Accounts manual with slight modification suitable to Forest Department in modification of instructions issued in the reference 2nd read above. Under this system of limited cheque drawing powers, the DFOs, DCFs, etc, who were hitherto operating cash books and issuing cheques for payments and rendering monthly accounts directly to the Accountant General are permitted to operate cash books and issue cheques in modification of instructions issued in the reference cited. In this connection, the following further instructions are issued:

i) Upon receipt of sanctions from the Government, the Principal Chief Conservator of Forests will allot the Budget under various schemes to various Conservators of Forests. The Conservators of Forests will in turn distribute the Budget so allotted to the concerned Divisional Forest Officers with copy to the Concerned Pay and Accounts Officers/ Joint Director of Works Accounts. The Conservators of Forests will issue the LOCs to the extent of Budget allotted as above. The concerned Pay and Accounts Officers will in turn authorise the concerned Divisional Forest Officers etc, to utilise the budget so allotted and issue cheques for drawal of money from the Banks (Branches of State Bank of Hyderabad/ India) and Treasury concerned. Upon receipt of such authorisation,

the Divisional Forest Offices will issue cheques and draw funds the concerned Banks (Branches of State bank of Hyderabad/ India). The amount so drawn will be disbursed through the Forest Range Officers following the procedure that existed prior to 1.4.2001. The Divisional Forest Officers etc, will obtain accounts from the Forest Range Officers and upon checking the same will render them to the Pay and Accounts Officer concerned. In order to enable the Pay and Accounts Officer to finalise his accounts in time, the Divisional Forest Officers will ensure that the cash book extracts along with the vouchers in original incorporating all the vouchers up to 25th of a given month will be rendered to the Pay and Accounts Officer by the 29th of the same month. However, the cheques issued from 26th of the month to the end of the month will be included into the next month accounts. This will be followed for all the months except the month of March. For the month of March, the cash book extracts with all the vouchers incorporated up to 26th will be rendered by the 30th for enabling the PAO to incorporate in his accounts and render to the AG.

ii) The DFOs etc, have to furnish their specimen signatures in triplicate separately for each Treasury/ bank on which they are to be authorised to the PAO concerned under intimation to JDWA, who in turn authorise the Treasury and Bank to admit the payments by cheques issued by such officers.

iii) Cheque Books required will be obtained by the officers delegated with the limited cheque drawing powers from the PAOs/ APAOs concerned for this purpose. Funds so placed at the disposal of these officers and authorised by the PAO/ APAO shall be utilised for the specified purpose only and shall not be diverted / utilised under any circumstances for other purposes.

iv) The DFOs, DCFs etc, should close the Cash books promptly on the due date and render to the PAO/APAO concerned with all the paid cheques and supported documents. The PAOs/APAOs should watch that the cash book extracts with paid vouchers received and incorporated in his accounts promptly.

v) The Divisional Forest officer shall ensure that Estimates for all the works to be executed are sanctioned before hand and under no circumstances they will exceed the LOC authorised by the PAOs/ APAOs.

vi) The above system will be followed for all the works implemented by the forest Department except major civil works like buildings, roads, etc, exceeding Rs.10 lakhs. For all such civil works exceeding Rs.10 lakhs, the procedure prescribed in the references 1st and 2nd cited will be followed.

vii) The PAOs/APAOs should strictly follow the provisions stipulated in para 314 of PAO (WA) manual.

4. These orders shall come into force with immediate effect and will be reviewed at the end of financial year.

P.K.RASTOGI
PRINCIPAL SECRETARY TO GOVERNMENT
(WORKS & PRO.IFLTS)

ABSTRACT OF
PAY & ACCOUNTS MANUAL
(PROJECTS & WORKS ACCOUNTS)
Paras 306 to 314

306. The system of centralised payments has been relaxed under the orders of Government in the case of payments relating to distributories, field channels, Ayacut Roads, market roads, land compensation payments and certain specified nature of works. The Executive Engineers, Land Acquisition Officers and other Civil Departmental Officers specially entrusted with specific functions of the Projects are invested with limited cheque drawing powers to be operated against the account of the Director of Accounts on treasuries/ Sub-treasuries/ Banks to be specified and placed in funds by means of letters of credit, as introduced in G.O.ms.No.198, Finance dated 19.5.1962 and orders issued from time to time on the subject by the Chief Engineer/ Director of Accounts against the application for funds made by the respective officers.
{1. G.O.Ms.no.131, PWD (PW) dated 16.5.1974.
2.G.O.Ms.No.138, I &P (PW) Dept, dt.7.4.1979}.

307. On receipt of specimen signatures of these officers in triplicate, (specimen signatures duly countersigned)separately for each treasury/ sub-treasury/ bank on which they are to be authorised to draw the cheques, the Director of accounts through the Pay and Accounts Officer/ Asst.Pay and Accounts Officers will authorise the treasury officer to admit payments by cheques issued, against the letters of credit, by these officers.
{1. G.O.Ms.no.131, PWD (PW) dated 16.5.1974.
2.G.O.Ms.No.138, I &P (PW) Dept, dt.7.4.1979}.

308. Cheque Books required will be obtained by the Officers to whom the limited cheque drawing powers are delegated, from the Pay and Accounts Officer/ Assistant Pay Accounts Officer for this purpose. Funds so placed at the disposal of these officers will be utilised by them in meeting the expenditure for the specified purposes only. These funds should not be utilised by them under any circumstances for any other purpose. These officers will pay the bills of the specified category without precheck by the Pay and Accounts Officer/ Assistant Pay and Accounts Officer and maintain cash Books wherein all payments made out of the letter of credit will be incorporated as and when the transactions take place.
{1. G.O.Ms.no.131, PWD (PW) dated 16.5.1974.
2.G.O.Ms.No.138, I &P (PW) Dept, dt.7.4.1979}.

309. The Cash Book will be closed on 10th and 25th of every month (excepting February) by the officers to whom these powers have been delegated by the Government from time to time for specified purposes. During the month of February, the Cash Book will be closed for the second time in that month at least six days before the close of the month. Copy of the cash book together with the paid vouchers and other supporting documents will be sent to the Pay and Accounts Officer by these officers.

Note:- Local instructions in regard to receipt and adjustment of Cash Book extracts during the 2nd half of March of every financial year will be issued by the Director of accounts in accordance with the standing orders.

{1. G.O.Ms.no.131, PWD (PW) dated 16.5.1974.
2.G.O.Ms.No.138, I &P (PW) Dept, dt.7.4.1979}.

310. On receipt of copies of Cash Books, with paid vouchers in the Pay and Accounts Office by 14th and 29th of every month (excepting February when it should reach the Pay and Accounts Officer/ Assistant Pay and Accounts Officer two days before the close of the month as far as second closing is concerned), the payments made by these officers should be incorporated in the Cash Book of the Pay and Accounts Officer/ Assistant Pay and Accounts Officer after exercising the following preliminary checks by the precheck sections of the concerned Division/ Office:

(a) Checking the entries in Cash Book with a view to seeing that for each payment there is a voucher.

(b) Total of the debits and credits agree with each other and cash book balances arrived at is correct.

(c) Classification shown is in order.

{1. G.O.Ms.no.131, PWD (PW) dated 16.5.1974.
2.G.O.Ms.No.138, I &P (PW) Dept, dt.7.4.1979}.

311. After the payments are incorporated in the cash book as well as in the accounts of the Pay and Accounts Office, the paid vouchers with the copy of the cash book should be sent to the pre-check sections which will conduct 100 percent post check and post the works abstract and other registers maintained.

312. The Pay and Accounts Officer/ Assistant Pay and Accounts Officer should watch that there is no delay in the receipt of cash book extracts from these officers. He should also see that there is no delay in incorporating the cash book extracts in the cash book of Pay and Accounts Officer/ Assistant Pay and Accounts Officer. Wherever reimbursements are to be claimed, the Pay and Accounts Officer/ Assistant Pay and Accounts Officer should ensure that they are claimed promptly.
{1. G.O.Ms.no.131, PWD (PW) dated 16.5.1974.
2.G.O.Ms.No.138, I &P (PW) Dept, dt.7.4.1979}.

313. Results of post check should be communicated to those officers in the form of Audit notes and their settlement should be watched by the concerned precheck section. These paid vouchers should be stitched in a separate bundle for each month and made over the statutory audit officer for post audit on the due dates.
{1. G.O.Ms.no.131, PWD (PW) dated 16.5.1974.
2.G.O.Ms.No.138, I &P (PW) Dept, dt.7.4.1979}.

314. All precheck sections should maintain a register in Form 'PAO.25' to record the irregularities noticed during the post-check and communicate them to the co-ordination section in Director of Accounts Office. The co-ordination section after scrutiny of these reports, bring to the notice of the Head of the Department/ Government any recurring and serious irregularities noticed.
{1. G.O.Ms.no.131, PWD (PW) dated 16.5.1974.
2.G.O.Ms.No.138, I &P (PW) Dept, dt.7.4.1979}.