



Orientation Program on Accounts Review of Aided Colleges by Chartered Accountant firms

**Directorate of Local Fund Audit,
Government of Odisha**

Facilitated by



Odisha Modernizing Economy, Governance and Administration
A Govt. of Odisha and DFID UK initiative

Objective of the Orientation Programme

An
overview
of

- Local Fund Audit
- Accounts Review Process and Procedures
- Issues of accounting in Educational Institutions
- Approach of Accounts Review
- Online Accounts Review Reporting



Local Fund Audit

Introduction

- Local Fund Audit (LFA) examines the accounts of institutions which receive funds from the State Government in the form of Grant-in Aid or Transfers
 - Follows Orissa Local Fund Audit Act, 1948
 - Directorate of Local Fund Audit is functioning under the administrative control of the Finance Department, Government of Odisha
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Objectives of LFA

- To ensure legality, regularity, economy, efficiency and effectiveness of financial management and administrations mainly through assessment as to Financial audit, Compliance audit and Performance audit.
 - To safe guard the Public funds and to watch financial irregularities committed-by the Local Authority.
 - To maintain transparency in expenditure of Govt. money by the Local Authority in accordance with the rules & Acts and executive instructions issued by Govt.
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The Structure of LFA



The Institutions covered under the scope of LFA

Category of Institutions	Numbers
A. STATUTORY	
1. Panchayat Samiti	314
2. U.L.B.	104
3. Development Authorities, Imp. Trust, Spl. Planning Authority	20
4. Universities	10
5. Aided Colleges	453
6. Aided High Schools	2,199
7. Aided M.E Schools/ Sanskrit Tol/Madrassa	6,348
8. Miscellaneous(BSE, CHSE, OKVI, WODC)	04
9. Gram Panchayats	6,234
10. Zilla Parisad	30
TOTAL	15,716
B. NON- STATUTORY	
1. Miscellaneous	202
2. Religious Endowments	398
TOTAL	600
GRAND TOTAL	16,316

Issues

- Large number of colleges remain un audited
 - Prescribed man days not followed
 - Time frame given not maintained
 - Addition of new aided colleges under LFA purview
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Need

- Update the position of the audit of aided colleges
 - Experienced CA firms doing review as per Common Audit Format to cater both the aspects of quantity and quality aspect of the Audit
 - Need from the CA firms selected will fill up the Common Audit Format
 - Maintain the time frame given
 - Any objections raised by the reviewing officers is to be met within 7 days and then placed for due approval by respective DAOs.
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Objectives of Accounts Review

- Clearing arrear accounts of all Aided Colleges across the State
 - Timely audit of accounts
 - Timely action on irregularities detected
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Stake Holders

- Local Fund Audit Organisation
 - Department of Higher Education
 - Aided Colleges
 - DFID Funded OMEGA
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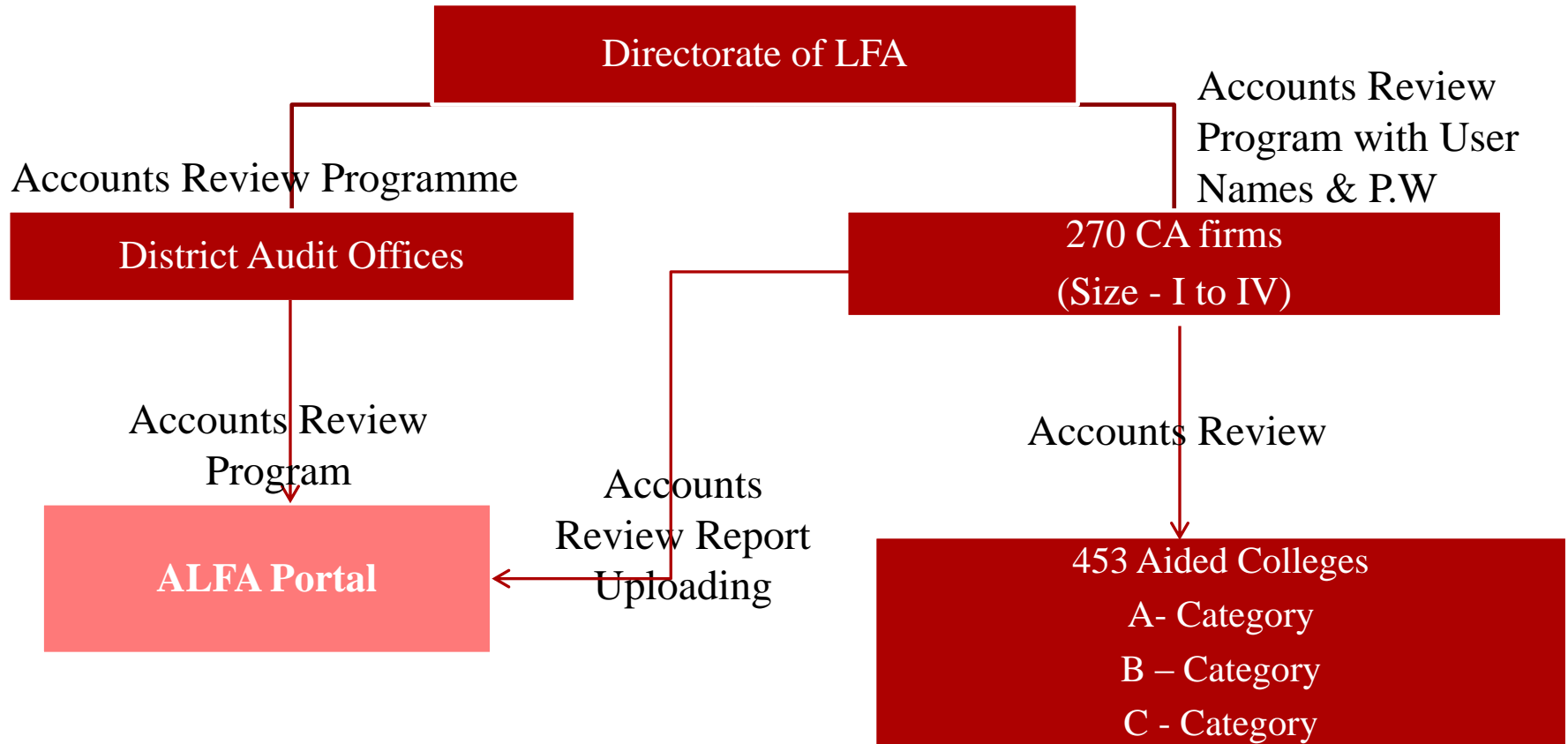


Accounts Review Process and Procedures

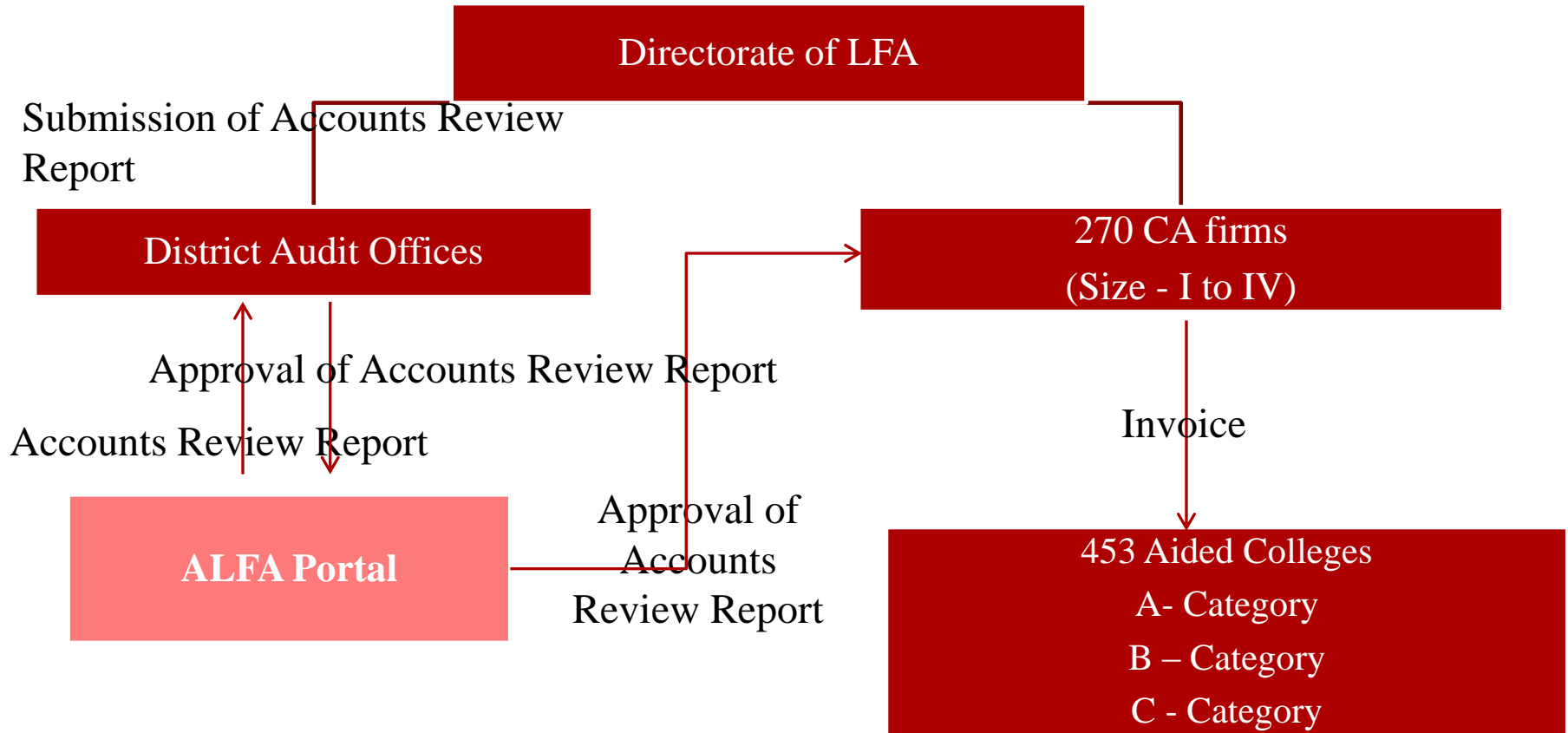
Methodology


- Get the user ID and Pass word and see the Accounts Review plan
 - Coordinate and complete Accounts Review and submit Report to the ALFA system
 - Accounts Review needs to follow the necessary compliances
 - Get the approval certificate from respective District Audit Officer
 - On receipt of approval certificate invoices should be raised to respective colleges
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Accounts Review and Reporting Process



Accounts Review Report Approval Process





Issues of Accounting in Educational Institutions

Issues

- Books of Accounts need updation
 - Receipts not accounted for
 - Deposit shown in the CB but not deposited in the Bank Account
 - Short Credit/Non Credit of the receipts
 - Analysis of Closing balances need to be provided
 - Bank Reconciliations to be made
 - Irregularity in maintenance of Stock accounts
 - Improper/Non-maintenance of Investment Registers
 - Non deposit of Fees and Fines in Govt. Treasury
 - Long outstanding advances without valid reasons
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Issues (Contd..)

- Non maintenance of advance and outstanding advance ledger
 - Over payment, excess payment, payment contrary to Law etc
 - Grants
 - Unauthorized diversions
 - Expenditure without providing matching contribution
 - Non adherence to guidelines
 - Non maintenance of Grant-in-aid register
 - Non submission of UCs
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Issues (Contd..)

- Other funds
 - Misappropriation of cash
 - Loss of stock and stores
 - Accrual of Interest not taken to cash books
 - Sale proceeds of land produce, old answer scripts etc. not taken into account
 - Execution of construction works without proper estimate, proper administrative technical sanction and not recording measurement in M.B.
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Approach

- Objection memos to be issued promptly for compliance by the College Authority
 - Suggestions “for recovery” or “to keep under objection” to be clearly mentioned in Accounts Review report
 - Responsibility should be fixed on the person(s) for loss or irregularities
 - Cash Books, DCR, Vouchers and other documents should be tick-marked in token of verification
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Approach (Contd..)

- Reference to rules, regulation, circulars etc should be supplemented in raising objections
 - Figures given in the Statements, Appendices should be tallied to the figures given in the Review report
 - Opening Balance of present year should be taken refereeing to the last year closing balance of the audit report
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Process and Procedures

- Intimation to the College Authority in advance
 - Common Audit Format (CAF) should be followed during review of accounts
 - Reference books
 - Odisha Education Code,
 - Odisha Education Act 69 (amended up to 2002),
 - Odisha aided Educational Institutions Accounting Procedure Rule 1985,
 - Relevant Portion of Odisha Service Code, Treasury Code, OGFR, OPWD Code
 - Current Circulars
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Online Accounts Review Reporting



Question and Answers



Thank You
