

DIRECTORATE OF LOCAL FUND AUDIT, ODISHA
2ND FLOOR, TREASURY & ACCOUNTS BHAWAN,
UNIT-III, KHARAVEL NAGAR, BHUBANESWAR

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Date 26.06.2014

From

Shri D.K. Parida,
Deputy Director,
Local Fund Audit, Odisha,

To

All District Audit Officers (L.F.A), Odisha

Sub: Guidelines for drafting of Audit Reports in respect of Panchayat Samities and Urban Local Bodies.

Madam/Sir,

In order to make the Audit Reports on the accounts of Panchayat Samities and Urban Local Bodies more qualitative and meaningful, I am directed to enclose herewith guidelines regarding drafting of different paras of the audit report which should be followed during conduct of audit and drafting of Audit Reports by the audit personnel of Local Fund Audit .

The above guidelines should be circulated among all Auditors and Audit superintendents with instructions to follow the same scrupulously. Further, you are directed that, before approval of the Audit Reports, you have to ensure that all the points of guideline have been properly followed and reports are prepared complying the guidelines. Any lapses /error found in the reports henceforth shall be viewed seriously and responsibility shall be fixed on DAOs.

Encl: As above

Yours faithfully,


26-06-14
Deputy Director

Guidelines to avoid Common irregularities in PS and ULB Report

- Para-1 All the columns of title sheet should be properly filled up. No column should be left blank.
- Para-2 Comment should be furnished regarding agreement of physical balance with book balance. Result of physical verification/reason for non-verification, if any, must be given in the comment box.
- Para-3 i) A final memo on non-production of records by the Auditee organisation shall be issued before closure of audit.
ii) Views/response of Auditee Organisation regarding non-production & non-maintenance of important records shall be reflected in the Audit Report along with rebuttal of audit, wherever necessary. Consequence of non-production & non-maintenance of records by the Auditee Organisation should be spelt out and recommendation of Audit to the local body on this matter should also be mentioned in the comment box.
- Para-4 Abstract of main cash books shall be given in the Audit Report & any discrepancy/difference therein shall be commented upon. Only details of closing balance of subsidiary Cash Books (if any) shall be reflected in the para . Receipts & payments in different heads shall not be given in the body of the Audit report. The same shall be given at Annexure (Financial Statement link). Suitable comment shall also be given on the overall financial position of the Local Body.
- Para-5 Difference/Discrepancy in pass book & cash book figures shall be commented in Audit Report. However, reconciliation of cash book figure with pass book figures shall be done by the Auditee Organisation. Audit shall raise necessary objection on any sort of irregularities on this matter and impact thereof. The views of the Local Authority shall be reflected in the Audit Report with appropriate suggestion/recommendation for non-recurrence of such lapses.

- Para-6 Audit shall comment on stock position of Local Accounts. Any sort of lapses found in stock accounts shall be analysed in detail. The views of the Local Authority along with rebuttal, if any, shall be incorporated in the Report with necessary recommendation. In no case this paragraph should be kept blank.
- Para-7 Audit shall also comment on investment position of the auditee organisation and returns received there from, wherever there was any investment.
- Para-8 Audit shall give a detail analysis of advance position including year wise break-up. The para shall reflect the views of Local Authority regarding non-adjustment or non-recoupment of Advance along with the cause & consequence of non-adjustment or non-realisation of Advances. While indicting any person on this issue, Audit shall categorically justify the role of the person concerned in the matter & shall give necessary recommendation/suggestion basing on the statutory provision or executive instruction on the matter.
- Para-9 There shall be appropriate comment on unutilised grant along with the cause & consequence of non-utilisation. The views of Local Authority, acceptance and non-acceptance of the same, along with necessary suggestion/recommendation shall also be reflected in the report.
- Para-10 The guidelines, as mentioned in Para-9 on non-utilization of grant, are applicable, *mutatis mutandis*, in case of non-submission of U. C..
- Para-11 All fraud & misappropriation cases shall be analysed in the Audit Report in detail with answer to questions on 'who', 'how' & 'when' of the incident. This should be confronted to the Local Authority and its views should be clearly mentioned in the Report. Necessary rebuttal (if any) to the compliance given by Auditee, along with recommendation of Audit shall be spelt out clearly in the audit report.
- Para-12 The guidelines, as mentioned in Para-11 on fraud & misappropriation cases, are applicable, *mutatis mutandis*, in case of loss of stock & store.
- General:** (i) Any lapses or irregularities noticed in course of Audit, should be discussed in the report in detail with its manner, cause & consequence.

Views of the Local Authority shall be collected through issue of objection memos and the same must be clearly reflected in the report. Necessary rebuttal shall be given to the compliance of the Local Authority wherever Audit do not agree with the same. Lastly Audit should spell out its recommendation/suggestion to make good such lapses or irregularities by the person(s) responsible.

(ii) Only Macro data shall be reflected in the report. No micro data should be given on the report on which audit analysis is not done. However, any sort of data/accounting information required for future reference shall be given at Annexure only.

Sd/-
(Sri D.K.Parida)
Deputy Director, LFA