

Session 9.1 and 9.2

Session 9.1 Title

Duties and Powers of Auditor

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



Session 9.2 Title

Indices of satisfactory organizational set up of GP

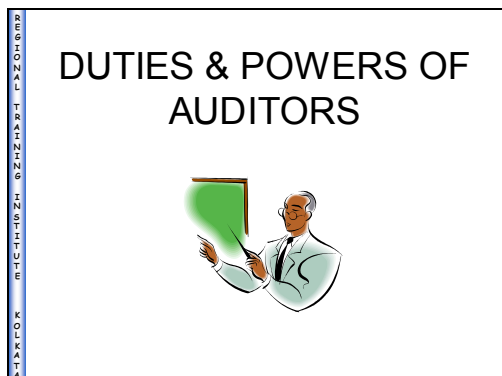
- **Instructor's Guide**
- **PowerPoint slides**
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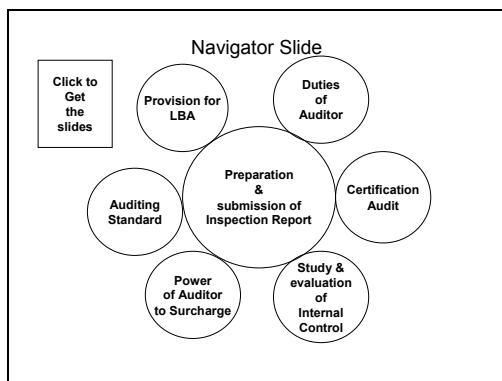
List of Forms required in Session 9.1: Audit Certificate

Duties and Powers of Auditor

Slide 1



Slide 2



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Power of LBA to Audit Gram Panchayat (GP)

- As per State Govt. Notification No.1149/PN/0/1/3C-2/2000(Pt.II) Dated:28.03.03 the LBA has been appointed by Governor of WB State Govt. to examine and audit cent percent accounts of the funds of GP and the audit shall be done in accordance with the WB Panchayat (Gram Panchayat Miscellaneous Accounts and Audit) Rules,1990

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(This slide to be adapted to state specific scenario)

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Power of LBA to Audit GP (contd.)

- The said Notification has also the Constitution obligation vide Sec.21(1) read with Section 13, 14 & 19 of C & AG's DPC Act, 1971

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Duties of the Auditor

- The Accounts of the GP shall be examined and audited by the auditor at least once a year;
- It shall be the duty of the Auditor to see that
 - The accounts have been kept and are presented in approved forms;
 - The particular items of receipts and expndt. are stated in sufficient detail;

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Duties of the Auditor contd.

The payments are supported by adequate vouchers and authority;

All sums received are brought into account and entered in the Cash Book; and

The receipts and expenditure in all cases are such as are authorised by law.

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Duties of the Auditor contd.

The auditor shall also verify the cash balance in the hand of the custodian of the GP Fund on the date of commencement of audit.

The accounts of a GP Fund shall be audited after the close of the financial year.

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Power of Auditor to Surcharge contd.

- The auditor may at his discretion waive the surcharge or charge in cases where the amount involved does not exceed Rs.25;

(This slide to be adapted to state specific scenario)

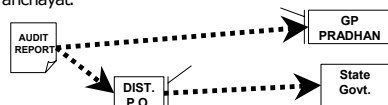
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Duties of the Auditor contd

- Within two months from the date on which the audit is completed, the auditor shall prepare a para-wise report containing his objections and send the same along with audit evidence to the Pradhan of the GP for rectification and a copy thereof to the District Panchayat Officer for onward transmission to the State Government through the Director of Panchayat.



(This slide to be adapted to state specific scenario)

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Power of Auditor to Surcharge contd.

- After considering the explanation the auditor shall certify the amount due from the concerned person in Form No.33 and send a copy of the certificate along with a copy of reasons for his decision to the concerned person and also shall send copies of both (certificate & reason) to the Pradhan and to the District Panchayat Officer;

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Power of Auditor to Surcharge

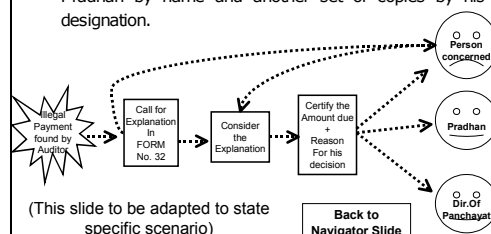
- The auditor shall take steps to charge against or surcharge on the person, in appropriate cases, responsible for illegal payment or loss, within a period of one month after the lapse of given period specified by auditor in Form No.32 for the person concerned to submit an explanation;

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Power of Auditor to Surcharge contd.

- Provided that when the concerned person is Pradhan himself, auditor shall send one set of copies to the Pradhan by name and another set of copies by his designation.



(This slide to be adapted to state specific scenario)

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Auditing Standards for Panchayati Raj Institutions

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General Standard Contd

- Must be institutionally independent;
- Shall maintain an independent attitude and appearance;
- Must possess the required competence;
- Need to be alert to detect control weaknesses, inadequacies in record keeping, errors and unusual transactions which could be indicative of fraud, improper or unlawful expenditure;
- Must exercise due care in planning, specifying gathering and evaluating evidence and in reporting findings and conclusions.

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Auditing Standards

we will be discussing the major areas of Auditing Standards viz.

- General Standards
- Field Standards
- Reporting Standards

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Field Standards

The field standards establish the criteria or overall framework for the purposeful, systematic and balanced steps.

We will discuss three major components of field standards, viz.:

- Applicability;
- Audit Evidence; and
- Internal Control.

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General Standards

The general auditing standards define the basic professional needs of the auditor, his awareness of his responsibilities and zeal to develop necessary skills and tasks, so that the audit of GP is performed efficiently and economically.

The salient features are as follows:

The Auditor—

- must be independent;
- Must be free from personal or external impairments to independence;

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Field Standard-Applicability

- The Auditor should plan the audit in a manner, which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner;
- The Auditor should design audit steps and procedures to provide reasonable assurance of detecting errors, irregularities, and illegal acts that could have a direct and material effect on the financial statement accounts;
- In regularity audit the Auditor should analyse the financial statements to establish whether prescribed accounting procedures are complied with.

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Field Standard-Audit Evidence

- Sufficient, competent, relevant and reliable evidence should be obtained to support the Auditor's conclusions;
- The data collection and sampling techniques should be carefully chosen;
- Adequate documentation is important. It will
 - Confirm and support the auditor's opinions;
 - Increase the efficiency and effectiveness of the audit;
 - Serve as a source of information for preparing reports or answering any enquiries from the audited entity.

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Reporting Standards contd

- 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 and recommendations suggesting improvements that are needed;
- With regard to audit of financial statements the Auditor should prepare a report expressing opinion on the fair presentation of the financial position of the auditee entity in the financial statement.

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Field Standard- Internal Control

- The Auditor should study and evaluate the reliability of internal control, as per the type of audit undertaken;
- In case of financial audit, study and evaluation are made mainly on controls that assist in safeguarding assets and resources and assure the accuracy and completeness of accounting records;
- In case of performance audit, the study shall be made of the internal control system applicable to the audited body, programme, activity or function under audit.

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Reporting Standards-Audit Certificate contd

- The Auditor's certificate shall state expressly;
 - the financial statements to which it relates;
 - that the audit has been carried out in accordance with the relevant statutory authority and with auditing standards;
 - An opinion about the accounts which the Auditor has formed as a result of the audit;

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Reporting Standards

- Reporting standards constitute the framework for the audit organization and the Auditor to report the results of audit of regularity or performance audit or express his opinion on a set of financial statements;
- The report itself will include, inter-alia, a certificate;
- With regard to regularity audits, the Auditor should prepare a written report which may either be a part of the report on the financial statements or the value for money audit;

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Reporting Standards contd

- The procedure at the end of the audit should ensure that the account has been prepared in the correct form and all disclosure requirements have been met; all information has been obtained to enable the auditor to arrive at the audit opinion and determine the form of the certificate; and working papers have been documented and are adequate to support the audit opinion.

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Reporting Standards-The position obtaining in West Bengal

- The statutory provisions contained in the West Bengal Gram Panchayat Act, 1973 and the rules framed there under do not provide for the certification of accounts of Gram Panchayat by statutory Audit.
- However keeping in view the guidelines issued by the Comptroller & Auditor General of India, a certification audit of Gram Panchayat accounts is also being done by the office of the Accountant General/Local Bodies Audit, West Bengal and an audit certificate is enclosed with the issue of the Audit Inspection Report. The audit certificate is issued in vernacular and expresses the auditor's views in the prescribed format on the financial performance of the Gram Panchayat in respect of the maintenance of accounts in accordance with The West Bengal Panchayat (Gram Panchayat Miscellaneous Accounts & Audit) Rules, 1990.

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Drafting of Audit Inspection Report contd

- The culmination of the audit process is the reporting which summarises the evidence gathered during the conduct of audit and communicates the audit opinion and other findings. It is essential for the Auditor to prepare report in such a way that audit observations are easy to understand.
- Timeliness of the report is the essence as delay may make the report irrelevant and corrective action may not be practicable.

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Drafting of Audit Inspection Report

- The following major points should be kept in view as regards drafting of Audit Inspection Reports:
 - Draft Inspection Reports should be written up continuously as the inspection proceeds so as to be ready as soon as it is completed;
 - The comments of audit should be brief, intelligible and to the point;
 - The objections should be made out in courteous and gentle language, and always in impersonal terms;
 - It is of utmost importance that any statement or criticism should be accurate, fair, moderately worded and dispassionate.

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Drafting of Audit Inspection Report contd

The write up should contain full reference to the relevant documents.

The subject matter of the objections should be arranged in logical sequence.

It should be kept in mind that it is in the treatment of results of audit that the auditorial function demands the highest qualities of understanding, balanced judgment and sense of proportion.

Mention of the names of the officials should be avoided except in case of personal claim.



Session Title

Duties and Powers of Auditors

Session Overview

We are now on topics, regarding duties and powers of the Auditors, auditing standards and drafting of audit inspection report.

In the previous sessions, the evolution of PRIs, audit of constitution of Gram Panchayat (GP), GP Fund, GP Budget, GP Accounts and Works executed by GP, were discussed.

In this session we will carry on our discussion to the extent that at the end of the session the Auditor knows-

- The statutory provisions for audit;
- The duties and powers of Auditors;
- The auditing standards including certification audit; and
- How to draft audit inspection report.

Provision for 'Local Bodies Audit

The audit mandate flows from C&AGs Duties, Power and Conditions of services (DPC) Act, 1971 and State enactments. C&AG conducts audit under Sections 14, 19 and 20 of the DPC Act based on financing and public interest. C&AG has been entrusted with the responsibility of exercising and control and supervision over

the maintenance of accounts and their audit for all local bodies. In all the States the Director Local Fund Audit (DLFA) or similar statutory authority conducts audit of local bodies under the State Acts. DLFA is to function under the technical guidance and supervision (TGS) of C&AG.

As per State Government Notification (No.1149/PN/O/I/3C-2/2000/Pt.II) dated:28.03.03 Accountant General/Local Bodies Audit has been appointed by the Governor of West Bengal to examine and audit cent percent accounts of the funds of GP and the audit shall be done in accordance with the WB Panchayat (Gram Panchayat Miscellaneous Accounts and Audit) Rules,1990.



Duties of Auditor

1. The Accounts of the GP shall be examined and audited by the Auditor appointed by the State Government at least once a year in the office of the GP.

2. In auditing the accounts it shall be the duty of the Auditor to see that:

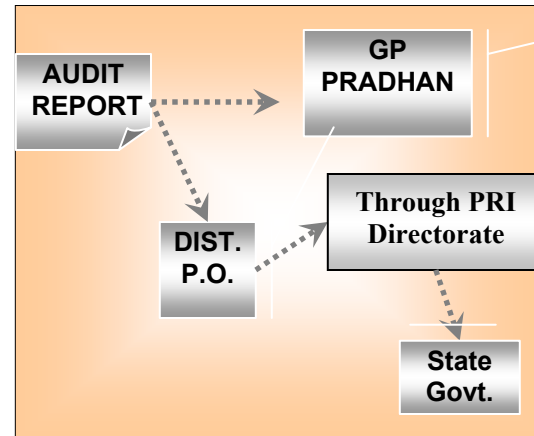
- The accounts have been kept and presented in approved forms;
- The particular items of receipts and expenditures are stated in sufficient detail;
- The payments are supported by adequate vouchers and authority;
- All sums received are brought into account and entered in the Cash Book; and
- The receipts and expenditures in all cases are such as are authorised by law.

3. The Auditor shall also verify the cash balance in the hand of the custodian of the GP Fund on the date of commencement of audit.

4. The accounts of a GP Fund shall be audited after the close of the financial year.

5. Within two months from the date on which the audit is completed, the Auditor shall prepare a para-wise report containing his objections and shall send the same along with audit evidence to the Pradhan of the GP for rectification and a copy thereof to the District Panchayat

Officer for onward transmission to the State Government through the Director of Panchayats.



Powers of Auditor to surcharge

1. The Auditor shall take steps to charge against or surcharge on the person, in appropriate cases, responsible for illegal payment or loss within a period of one month after the lapse of the given period specified by Auditor in Form No.32 for the person concerned to submit an explanation.

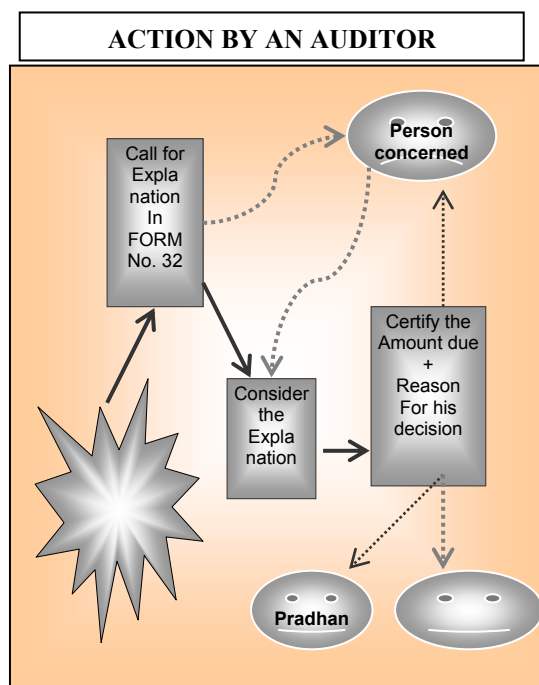
2. The Auditor may at his discretion waive the surcharge or charge in cases where the amount involved does not exceed Rs.25.

3. After considering the explanation the Auditor shall certify the amount due from the concerned person in Form No.33 and send a copy of the certificate along with a copy of reasons for his decision to the concerned person and also shall send copies of both (certificate & reason) to the

Pradhan and to the District Panchayat Officer.

4. Provided that when the concerned person is Pradhan himself, the Auditor shall send one set of copies to the Pradhan by name and another set of copies by his designation.

5. The Auditor should review the action taken on the surcharge notices issued previously and also the actual recoveries made from the concerned person(s).



(This slide to be adapted to state specific scenario)

Auditing standards

Auditing Standards prescribe the norms which the Auditors are expected to follow in the conduct of audit. They provide minimum guidance to the Auditor that helps determine the extent of auditing steps and procedure that should be applied in the audit and constitutes the criteria or yardstick against which the quality of audit results are evaluated. The Auditor must exercise due care and concern in complying with the auditing standards.

Detailed instructions on the issue have been prescribed by the Comptroller & Auditor General of India in the manual entitled "Auditing Standards for Panchayati Raj Institutions & Urban Local Bodies". Now we will be discussing the major areas of Auditing Standards viz.

- General Standards;
- Field Standards; and
- Reporting Standards

1. General standards

1.1 The general auditing standards define the basic professional needs of the Auditor, his awareness of his responsibilities and zeal to develop necessary skills and tasks, so that the audit of GP is performed efficiently and

economically. The salient features are as follows:

- The Auditor must be independent.

In all matters relating to audit work the Auditor must be free from personal or external impairments to independence, must be institutionally independent and shall maintain an independent attitude and appearance. Any imposition of restrictions by the executive, which would constrain the exercise of mandate by the Audit Institution, would be a matter for reporting to the appropriate authority.

- The Auditor must possess the required competence. Performance and exercise of technical skill should be of a quality appropriate to the complexities of a particular audit. Auditors need to be alert to detect control weaknesses, inadequacies in record keeping, errors and unusual transactions or results which could be indicative of fraud, improper or unlawful expenditure, unauthorized operations, waste, inefficiency or lack of probity.

- The Auditor must exercise due care in planning, specifying, gathering and

evaluating evidence and in reporting findings, conclusions and recommendations.

2. Field standards

2.1 The field standards establish the criteria or overall framework for the purposeful, systematic and balanced steps or actions that the Auditor has to follow in conducting or managing audit work. Now we will discuss three major components of Field Standards, viz.:

- Applicability;
- Audit Evidence; and
- Internal Control

2.2 Applicability

The field standards applicable to all types of audit are:

- The Auditor should plan the audit in a manner, which ensures that an audit of high quality is carried out in an economic, efficient and effective way and in a timely manner;
- The work of the audit staff at each level and audit phase should be properly supervised during the audit and a senior member of the audit staff should review documented work;
- In conducting regularity (financial) audits, a test should be made of compliance

with applicable laws and regulations. The Auditor should design audit steps and procedures to provide reasonable assurance of detecting errors, irregularities, and illegal acts that could have a direct and material effect on the financial statement amounts or the results of regularity audits; and

- In regularity (financial) audit and in other types of audit when applicable, Auditors should analyze the financial statements to establish whether prescribed accounting procedure for financial reporting and disclosure are complied with. Analysis of financial statements should be performed to such a degree that a rational basis is obtained to express an opinion on financial statements.

2.3 Audit evidence

- Sufficient, competent, relevant and reliable evidence should be obtained to support the Auditor's judgment and conclusions regarding the body, programme, activity or function under audit.
- The data collection and sampling techniques should be carefully chosen.
- The audit evidence should be adequately documented in working papers, including the basis and extent of the

planning, work performed and the findings of the audit.

- Adequate documentation is important for several reasons. It will
 - Confirm and support the Auditor's opinions and reports;
 - Increase the efficiency and effectiveness of the audit; and
 - Serve as a source of information for preparing reports or answering any enquiries from the audited entity or from any other party.

2.4 Internal control

- The Auditor should study and evaluate the reliability of internal control. The study and evaluation of internal control should be carried out according to the type of audit undertaken.
- In the case of financial audit, study and evaluation are made mainly on controls that assist in safeguarding assets and resources, and assure the accuracy and completeness of accounting records.

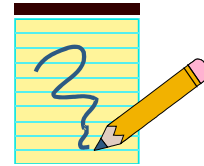
- In case of performance audit, the study and evaluation shall be made of the internal control systems applicable to the audited body, programme, activity or function under audit.
- Where accounting or other information systems are computerized, the Auditor should determine whether internal controls are operating effectively to provide reliability of and security over the data being processed.

The object is to point out, *inter alia*:

- Absence of appropriate segregation of duties consistent with control objectives;
- Absence of appropriate reviews and approvals of transactions, accounting, entries or systems output;
- Inadequate provisions for the safeguarding of assets;
- Evidence of failure to safeguard assets from loss, damage or misappropriation;
- Evidence that a system fails to provide complete and accurate output consistent with the Auditee's control

objectives because of the misapplication of control procedures;

- Evidence of failure to perform tasks that are part of internal control, such as reconciliation not prepared or not timely prepared; and
- Failure to follow up and correct previously identified deficiencies in internal control.



3. Reporting standards

3.1.1. Reporting standards constitute the framework for the audit organization and the Auditor to report the results of audit of regularity or performance audit or expressing his opinion on a set of financial statements. The report *ibid* will include, *inter alia*, a certificate. Detailed instructions in this regard have been prescribed by the Comptroller & Auditor General of India in Chapter IV of the Manual entitled "Auditing Standards for Panchayati Raj Institutions & Urban Local Bodies".

3.1.2. With regard to regularity audits, the Auditor should prepare a written

report which may either be a part of the report on the financial statements or the value for money audit or a separate report on the tests of compliance of applicable laws and regulations.

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

3.1.4. With regard to audit of financial statements, the Auditor should prepare a report expressing opinion on the fair presentation of the financial position of the audited entity in the financial statements.

3.2.1 The Auditor's certificate shall state expressly :

- The financial statements to which it relates;
- That the audit has been carried out in accordance with the relevant

statutory authority and with auditing standards; and

- An opinion about the accounts which the Auditor has formed as a result of the audit.

3.2.2. Audit has to be planned to enable the certificate to be given. The planning of audit follows familiarisation with the auditee's financial and accounting system and control procedures. It would, *inter alia*, involve:

- Examining the legislation which affects the auditee i.e. legislation that governs the PRIs;
- Confirming the scope of audit and the authority for it;
- Acquainting with the form of accounts and disclosure requirements;
- Studying and evaluating the reliability of internal controls;
- Occurrence - all recorded transactions properly occurred and were relevant to the year of account;
- Disclosure - the recorded transactions have been properly classified where appropriate; and

- Regularity - the recorded transactions are in accordance with the legislation and other specific provisions.

3.2.3. The procedure at the end of the audit should ensure that the account has been prepared in the correct form and all disclosure requirements have been met; all information has been obtained to enable the Auditor to arrive at the audit opinion and determine the form of the certificate; and working papers have been documented and are adequate to support the audit opinion.



***3.2.4. The position obtaining in West Bengal**

The statutory provisions contained in the West Bengal Gram Panchayat Act, 1973 and the rules framed thereunder do not provide for the certification of accounts of GP by Audit.

However keeping in view the guidelines issued by the Comptroller & Auditor General of India, a certification audit of GP accounts is also being done by the

office of the Accountant General/Local Bodies Audit, West Bengal and an audit certificate is enclosed with the issue of the Audit Inspection Report. The audit certificate *ibid* is issued in vernacular and expresses the Auditor's views in the prescribed format on the financial performance of the GP in respect of the maintenance of accounts in accordance with the West Bengal Panchayat (Gram Panchayat Miscellaneous Accounts & Audit) Rules, 1990. It is desirable that the State Government may incorporate a statutory provision for the certification of GP accounts by making suitable amendment in the Act in this regard, with a view to providing greater transparency in the maintenance of accounts.



3.3 Drafting of audit inspection report

3.3.1 The effectiveness of audit inspections lies in reporting the results of inspections to the appropriate authority of the auditee organisation, so that necessary action may be initiated by the latter to rectify the irregularity and prevent

recurrence of the same or similar irregularity.

3.3.2. The following major points should be kept in view as regards drafting of Audit Inspection Reports:

- Draft Inspection Reports should be written up continuously as the inspection proceeds so as to be ready as soon as it is completed;
- The comments of audit should be brief, intelligible and to the point;
- The objections should be made out in courteous and gentle language, and always in impersonal terms;
- It is of utmost importance that any statement or criticism should be accurate, fair, moderately worded and dispassionate;
- One must not forget that innuendo is forbidden. If a charge cannot be substantiated, there should not be even any hint of it in the write up;
- The write-up should contain full reference to the relevant documents;
- The statutory orders or rules, considered to have been violated, should be explicitly stated;
- The subject matter of the objections should be arranged in logical sequence;

- All objections of similar type should be grouped together, and generalised comments made where desirable;
- It should be kept in mind that it is in the treatment of results of audit that the Auditorial function demands the highest qualities of understanding, balanced judgment and sense of proportion;
- Undue insistence on trifling errors and use of too much technical expression should be avoided as far as possible;
- Mention of the names of the officials should be avoided except in case of personal claim;
- Suggested headings should be given above the different paragraphs in indication of contents. General headings like 'cash book', 'credit sales', etc. do not indicate anything. But headings like 'irregularities in the maintenance of cash book' 'outstanding dues from Government officers' etc. give a definite idea and make one inquisitive about the subject contained;
- The culmination of the audit process is the reporting which summarises the evidence gathered during the conduct of audit and communicates the audit opinion and other findings. It is essential for the Auditor to prepare the report in such a way

that audit observations are easy to understand;

- Timeliness of the report is the essence as delay may make the report irrelevant and corrective action may not be practicable; and
- The tone of reports should encourage decision-makers to act on the Auditor's findings and recommendations. Although findings should be presented clearly and forthrightly, the Auditors should keep in mind that one of their objectives is to persuade and this can be done by avoiding language that generates defensiveness and opposition.



***3.4 Submission of inspection reports**

3.4.1 The West Bengal Panchayat Act, 1973 does not prescribe any format for submission of the Audit Inspection Report. Clause 2 of section 190 of the Act, however, provides that an Auditor shall append to his report a statement showing:

- a) Grants-in aid received by the GP and the expenditure incurred thereon;
- b) Any material impropriety or irregularity which he may observe in the expenditure or

in the recovery of money due to GP or in the accounts of the GP; and

c) Any loss or wastage of money or other property owned by or vested in the GP.

3.4.2. The format in which Audit Inspection Report is being issued by office of the Accountant General/Local Bodies Audit, West Bengal broadly covers the above provisions. Copies of the format have been distributed for familiarisation.

Session Title: Indices of satisfactory organisational set up of Gram Panchayat (GP).		Session Guide
Instructors' Guide	Reference	Participants' Response
Session Overview		
Welcome participants to the session and remind them that their active participation is critical for the success of this session.		
Learning Objective		
Inform: In the previous sessions we have learnt how to audit GP Accounts, works executed by it, schemes implemented through it etc. In this session we will discuss the performance of a GP through a comparative analysis of the indices of satisfactory organizational set up of a Gram Panchayat, so that by the end of the session we will be in a position to draw audit conclusion in a practical scenario regarding the overall organizational set up and performance of a GP.	Lecture	
Basic Concepts		
Distribute Participants' Note Discuss: <ul style="list-style-type: none"> The indices of a satisfactory organizational set up of the GP Encourage: <ul style="list-style-type: none"> Participants to contribute their inputs. 	Session 9.2 Participants' Note	
Thank the participants and bring the session to a close.		



Indices of satisfactory organisation set up of a GP

Slide 1

Indices of satisfactory organizational set up of a Gram Panchayat (GP)

* Only Key Areas & Inspection Focus are given.
May be discussed with reference to the concerned Participants' Note

Slide 2

THEME AND KEY AREA: Devolution of powers and responsibilities

- **Inspection Focus:** Devolution of powers and responsibilities to Panchayats pertaining to 29 subjects listed in the 11th schedule of the Constitution with a view to augmenting economic development and social justice, in accordance with the provisions contained in the 73rd Amendment to the Constitution.

Slide 3

THEME AND KEY AREA: Constitution OF GP

Inspection Focus:

1. The alteration in the area of a 'Gram'
2. Election of members of GP.

Slide 4

THEME AND KEY AREA: Meetings of Gram Sansad

1. Inspection Focus:

Holding annual/half-yearly meetings of Gram Sansad in May/November
The presence of one-tenth of the total number of members is an essential requirement to form a quorum for holding first valid meeting

Slide 5

THEME AND KEY AREA: Report on the work of GP

Inspection Focus:

Half yearly & annual reports on the work of GP. The annual report is to be displayed in the office for information of the people and to be discussed in the meetings of the Gram Sabha & Gram Sansad. The copy of the final report including modifications, if any, is to be sent to PS by the middle of January every year.

Slide 6

THEME AND KEY AREA: Five year/annual development plan

Inspection Focus:

With a view to achieving economic development and securing social justice GP has to draw-

- i) A five year development plan and update it from time to time;
- ii) An annual plan by October for development of human resources, infrastructure and civic amenities; and
- iii) Implement schemes accordingly.

Slide 7

THEME AND KEY AREA:
Imposition, assessment and collection of taxes, rates or fees

Inspection Focus:

Imposition, assessment and collection should be made only in accordance with the decisions of the meetings of the GP

Slide 10

THEME AND KEY AREA:
Loss of money, stores etc

Inspection Focus:

- i) the matter should be reported to the PS
- ii) the Executive Officer/PS should promptly report the issue to the SDO
- iii) SDO should send a full report to the Executive Officer of the ZP with a copy to the State Govt. and
- vi) GP does not have any original power to write off, it can only recommend: sanction of higher authority viz. Dist. Panchayat Officer, DM, Director of Panchayat and State Govt according to financial powers.

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THEME AND KEY AREA:
Gram Panchayat Fund (GP Fund)

1. Inspection Focus:

All receipts of the GP should be credited to the GP Fund under distinct heads as per prescribed norms. Money credited to the Fund should be kept in the authorized bank in a Savings A/Cs. Pradhan (Upa Pradhan in his absence) shall be custodian of the fund, but no money in excess of Rs. 500/- should be kept under his personal custody under normal circumstances. Bank Pass book should be kept up to date at regular intervals. The closing balance as per Cash Book should be reconciled with cash in hand and cash at bank.

Slide 11

THEME AND KEY AREA:
Accounts of GP

Inspection Focus:

- i) All monetary transactions should be recorded in the Cash Book (CB) in the prescribed form
- ii) the transactions should be recorded on the day of their occurrence
- iii) All receipt/payment vouchers should be chronologically numbered and the same be noted in the CB
- iv) CB should be closed and balance struck date wise
- v) A note shall be kept in the CB in respect of un-disbursed cash drawn by self cheques at the end of the day

Slide 9

THEME AND KEY AREA:
Gram Panchayat Fund (GP Fund) contd

- 2. Inspection Focus:** moneys received as fines / penalties should be accounted for under proper heads. All cheques for withdrawal of money from the bank should be signed by the Pradhan (Upa-Pradhan in the absence of Pradhan) and the Executive Assistant and the latter should be responsible for writing the checks. All cheques were supported by issue of proper payment orders signed by Pradhan/Upa-Pradhan and Secretary.

Slide 12

THEME AND KEY AREA:
Accounts of Gram Panchayat contd.

Inspection Focus:

- vi) CB should be maintained by the Secretary and the entries authenticated by the Pradhan daily
- vii) In the absence of Secretary, the person by whom CB should be maintained should be decided by the GP in a meeting
- viii) In case of re-issue/cancellation of cheques, proper reasons should be recorded
- ix) Entries in the stock register for cheques and other receipt books should be authenticated by Secretary and Pradhan.

Slide 13

THEME AND KEY AREA:
Procedure for payment

Inspection Focus:

- i) Every payment from GP Fund should be made only against valid bill/claim
- ii) The bill/claim should be verified by Secretary and pay order should be examined and countersigned by Custodian
- iii) Particulars of payment should be noted in the CB and cheque issued

(This slide to be adapted to state specific scenario)

Slide 16

THEME AND KEY AREA:
Procedure for Sale

Inspection Focus:

- i) All sales of movable properties should be made by a committee comprised of Pradhan, Upa-Pradhan, Secretary and a member nominated by the GP through auction
- ii) A minimum price should be fixed in the meeting of the GP
- iii) In case of sale of articles above Rs.500/- public auction should be held giving a notice of not less than 7 days

(This slide to be adapted to state specific scenario)

Slide 14

THEME AND KEY AREA:
Procedure for payment *contd.*

Inspection Focus:

- iv) Proper acknowledgment of the payee should be obtained before delivering the cheque
- v) All paid bills should be serially numbered
- vi) In case of payment for purchase of stores/materials, necessary certificate should be entered on the back of the bill/voucher
- vii) No payment for bill in excess of Rs. 500/- should be made in cash
- viii) In case of payment to an illiterate person, payment should be attested by a person known to the recipient and the Custodian.

Slide 17

THEME AND KEY AREA:
Procedure for Sale *contd.*

Inspection Focus:

- iv) Date, place, time and terms of auction should be indicated in the notice for auction
- v) The article should be sold to the highest bidder
- vi) No auction should be held in the event of the highest bid falling short of the minimum price and a second auction should be held
- vii) If the minimum price is not reached in the second auction, the matter should be referred to SDO for a decision.

(This slide to be adapted to state specific scenario)

Slide 15

THEME AND KEY AREA:
Procedure for purchases

Inspection Focus:

- i) Purchases should be made by a committee of the Pradhan, upa-pradhan, Secretary and a nominated member of the GP
- ii) In case of an individual article valuing not exceeding Rs.100/-, Pradhan can make the purchase subject to ratification by the committee
- iii) In case of purchases above Rs.100/-, three quotations from three reliable firms and three sealed tenders should be invited
- iv) In case of non-acceptance of lowest tenders, proper reasons should be recorded
- v) All the purchased articles should be entered in the General stock book in the prescribed form and columns duly filled in
- vi) Separate page should be kept for each article.

(This slide to be adapted to state specific scenario)

Slide 18

THEME AND KEY AREA:
Procedure for Works

Inspection Focus:

- i) Sealed tenders should be invited through a tender notice of not less than 7 days for supply of materials or carriage of materials to the work site by the contractor
- ii) Earnest money at the rate of 2% should be deposited in cash along with the tender
- iii) Tenders have to be opened by the Pradhan in the presence of the tenderers at the appointed date and time

(This slide to be adapted to state specific scenario)

Slide 19

THEME AND KEY AREA:**Procedure for Works** *contd.***Inspection Focus:**

- iv) Pradhan will be assisted by Secretary and Job assistant in the scrutiny of tenders
- v) The GP should select a person preferably from the locality for day to day supervision of the work/scheme undertaken by it
- vi) No member of the GP should be selected for this supervision
- vii) The person selected for day to day supervision should execute an indemnity bond in the prescribed form
- viii) An advance payment not exceeding 25% of the total wage may be made to the above person at a time

(This slide to be adapted to state specific scenario)

Slide 22

THEME AND KEY AREA:**Gram Panchayat Budget****Inspection Focus:**

Secretary to prepare the outline budget under the direction of the Pradhan by the 1st October each year for the following year—before that Pradhan has to ascertain the estimated receipts of the GP of its own resources and grants or contribution against programme, project/schemes. The same is to be discussed in the meeting of the GP by 15th October and modified by the Secretary accordingly by 20th October. This will be reconsidered in the meeting of the GP as draft budget by 1st November.

(This slide to be adapted to state specific scenario)

Slide 20

THEME AND KEY AREA:**Registers to be maintained in connection with works****Inspection Focus:**

- i) Allotment Register—records all transactions for the allotment of fund in cash or kind (in the prescribed form no. 17) for the execution of works or scheme—separate page should be kept for each scheme/programme
- ii) Project Register—should be maintained in form no 18 for all projects under each programme
- iii) Works Register—records particulars of all development works undertaken by the GP through its own resources in the form prescribed by the state PWD

(This slide to be adapted to state specific scenario)

Slide 23

THEME AND KEY AREA:**Gram Panchayat Budget** *contd.***Inspection Focus:**

1. Copies of the draft budget are to be displayed publicly with a notice in the prescribed form for general information of the members of the Gram Sabha by 5th November for filing objections within 10 days. A copy is also to be forwarded to the PS. The PS to send its view to the GP by 30th November.
2. The draft budget is to be discussed in meeting of the Gram Sansad by November and objections / suggestions are to be recorded by Pradhan.
3. The same is to be discussed by the Gram Sabha by 31st December and the objections/suggestions are to be recorded in writing.
4. This is then discussed by the GP by 31st January and the approved budget is sent to the PS by 15th February.

(This slide to be adapted to state specific scenario)

Slide 21

THEME AND KEY AREA:**Registers to be maintained in connection with works** *contd.***Inspection Focus:**

- vi) **Measurement Book**—records actual measurement of all works undertaken by the GP in the form prescribed by the state PWD
- v) **Muster Roll**—records all kinds of payment either in cash or kind at the site of work in the form no 20
- vi) **Appropriation Register**—records all grants & loans received from Govt. in the form no 8.

(This slide to be adapted to state specific scenario)

Slide 24

THEME AND KEY AREA:**Function of GP as a unit of self-government with a view to achieving economic development and securing social justice for all.****Inspection Focus:**

1. **Poverty alleviation programmes** – implementation of Wage Employment Schemes such as Sampoorna Gramin Rozgar Yojana (SGRY)
2. **Social Security and Welfare Programmes** – implementation of schemes like Indira Awas Yojana (IAY), National Social Assistance Programme (NSAP) including National Old Age Pension Scheme (NOAPS), National Family Benefit Scheme (NFBS) and National Maternity Benefit Scheme (NMBS)

Slide 25

THEME AND KEY AREA:
Function of GP as a unit of self-government with
a view to achieving economic development and
securing social justice for all. Contd.

Inspection Focus:

3. The imposition, assessment and collection of fees, rates and tolls by GP
4. Adoption of measures on health and hygiene:-
 - a) Sanitation, conservancy & drainage;
 - b) Curative & preventive measures in respect of malaria, small pox, cholera or any other epidemic
 - c) Supply of drinking water

Slide 26

THEME AND KEY AREA:
Function of GP as a unit of self-government with
a view to achieving economic development and
securing social justice for all. Contd.

Inspection Focus:

5. Maintenance, repair and construction of public streets and protection thereof;
6. The removal of encroachments of public streets or public places;
7. The protection and repair of buildings or other property vested in the GP; and
8. Facilitating education and literacy.



