



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



FOREST EXPENDITURE AUDIT MANUAL

OFFICE OF THE
PRINCIPAL ACCOUNTANT GENERAL,
(Economic & Revenue Sector Audit),
ODISHA, BHUBANESWAR

PREFACE

This manual has been prepared in accordance with the directions contained in Paragraph 2.2 of Manual of Standing Orders (Administrative), Volume-I issued by the Comptroller Auditor General of India for the guidance of those entrusted with the audit of expenditure of Forest Department.

The instructions contained in this manual are supplementary to the general rules and orders issued by the Comptroller and Auditor General of India. This Manual is intended to educate the RSA field personnel while auditing. This manual should be treated as a guide and the audit checks mentioned herein should not be deemed exhaustive. In the course of audit, where references have to be made to the provisions of Rules covering Forest expenditure, such references should be made only to the relevant rules of Central Audit Manual issued by the Accountant General (General & Social Sector Audit), Odisha, Forest Receipt Audit Manual issued by the Principal Accountant General (Economic & Revenue Sector Audit), Odisha and in general Manual of Standing Orders (Audit) issued by the Comptroller & Auditor General of India. The Manual was updated on collection of information from Forest & Environment Department Govt. of Odisha, Principal Chief Conservator of forest offices and from different orders, notifications, and circulars.

The instructions in this manual should not be quoted as authority in any correspondence with outside offices. RSA Headquarters Section is responsible for keeping the manual up-to-date, by issue of correction slips. Errors noticed or suggestions, if any, desired to be made may be intimated to the Deputy Accountant General (RSA). This manual is for the use in IA&AD only.

BHUBANESWAR

DATED:

[YASHODHARA RAY CHAUDHURI]
PRINCIPAL ACCOUNTANT GENERAL

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CHAPTER – I

GENERAL PROVISIONS

1.1 Introductory:

The functions of the Comptroller and Auditor General (C&AG) of India relating to Audit are derived from Article 151 of the Constitution of India. Further, in accordance with the provision of section 13 of the C&AG's Duties, Power & Conditions of Service (DPC) Act, 1971 (The Act), the C&AG has the authority to audit all expenditure from the Consolidated Fund and Contingency Fund of India, of each State and of each Union Territory having Legislative Assemblies. The prime objectives are to ascertain that there is a provision of fund authorized by the competent authority, the expenditure conforms to the authority which governs it and there exists sanction authorizing expenditure accorded by competent authority. Also the expenditure incurred should conform to the principle of economy, efficiency and effectiveness.

The audit of autonomous bodies is regulated by sections 14, 15, 19 and 20 of the Act as amended from time to time. The audits taken up under Sections 19 and 20 involve certification of accounts of the Autonomous Bodies and preparation of Separate Audit Reports.

The CAG's Auditing Standards, 2017 envisage the auditing principles and set out the norms/benchmarks in the form of general standards and specific standards applicable for financial audits. The Manual of Standing Orders (Audit) and Manual of Instructions for audit of Autonomous Bodies prescribe, among others, the process and provide a check list for conducting financial audits.

(C&AG, PPG/FAA for ABs 2017)

The Treasury Section in the Accounts and Entitlement (A&E) Office receives the monthly accounts of Forest Offices. The vouchers along with schedules are checked and passed for compilation of Monthly Classified Abstract. The central audit of these vouchers is currently conducted by office of the Deputy Accountant General (Economic Sector-II), Puri.

1.2 Scope of Audit:

Under Section 23 of the Act, the scope and extent of audit shall be determined by the Comptroller and Auditor General of India. The instant audit includes test check and general examination of records relating to Expenditure Accounts for the period covered under audit u/s 13 of the Act.

However, the autonomous bodies under the Forest Department shall be audited as per section 19 and 20 of the Act where certification of audit is required.

1.3 Audit Objectives:

The primary objectives of forest expenditure audit are to check and assess, whether;

- The activities are undertaken as per prescribed Acts, Rules, Orders and Notifications issued by the Honorable Supreme Court, Central as well as State Government.
- The entrusted forestry activities were carried out efficiently, economically and in an effective manner to achieve the intended objectives.
- The financial management of funds received for establishment as well as schemes/ programmes was implemented effectively as per the prescribed Guidelines.
- The aspect of financial propriety was followed.
- The contract agreements are definite and precise.
- The expenditures are covered by relevant grants and sanctions.
- There exists any unauthorized diversification of funds.
- The Internal control mechanism is sufficient to check the theft, fraud and corruption.

1.4 Audit Criteria:

The audit criteria adopted for assessing the achievement of the audit objectives are:

- Orders of Honorable Supreme Court of India and other Judicial pronouncements;
- Provision of Odisha Forest Department (OFD) Code;
- Indian Forest Act 1927, Forest Conservation Act 1980 and relevant Rules;
- Odisha General Financial Rules (OGFR) and Odisha Treasury Code (OTC);
- Delegation of Financial Power Rules (As amended in 2013), Odisha;
- Policies as approved by Central/ State Government for various schemes and implementation/operational guidelines therein;
- Annual Plan of Operation (APO) of different schemes;
- Terms and conditions of sanctions of funds;
- Physical/financial targets/ norms fixed by the Government.

1.5 Audit Methodology:

The audit methodologies adopted for achieving the audit objective are:

- Review of Budget Estimates vis-à-vis Expenditure;
- Examination of records relating to budgets, expenditure and monthly progress reports;

- Examination of records relating to sanction and execution of various schemes and projects;
- Review of Annual Activity Reports, Annual Plan of Operations, Utilization Certificates;
- Media reports, vigilance reports, internal audit reports, allegation petitions etc.
- Issue of POMs and discussion with officials and Head of the Office.

1.6 Organization Set Up in Audit:

The entire audit of expenditure was entrusted with erstwhile **CAP** and **CASS** Group (Presently FAA and FINAT) of Office of the Accountant General (G&SSA), Odisha till May 2009. Later, the “Forest Expenditure” part was transferred to the **RSA** Group of E&RSA Office wef 14th May 2009. RSA Headquarters vetting section functions with one AAO who is assisted by Sr. Auditors/Auditors. The Section is supervised by one Sr. Audit Officer/Audit Officer. Field parties carry out expenditure audit along with Receipt & Refund as programmed quarterly by RSA (HQs) section with the approval of Group Officer.

CHAPTER – II

ORGANISATION AND FUNCTIONING OF FOREST DEPARTMENT

2.1 Introduction:

The Forest Department in Odisha came in to existence during pre-independence period when Odisha was a part of Bengal. A solitary Division, namely, Odisha Division was created amongst 10 Divisions comprising the whole of Bengal, Bihar and Odisha under the charge of one Conservator of Forests with Headquarters at Darjeeling. On 1st April 1936, Odisha emerged as a new State of India and a new Forest Department was formed under the charge of a Conservator of Forests. With merger of states on first January 1948, reorganization of the department was made with 22 territorial divisions and 2 non-territorial divisions namely Working Plan Divisions.

2.2 Aims and Objectives of the Department:

National Forest Policy 1988, Vision for Odisha Forest Sector 2020 and Joint Forest Management Resolution 2008 provide guiding principles for forest management in the State. The primary objectives are:

- Maintenance of environmental stability through preservation and restoration of the ecological balances where serious depletion of the forests happen.

- Increasing sustainability & the forest/tree cover in the State through massive afforestation and social forestry programme.
- Meeting the requirement of fuel wood fodder minor forest produce and small timber of the rural and tribal populations.
- Creating a massive people's participation movement with the involvement of women.
- Encouraging efficient utilization of forest produces and maximizing substitution of wood.
- Checking soil erosion and denudation in the catchments areas of rivers, lakes reservoirs for mitigating floods and droughts.
- Checking the extension of sand dunes in and along the coastal tracts.

Thus, the principal aim of our State policy is to ensure environmental stability and maintenance of ecological balance including atmospheric equilibrium which is vital for sustenance of all life forms- human, animal and plant. (Source: odishaforest.in/about.us)

2.3 Forests in Odisha:

The Forest Survey of India (FSI), an organization of the Ministry of Environment, Forests and Climate Change, Government of India, has been entrusted with assessment of the Forest Cover of different States and Union Territories of the country by using remote sensing technology. Based on the data obtained from the satellite imageries, the FSI in 2017 has assessed that the total forest cover of Odisha to be 51,345 sq. km, and tree cover of 3,993 sq. km. as detailed below:

Total Geographical Area	1,55,707 Sq. Km.
Recorded Forest Area	61,204 Sq. Km.
Forest Cover Area	51,345 Sq. Km.
Tree Cover	3993 Sq. Km.
Total Forest & Tree Cover	55,338 Sq. Km.
Per Capita Forest & Tree Cover	0.130 Ha
Percentage of Forest Area (Recorded) to Geographical Area	39.31%
Percentage of Forest Cover to Geographical Area	32.98%

(Source: Highlights of Indian State of Forests 2017 -Odisha)

The forest cover in the State is rich in **biodiversity** and density. There are two National parks¹, 19 Wildlife Sanctuaries² and one Biosphere Reserve at Similipal in the State. There are two notified and one proposed Tiger Reserves namely Similipal, Satkosia and Sunabeda (proposed). There are three elephant reserves in the State namely Mayurbhanj, Sambalpur and Mahanadi. The protected area for wildlife management constitutes 4.25% of the total geographical area of the State.

The **wetland management** in the State has received international accreditation. Chilika Ramsar site is the Asia's largest brackish water lagoon having rich estuarine and marine fauna including Irrawady Dolphins. About nine lakh migratory birds visit Chilika every year. Gahirmatha Sanctuary attracts more than five lakh Olive Ridley sea turtles every year for nesting during February- March.

2.4 Organization of the Department:

Under Article 246 of the Constitution of India "Forest is a state subject and its management and exploitation rest with the State Government". The Forest and Environment Department in the State of Odisha operates through a number of Departmental formations and autonomous bodies, which have two separate distinct formations i.e. Forest and Environment. The field formations under the Forestry set up are organized under Territorial, Wildlife and Kendu leaf wings³. Autonomous bodies such as State Pollution Control Board (SPCB), Chilika Development Authority (CDA) and Regional Plant Resource Centre (RPRC) function under the Environment Wing of the Department.

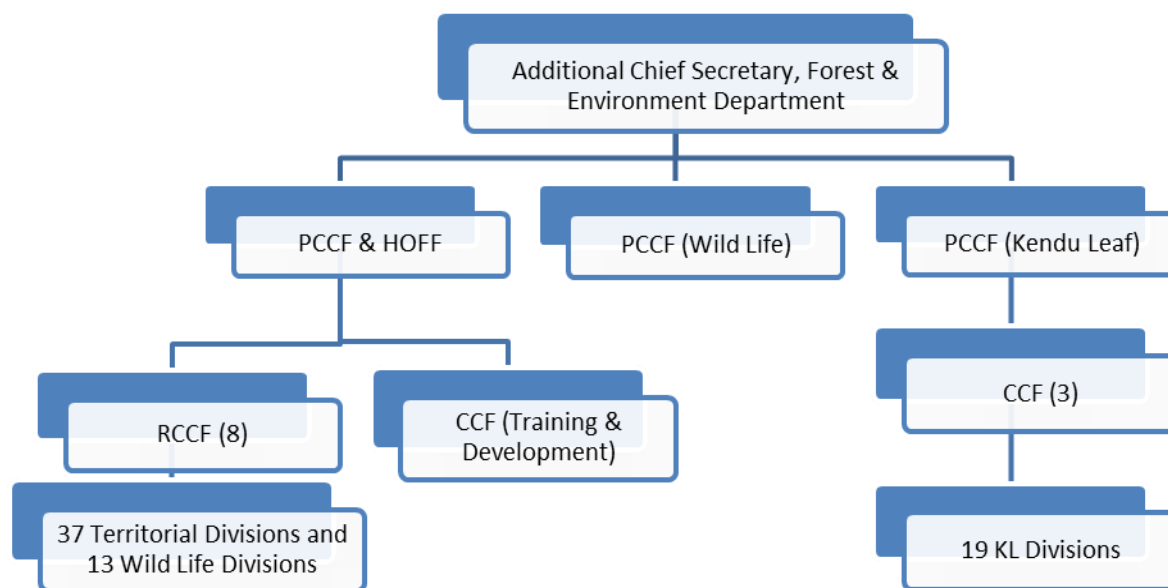
Each wing is headed by one **Principal Chief Conservator of Forests (PCCF)**, who is entrusted with the management, protection, development of forests and wild life. He is assisted by Additional PCCFs, CCFs, CFs, Dy.CFs/Divisional Forest Officers (DFOs), Range Officers (ROs) and other departmental/ministerial cadres. For administrative convenience different wings of the forest are divided into Circles and further subdivided into Divisions, Ranges, Sections and Beats.

¹ Bhitarkanika and Similipal

² Badrama, Baisipalli, Balukhanda, Bhitarkanika, Chandaka-Dampara, Chilika (Nalabana), Debrigarh, Gahirmatha (Marine), Hadgarh, Karlapat, Khalasuni, Kotagarh, Kuldiha, Lakhari Valley, Nandankanan, Satkosia Gorge, Similipal, Sunabeda, Kapilash

³ All the offices of Autonomous Bodies and Kendu leaf wing are audited by the Economic Sector-I of this office.

The organizational structure of the Forest Department is depicted below:



2.4.1 Territorial Wing- Forest Circles:

For administration purposes the **Territorial Wing** of Forest Department is divided into eight circles⁴ (Territorial and Wildlife) each in charge of a Regional Chief Conservator of Forests⁵ (RCCF) apart from one Training and Development Circle headed by CCF. The RCCF works as Controlling and Administrative Officer in respect of divisions under his control.

2.4.2 Forest Division:

The responsibility for the proper management of the forest business and the finance of the divisions rests on the Divisional Forest Officer (DFO). He is primarily an executive officer and is empowered to take active part in all technical works subject to the prescriptions of the working plan and any directions he may receive from his superior officers; he controls the silviculture of divisions and also responsible for the correctness of all the technical operations.

He also acts as DDO of the Division.

(Rule 20(a) of O.F.D.Code Vol-I).

2.4.3 Forest Ranges:

There are 223 Territorial Ranges and 60 Wildlife Ranges in the State for protection and management of forest and Wildlife respectively. These Ranges are further divided into **1017 Sections and 3683 Beats** for better management of forestry affairs. The charge of a Range is

⁴ Angul, Baripada, Berhampur, Bhawanipatna, Bhubaneswar, Koraput, Rourkela and Sambalpur

⁵ As per Govt. Odisha, General Administration Deptt. Notification No. 29560 dated 27th November 2008

held by the Range Officer. The charge of Sections and Beats are held by Foresters and Forest Guards respectively.

2.4.4 Training Institute:

One exclusive establishment functions under the control of the CCF, Training & Development circle, Cuttack, who is entrusted with the work of training of forest personnel in addition to supervision of research work for the whole of Odisha. The following five training and educational institutions are located in the State:

Institution	Division
Forest Ranger's college, Angul	Dhenkanal
Nicholson Forester's Training School, Champua	Keonjhar
Forester's Training School, G. Udayagiri	Phulbani
Mooney Forest Guard Training School Angul	Dhenkanal
Dy. Conservator of forest, Forester training School, BBSR	Khordha

2.4.5 Other Formations:

There are eight Working Plan Divisions entrusted with the responsibility of preparation of forest management plans of various divisions. Besides, one Forest Resources Survey Division (Cuttack) and two Silviculture divisions (Bhubaneswar and Rayagada) look after resource inventory and forest research respectively.

2.5 Kendu Leaf Wing:

Kendu Leaf wing of Forest Department, Odisha is mandated to provide livelihoods to a million of rural people after nationalization of kendu leaves trade. This trade includes procurement and sale of leaves plucked from a tree species "*Diospyrous melanoxylon*" systematically maintained at bushy stage for ease of plucking of leaves. The Wing consists of 19 Divisions in three Circles with 165 Ranges for collection and processing of Kendu leaves.

2.6 Wild Life Wing:

The PCCF (Wild Life) and Chief Wild Life Warden, Odisha, Bhubaneswar looks after this wing for scientific management and development of sanctuaries, national parks and other areas important from wildlife point of view in addition to such other functions as are envisaged under the provisions of the Wildlife (protection) Act 1972 and the Wildlife protection (Odisha) Rule 1974. At present there are 13 wild life divisions.

2.7 Environment Wing:

The Environment Wing of the erstwhile Science, Technology and Environment Department became part of the Forest and Environment Department in October, 1990. The Directorate of Environment and the State Pollution Control Board constitute the main agency of this Wing. Chilika Development Authority (CDA) has been set up for the eco-restoration and management of Chilika Lake.

The Regional Plant Resources Centre (R.P.R.C.) is a unique institution devoted to ex situ preservation and development of plant genetic resources and application of micro propagation technologies. Also, a Centre for Environment Studies has been created during 2000-2001 by the State Government with the objective of disseminating environment-linked information and creation of environmental awareness, and taking up need based studies and consultancy assignments in the field of environmental impact assessment and environment management plans.

2.8 Odisha Forest Development Corporation Ltd:

The Odisha Forest Development Corporation (O.F.D.C.) Ltd acts as the commercial wing of the Department and discharges the function of disposing the various forest produces of the State. The present function of corporation revolves around marketing of salvaged timber, kendu leaves, Sal seed, bamboo and other non-timber products collected/produced directly or by raw material procurers. It regulates the distribution of timber, firewood, commercial bamboo and other small timbers as per availability to the local people through 150 numbers of depots of the corporation.

2.9 Schemes and Programmes:

Forest Management Planning must provide for sustainable management of forests and its biodiversity as enshrined in the National Forest Policy, encompassing the ecological (environmental), economic (production) and social (including cultural) dimensions. The objectives for attaining this goal include conservation of forests and reducing forest degradation, maintenance and enhancement of ecosystem services including ecotourism, enhancement of forest productivity, maintenance of biological diversity and improvement and regulation of hydrological regime. To attain these objectives, a number of schemes, projects and programmes are under implementation. Some of such important ongoing schemes/projects are as follows:

(Source: National Working Plan Code 2014)

2.9.1 Economic Plantations:

The condition of growing stock in the forests of the State is being consistently improved through this scheme by raising plantations of economically important species such as Teak, Rosewood, Sisso, Mahogany, Bijasal, Acacia Mangium, Gambhar, Kasi, Tendra etc. in the suitable pockets of designated and notified forest areas. Casuarinas' plantations are also raised along the coastal belt to ensure higher production of biomass.

2.9.2 Intensive Protection of Critically Endangered Areas (IPCEA):

The objective of the scheme is to strengthen protection of forests against organized mafia and timber smugglers and against illicit removal of timbers and other forest produce. Critically vulnerable belts of forests have been identified in 37 Territorial Forest Divisions where forest protection measures have been beefed up. A vulnerable forest belt normally comprises of three contiguous Beats where operation of organized gangs of forest offenders / timber mafia / poachers has been detected.

The scheme input comprises of deployment of a squad in every vulnerable forest belt. Each squad consists of 10 local youth engaged in each selected location. These squads carry out regular patrolling and monitoring of the identified forest belt with surveillance of potential offenders operating in the area, also act as a striking force when required to aid in search, seizure & raid operations.

2.9.3 Avenue plantation:

The scheme is being implemented in the state to create a green belt along both sides of the State's National Highways (NH), State Highways (SH), District & Panchayat roads and urban roads for providing environmental services, shelters during summer and rains besides reducing vehicular pollution. As per Government order⁶, ten times of the number of trees are to be planted against the number of trees felled/damaged during construction or widening of NH or SH, irrespective of forest or non-forest land, through compensatory afforestation scheme by the User Agency (UA) with the approval of Forest Department.

2.9.4 National Bamboo Mission (NBM):

This scheme is implemented by Odisha Bamboo Development Agency (OBDA), which has been constituted to promote the bamboo sector in the State. The special focus of the scheme is on increasing the coverage area with suitable species, promotion for marketing of bamboo

⁶ Government of Odisha in Forest and Environment Department order dated 2010

based handicrafts, capacity building of bamboo farmers and artisans along with promoting sustainable livelihood for tribal and minority groups or rural poor with special emphasis on women empowerment.

2.9.5 Urban Plantation:

This scheme was initially introduced in and around Bhubaneswar City areas during the year 2007-2008 to create green pool in crowded urban areas. Since 2013-14, almost all Urban Local Bodies throughout the State have been covered under this scheme.

2.9.6 Bald Hill Plantation:

The scheme was started during 2009-10 adopting special plantation techniques for restoration of green cover of bald hills in the districts of Cuttack, Jajpur, Ganjam, Koraput, Kalahandi, Khordha and Sundergarh.

2.9.7 Agro Forestry:

The scheme was introduced in the year 2013-14 with an aim to increase tree cover outside forests i.e. in agricultural land of the people. Farmers having at least half an acre of land are supplied saplings as per their requirement of fuel & fodder, free of cost, for planting in their agricultural land based on proper verification of land records.

2.9.8 Conservation of Sacred Groves:

This scheme was introduced in the year 2013-14. The sacred groves are surviving fragments of natural climax vegetation in Odisha comprising of many rare and important flora which are preserved traditionally by local people. The activities undertaken under this scheme are: documentation of the sacred groves, providing signages, taking up plantations of indigenous species as per the requirement of the community based on the availability of land adjoining the sacred groves, protection of the deity against desecration and provision of permanent water sources. Till date, more than 500 sacred groves have been covered.

2.9.9 Intensification of Forest Management (IFM):

The scheme is implemented on 60:40 basis of Central Share and State Share. The components of the scheme include forest fire control & management, strengthening infrastructure for forest protection, working plan preparation/survey and demarcation.

2.9.10 National Afforestation Programme (NAP):

This programme is operated by the National Afforestation and Eco-Development Board (NAEB), Ministry of Environment & Forests and Climate Change (MoEF&CC), Government of India as a Centrally Sponsored Scheme. The objective of the scheme is to increase and/or improve forest and tree cover for rehabilitation of degraded forests and other areas in participatory forest management processes for sustainable development and management of forest resources focusing on improvement in livelihoods of the forest-fringe communities, especially the poor.

The scheme is implemented by a three-tier institutional set-up, namely State Forest Development Agency (SFDA) at the State level, Forest Development Agencies (FDAs) at the forest division level involving Joint Forest Management Committees (VSSs/EDCs) at the village level for carrying out plantation and ancillary activities.

2.9.11 Green India Mission (GIM):

National Mission for Green India (GIM) is one of the eight Missions under the National Action Plan on Climate Change (NAPCC). There are five landscapes identified in the State of Odisha where the boundaries co-terminus with five territorial divisions namely Kalahandi North, Kalahandi South, Dhenkanal, Berhampur and Ghumsur South Forest Division. Effective convergence of schemes like MGNREGS / CAMPA / NAP / IFM holds the potential for adding value to an effort and improves productivity and enhances operational efficiencies. In the preparatory years 50 micro-plans have been prepared in all the five landscapes and Soil & Moisture Conservation (SMC), Entry Point activity (EPA) works are executed with some awareness outreach activities.

2.9.12 Ama Jangala Yojana (AJY):

Ama Jangala Yojana is an endeavor of the Forest Department, being implemented through Odisha Forestry Sector Development Society (OFSDS) to promote sustainable forest management in the state with emphasis on livelihood support for the communities living in the forest fringe villages in VSS mode. The objectives are to conserve and restore degraded forests with active participation of local communities, strengthen the community level institutions involved in protection of forest, empower forest dependent communities by capacity building through skill development and promotion of income generation activities to reduce pressure on forest. AJY is proposed to be implemented in 30 Territorial & wildlife Divisions covering 7,000 VSSs/ EDCs, which have not been covered under OFSDP.

2.9.13 Compensatory Afforestation Fund Management and Planning Authority (CAMPA):

The **State CAMPA** Odisha was constituted in 2009 with an objective of conservation, protection, regeneration and management of existing natural forests, wildlife and their habitat and raising Site Specific compensatory Afforestation. This is discussed in Chapter-IX.

2.9.14 Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS):

This Programme is being implemented since financial year 2006-07 with an objective of generating rural employment through different labour intensive forestry works, such as forest regeneration, soil conservation, water conservation and harvesting, maintenance of forest roads and boundaries, nursery raising, plantation activities etc.

CHAPTER –III AUDIT OF FOREST EXPENDITURE

3.1 Audit Objectives:

The primary objectives of audit of forest expenditure are to check whether:

- **Funds** have been authorized by the competent authority prescribing the limits within which expenditure can be incurred;
- The expenditure conforms to the relevant provisions of the **Act** and other laws and financial rules and regulations framed by the competent authority;
- Either a special or general **sanction** of the competent authority authorizing the expenditure is available;
- All financial transactions have been correctly recorded in the **accounts** under examination and have been allocated to the appropriate heads of account.

Para-2.2.2 of MSO (Audit)

Further, as per Rule 4 of C&AG's Regulations on Audit and Accounts 2007, the broad objectives are to ensure legality, regularity, economy, efficiency and effectiveness of financial management and public administration mainly through assessment as to:

- Whether the financial statements are properly prepared, are complete in all respects and are presented with adequate disclosures (**financial audit**);
- whether the provisions of the Constitution, the applicable laws, rules and regulations made thereunder and various orders and instructions issued by competent authority are being complied with (**compliance audit**); and

- The extent to which an activity, programme or organisation operates economically, efficiently and effectively (**performance audit**).

3.2 Financial audit:

The primary purpose of financial audit is to verify whether the accounts of Government are properly prepared, are complete in all respects and are presented with adequate disclosures.

Financial audit thus verifies:

- books of accounts and the financial statements for their compliance with the applicable laws, rules and regulations and accounting principles, policies and acceptable standards including conformity with the prescribed form of accounts.
- Completeness of the books of accounts and the financial statements; this also includes a critical review of the amounts that are not adjusted to their final classification;
- Accuracy of the books of accounts and the financial statements including consistency between the related statements;
- Timeliness of the books of accounts and the financial statements;
- Adequacy of disclosures including appropriate and necessary explanations for any entry or amount that is *prima facie* unusual; and
- In the case of Appropriation Accounts, in addition to the above,
 - The amount of actual expenditure for its legal availability for and application to the service or purpose in accordance with the scope and intent of the grant;
 - The orders of re-appropriation and surrender of funds for their legality, competence and propriety; and
 - The explanations for the significant variations between the amounts of actual expenditure and the amounts authorised by the legislature, beyond the prescribed limits of such variations, for their veracity.

3.3 Compliance Audit:

Compliance audit includes an examination of the rules, regulations, orders and instructions for their legality, adequacy, transparency, propriety and prudence and effectiveness that is whether these are:

- *intra vires* the provisions of the Constitution of India and the laws (legality);
- sufficiently comprehensive and ensure effective control over Government receipts, expenditure, assets and liabilities with sufficient safeguards against loss due to waste, misuse, mismanagement, errors, frauds and other irregularities (adequacy);

- clear and free from ambiguity and promote observance of probity in decision making (transparency);
- judicious and wise (propriety and prudence); and
- Effective and achieve the intended objectives and aims (effectiveness).

(Rule 44 of C&AG's Regulation on Audit and Accounts, 2007)

3.4 Performance Audit:

“Performance audit is an independent assessment or examination of the extent to which an organisation, programme or scheme operates economically, efficiently and effectively.”

(Regulation 68 of Regulations on Audit and Accounts, 2007)

This is otherwise known as Value for Money Audit, which is an independent, objective and reliable examination of whether government undertakings, programs, systems, activities or organisations are performing in accordance with the principles of economy, efficiency & effectiveness and whether there is room for improvement. Performance auditing seeks to provide new information, analysis or insights and where appropriate, recommendations for improvement. Performance audits deliver new information, knowledge or value by providing new analytical insights (broader or deeper analysis or new perspectives); making existing information more accessible to various stakeholders. This provides an independent and authoritative view or conclusion based on audit evidence and recommendations based on an analysis of audit findings.

(Para 1.4 to 1.6 of C&AG's Performance Audit Guidelines 2014)

3.5 Other systems of Audit:

3.5.1 Propriety audit:

Propriety audit examines the propriety of executive action and looks beyond formality of expenditure to bring to the notice of Legislature cases of waste, losses, extravagant and nugatory expenditure and thus challenges any improper exercise of discretion and comments on propriety of expenditure.

In any case, Audit Officers in the performance of their duties should apply the following general principles that have long been recognized as standards of financial propriety:

- The expenditure should not *prima facie* be more than what the occasion demands. Every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.
- No authority should exercise its powers of sanctioning expenditure to pass an order that will be, directly or indirectly, to its own advantage.
- Public moneys should not be utilised for the benefit of a particular individual or section of the community unless:
 - The expenditure involved is insignificant; or
 - A claim for the amount could be enforced in a court of law; or
 - The expenditure is in pursuance of a recognized policy or custom.
- The amount of allowances, such as travelling allowances granted to meet expenditure of a particular type, should be so regulated that the allowances are not, on the whole, sources of profit to the recipients.

(Para 2.2.47 of MSO (Audit) & u/r 9 of OGFR)

3.5.2 Systems Audit:

In **Systems audit**, organization and systems governing authorization, recording and internal control is analyzed and standards of quality and performance evaluated.

- The financial rules and orders are consistent with the essential requirements of audit and accounts as determined by the C&AG.
- They do not conflict with orders of or rules made by any higher authority ; and
- The authority issuing rules that have not been separately approved by competent authority is vested with the necessary powers to frame them.

(Para 1.1.5 & 2.2.27 of MSO (Audit))

3.6 Delegation of financial powers:

The extent and conditions of delegation of financial powers to different authorities of the State Governments are prescribed in the “Delegation of financial power rules 1978” as revised from time to time by the Government.

According to paragraph 2.2.30 of MSO (Audit), all orders of delegation of financial authority should be scrutinized carefully because audit of sanctions as well as of expenditure or other transactions may be conducted against these orders for an indefinite length of time once these

have been accepted. They should therefore receive the Accountant General's personal attention and should be formally accepted by him before they are admitted in audit.

The relevant provisions of delegation of financial powers as revised vide Government of Odisha Notification No. 13863/F Dated 08.04.2013 as given in **Appendix-G** may be referred during audit.

3.7 Audit against sanction to expenditure:

Audit of sanctions and orders of the Governments and those accorded by subordinate authorities of the Government is an important area of audit of expenditure. Sanctions and orders, which have been issued with the concurrence of the C&AG, require no further audit scrutiny.

(Para 2.2.8 of C&AG's MSO Audit)

The power to sanction expenditure from the Consolidated Fund and the Contingency Fund of a State is vested by Article 166(3) of the Constitution in the Governor of the State whose sanction, given by himself or by persons to whom the necessary powers have been delegated, is required for such expenditure. The procedure for the communication of sanctions to office of the Accountant General has been prescribed in Rules 45 to 48 under Chapter 4 of Odisha General Financial Rules, (Vol.1). The rules regarding the date from which sanctions should take effect have been incorporated in Rule 51 of OGFRs.

Note (1): Sanctions of Government and subordinate authorities should have the effect from the dates of the letter or memorandum conveying them subject to any special provision as to the date of effect in such letter or memorandum.

Note (2): Where a sanction is given retrospective effect, the period of one year for the purpose of Rule 27 of the OTC Vol. I will count from the date of the order conveying the sanction and not from the date from which the sanction takes effect.

3.8 Lapse of Sanction:

As per Para 53 of OGFR (Vol-I), a sanction for any fresh charge which has not been acted on for a year must be held to have lapsed, unless it is specifically renewed with necessary provision in the budget estimates.

In cases of purchase of Stores, a sanction shall be deemed to have been acted upon if quotations of tenders have been accepted (in the case of local or direct purchase of stores) or the indent has been placed (in the case of Central Purchase) on the Central Purchasing Organization with the

prescribed period of one year of the date of the issue of that sanction even if the payment in whole or in part has not been made during the said period.

(Finance Department Memo. No. Codes – 49/61-41101 (119)-FS dated the 1.12. 1961)

In relation to audit of expenditure, Audit has not only to see that the expenditure is covered by a sanction of expenditure, either by general or special but has also to satisfy itself that:

- The authority sanctioning it is competent to do so by virtue of the powers vested in it by the provisions of the Constitution and of the Laws, Rules or Orders made there under or by the rules of delegation of financial powers made by a competent authority.
- The sanction is definite and thus needs no reference either to the sanctioning authority itself or to any higher authority. (Para 2.2.36 of MSO Audit)

During the scrutiny of the sanctions, the points should be seen that:

- The expenditure is a legitimate charge on the proposed provision;
- The expenditure conforms to statutory provisions as well as the relevant financial rules, regulations and orders;
- The expenditure is in conformity with the standards of financial propriety;
- In the case of sanctions to new schemes of expenditure, a satisfactory procedure of accounting has been evolved by sanctioning authority and the detailed cost and time schedules, physical targets and other objects of expenditure have been duly stipulated by the sanctioning authority.

Sanction with a long period of currency as well as sanctions of a permanent nature, require to be reviewed periodically so that, if there is any reason to think that the Administrative authority concerned should be requested to review the sanction, such action may be taken.

(Para 2.2.38 & 42 of MSO Audit)

In scrutinizing sanctions accorded by Government, care should be taken not to raise objections, which will not stand the primary test “what financial interests of government are adversely affected if the claim is admitted”. For example in case in which the Government sanctioned the creation of a post on the definite rate of pay and at the same time allowed discretion to the appointing authority to take men on lower pay if they are willing to accept it, no objection should be raised.

All sanctions for the grant of special pay and compensatory allowances should be scrutinized to see that they satisfy the conditions emphasized in the definition of these terms in the

CHAPTER IV**AUDIT OF CONTINGENT EXPENDITURE**

(INCLUDING CENTRAL AUDIT OF FOREST VOUCHERS)

4.1 Definition:

The term “Contingent charges” or “Contingencies” means and includes all incidental expenses of a miscellaneous character, which are incurred for the management of an office as ‘an office’ or for the technical working of a department, other than those, which under prescribed rules of classification of expenditure, fall under such other head as ‘works’, ‘repair’, ‘stock; or ‘tools and plants’.

(SR-236 of OTC Vol.-I)

4.2 Scope of Audit:

Expenditure Audit is based on accounts, vouchers, schedules and other documents received from various disbursing outlets like Treasuries, Forest Divisions and other Departmental authorities entrusted with specific Plan/Programme as also on the copies of sanction endorsed by various sanctioning authorities.

(Para 3.1.16 of MSO (Audit) and Annexure 1 & 2 there under)

4.3 Classification of Contingent Charges:

The actual classification of contingent charges is determined by the orders of the Government. However, all the contingent charges incurred on the public service fall into one or other of the following five categories:

- **Contract Contingencies:** Contingent charges are met from a lump sum placed at the disposal of a disbursing office for expenditure, at his discretion, or on certain specified objects. Such charges generally consists of charges of the annual incidence of which can be averaged with reasonable accuracy.
- **Scale Regulated Contingencies:** Contingent charges regulated by a scale laid down by the competent authority, e.g. rewards for destruction of wild animals etc.
- **Special Contingencies:** Contingent charges whether recurring or non-recurring which cannot be incurred without special sanction in each case of a superior authority may be termed as Special Contingencies.

- **Countersignature Contingencies:** Certain contingent charges may be incurred without special sanction. These, nevertheless, require countersignature of the superior authority before they can be admitted as legitimate expenditure. Countersignature is ordinarily obtained after the bills are paid, but in rare cases it is necessary before payment.
- **Fully Vouched Contingencies:** Such contingent charges which require neither special sanction nor countersignature, but may be incurred by the disbursing officer on his own authority subject to the necessity of their accounting.

These five categories of contingencies described in the foregoing paragraph are not necessarily mutually exclusive. There may be instances of Special Contingencies being regulated by scale, or of a bill relating to Scale Regulated Contingencies requiring countersignature. Where a contingent bill falls under two or more classes, the methods of audit prescribed for each of those categories should, as far as possible, be applied to it.

Para 3.4.2. and 3.4.3 of MSO (Audit)

The contingent expenditure of the State Department is governed by the general rules of procedure prescribed in Section V of Chapter IV of Part II of the Odisha Treasury Code Volume-I and Chapter 7 of Odisha General Financial Rules.

4.4 Source Documents:

The source documents necessary to conduct audit are the following:

- Documents containing details of Grants/appropriations provided by the Government and funds allotted by the Head of the Department.
- Sanctions accorded by Government and other competent authorities.
- Vouchers and sub-vouchers of contingent bills.
- List of abstract contingent bills received from Accounts and Entitlement Office.
- Data extracted from Voucher Level Computerized (VLC) accounts and packages maintained in the Accounts and Entitlement Office and relevant nodes supplied to the

Audit Office.

Para 3.4.5 M. S. O.(Audit)

4.5 Audit Responsibility:

The responsibility of effective control of contingent expenditure rests primarily upon the heads of offices and departments. The Central Audit merely examines the fulfillment of that

responsibility by auditing such expenditure, the extent of which varies greatly with different categories of contingent charges. **4.6 Central Audit of Vouchers:**

Detailed instructions regarding the procedure to be followed in the audit of vouchers received in support of payments are contained in paragraphs 3.1.20 to 3.1.32 of *MSO (Audit) Second Edition 2002*. The quantum of audit in respect of different class of vouchers is given in **Appendix E**.

Expenditure Audit Model

Source Document	Audit Approaches	Objectives
Treasuries/ Forest Divisions	Audit of vouchers for stipulated quantum with sanction orders, in accordance with MSO (Audit) MICA and Local Circulars	Financial irregularities
TA/Medical	Scrutiny as per para 3.2.14, 3.2.15 of MSO (Audit)	Inadmissible Payments
GPF	Check drawals with sanctions as per para 3.11.4 of MSO (Audit)	Wrongful drawals
Salary	Check as per para 3.1.5, 3.1.6 & 3.3.7 of MSO(Audit)	Arithmetical manipulations and scale audit
Contingencies Vouchers	Scrutiny with sanction orders/Purchase orders/Contracts agreements Para 3.4.12 of MSO (Audit)	Excess payments, infructuous expenditure and avoidable extra expenditure etc.
Pensions	Check with pension payment orders, Para 3.6,12 to 3.6.18 of MSO (Audit)	Excess Payments

Vouchers from Treasuries are received in A&E office in two batches viz., first list of payments by the middle of the month and the second list thereafter by 1st part of the subsequent month. Audit of first list of vouchers should be taken up first and on completion, they are to be handed over for compilation by the Accounts Office. Similarly, second list of payment vouchers are to be taken up for audit. In order to avoid delay in closing of the monthly accounts on the due dates prescribed, the compilation of accounts may commence before audit in cases of both first and second list of payments but with the specific orders of the A.G. (Audit).

(HQs circular No.28-Audit.II/986 1944/200/86 of 28.11.86)

4.7 General Checks to be conducted by Central Audit:

The Central Audit has the following minimum responsibilities in respect of all contingent bills audited by the group that:

- Each class of expenditure (a) is a proper charge against the Grant or Appropriation concerned (b) has received such sanction as is necessary; and (c) has been incurred by a Government servant competent to incur it,
- Those vouchers as are required by audit have been submitted.
- Any certificates required under the financial rules of the Government concerned have been provided,
- The rates are apparently not extravagant and that standards of financial propriety have been properly observed,
- The bill is in proper form and the classification is correctly recorded thereon.
- Unusually large incidence of expenditure in the month of March does not lead to irregularities, and
- Those stores not immediately required or in excess of requirement have not been procured merely to avoid lapse of budget grant.

4.8 Audit and Review Register:

Audit and Review Register should be maintained and submitted to the Branch Officer on 5th of every month. As regards review of voucher, the voucher number alone in the column provided for in the register is to be noted and the dated initials in token of conducting the review to be made by the Reviewing Officer.

4.9 Issue of Audit Notes:

If any objection is raised in audit to a voucher or to any item in a schedule or other account, a note of the objection should be recorded thereon in red ink in sufficient detail to make it easily understood. Unusual features or malafides related to the non-production of original vouchers noticed in the course of audit of these certificates should be brought to the notice of the Accountant General (Audit) for further investigation, if considered necessary. After audit scrutiny, where necessary, the audit notes/memoranda will be forwarded in convenient batches every month to the DFO and Department, copies thereof also being sent to the Accountant General (A&E).

These audit memos/notes may be settled on receipt and consideration of suitable compliances from the Department with the approval of Group Officer. At the end of each Financial Year in case of non-receipt of suitable compliances, the consolidated list of audit notes/memos to be forwarded to the Department as outstanding paragraphs.

(Para 3.1.22, 24& 30 of MSO (Audit) 2002)

CHAPTER – V

DATA ANALYTICS AND DESK REVIEW

5.1. Introduction:

Domain knowledge is highly essential for audit of any entity. Without such up-to-date knowledge, the process of audit as well as audit observations/comments shall be deficient. As a professional auditor, it is mandatory to have such knowledge, which is currently obtained through “Data Analytics and Desk Review”⁷. Desk review, also known as “Audit Planning Procedure” is done before commencement of audit through study of VLC data base, previous Audit Reports/inspection reports, media reports and other relevant data available in Departmental website.

5.2. Definition:

⁷ C&AG’s PPG Guidance Note vide No. 226-09-PPG/23 August 2017

Data Analytics may be defined as the science of examining raw data with the purpose of drawing conclusions about that information. And this would involve the discovery, interpretation, and communication of meaningful patterns in data.

Not till around two decades back, the primary mode of record keeping in the government had been the paper based record keeping. Since the advent of computers, and corresponding developments in database management systems, storage, networking and software applications, the digitisation and automation of various government functions started happening. This coupled with the workflow automation would lead to a situation where the information available in the government would be only in digital form and in real time. Auditors need to be aware of such developments as far as the availability of information is concerned.

5.3 Big Data Analytics:

The analysis of this data is going to assist the Auditor in identifying appropriate audit findings and making meaningful recommendations. The multitude of readily available huge datasets along with the inter linkages among themselves presents another opportunity to the Auditors to provide holistic and balanced interpretations by exploiting what is generally termed as the (big) data analytics.

5.4. Data Analytics Vs Data Analysis:

Data analysis is a narrower term than data analytics. Data analysis is a case specific process whereas data analytics is the discipline that would cover tools, techniques and activities. Data analytics has future orientation while data analysis provides past and present insight. However, data analysis is the building block of data analytics.

5.5. Techniques for Data Analytics:

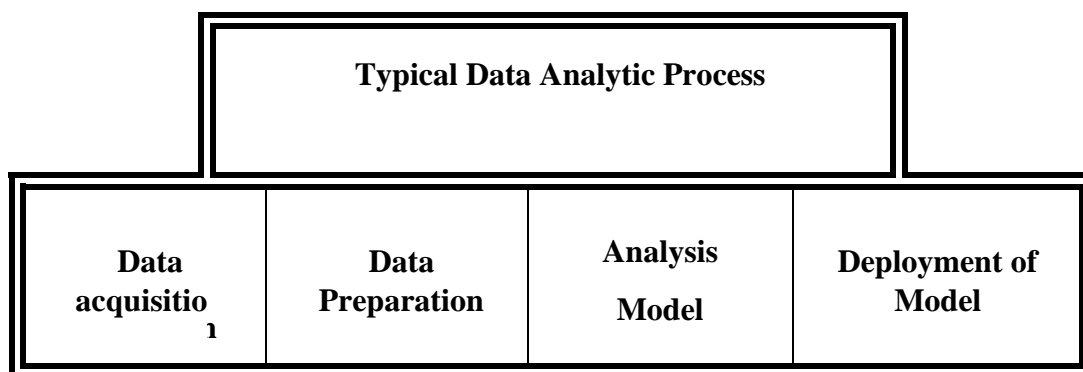
Data is presentation of facts or events in a numeric or representational form. Digitization has made it possible to convert all kinds of information, text, image, video or audio, apart from the numerical data to be digitized. This makes it possible to analyse and draw insights not only from numerical data but also text, image, audio and video datasets.

Statistics is the science of dealing with numeric data – collection, analysis, presentation and interpretation. It is also used to estimate about a population by analysis of a sample dataset drawn

from the population. Statistics thus forms the basis of the analytical approaches applied on any set of data.

5.6. Data Analytic Tools:

The data analytic process involves access to the datasets, extraction of datasets, preparation of the datasets, applying data analytic techniques and storing of the datasets and the results. An approach involves creating data analytic models for specific datasets that make them usable over time. Thus the tools required for data analytics should be able to provide for these activities to be carried out.



5.7. Usage of Data Analytics in Audit:

The data analytics may be used in any stages of Audit – audit planning, audit execution, reporting. But, as can be clearly seen from the above discourse on use of techniques and tools, data analytics is useful in drawing insights on the datasets. This makes data analytics useful for the audit planning phase. Audit planning involves setting of audit objectives, scope and methodology for audits. The insights on datasets can be used to decide on all of these. During the audit execution stage, data analytics can be useful in identifying exceptions/drilling down.

At the reporting stage the data analytic results and the conclusions drawn from the audit process may be reported using appropriate visualisation techniques. The patterns from the data analytics become important for auditors from the fact that trends and patterns have the potential of identifying unusual events, even though no rules are broken. Use of geographic information system (GIS) tools enhances such appreciation.

5.8. VLC Data:

As in offices of Accountants General (A&E) Voucher Level Computerization (VLC) has been in operation, the output data available in various packages satisfying the requirements of audit scrutiny should be made use of fully. This will also help in analyzing the nature of payments and in identifying the broad areas of irregularities, such as drawal of moneys on AC Bills, transfer of funds to Personal Ledger Accounts, retention of deposits outside government accounts, etc. Based on such analysis, further decisions could be taken in regard to the sample size of vouchers under the respective categories for detailed audit scrutiny. Wherever possible, statistical sampling techniques should be adopted to facilitate an objective approach in audit.

(Para 3.1.14 of MSO (Audit))

5.9. Desk Review:

The audit party (the SAO/AO in charge of the audit party) identified for audit of an individual entity (or a lead audit party identified for coordinating the audit of a group of entities) should carry out a desk review at Headquarters before embarking on an audit. The review should comprise a study of the guard file, data analysis to determine the direction/ focus of audit and to identify records/ transactions that are potentially error prone for verification in the field. Ideally this can be synchronized with the quarterly scheduling of audits, when audit of similarly placed entities could be grouped/ scheduled simultaneously (e.g. Divisions/Circles/ Department etc.), so that focus areas/ common focus areas could be defined and pursued in audit. Use of data analytics at this stage is recommended.

While ordinarily a desk review needs to be carried out for gaining an understanding of the entity to be audited and its focus areas, in certain cases, based on the context – size, complexity, scale of audit, desk review as a distinct procedure may not be warranted. In such cases, specific relaxation should be obtained from the concerned Group Officer, duly explaining the circumstances and recording/ documenting the reasons for the relaxation, before commencing the audit.

(C&AG's PPG Guidance Note vide No. 226-09-PPG/23 August 2017)

5.10. Planning Audit Procedures:

Based on an understanding of the individual entity (after the desk review), the Senior Audit Officer (SAO) in charge of the audit party should prepare a plan of audit procedures for the specific entity detailing the audit objectives, scope of audit, main focus areas for audit and assignment plan for the team members, which should be approved by the respective Group

Officer before the audit is undertaken. A prescribed format for planning audit procedures is provided as **Appendix-A**. Where a specific subject matter has been selected, an audit design matrix as envisaged in the Compliance Auditing Guidelines should also be prepared.

5.11. Conclusion:

Data analytics has the potential to assist an Auditor in discharging his crucial role of providing assurance on the delivery of public services. It helps him in drawing insights and relevant conclusions about large and complex functions carried out by government and its agencies. It assists him in deriving all relevant insights from the available information making the process of the audit more efficient and effective. Knowledge of data analytic process and techniques would play a crucial role in equipping the Auditor to deal with the intricacies present in datasets available. The government functions are digitalised at a fast pace. Auditors should, therefore, necessarily, ensure that they keep pace with the developments and possibilities available in the data analytics domain.

CHAPTER –VI ENTITLEMENT

AUDIT

6.1. Introduction:

The system of Establishment Audit essentially consists of the following functions: Audit of sanctions to establishment, check of classification of expenditure on establishment and audit of general sanctions to pay and allowances. Specific sanctions in regard to grant of special pay or compensatory allowance should be conducted in central audit. Important points for information (including sanction for establishment etc.) should be kept in a separate register and furnished to local audit parties for detailed check.

Apart from the check of arithmetical calculations, audit of establishment vouchers will be limited to a general scrutiny to see that they are in the prescribed form and are complete in all respects. In offices where the VLC package has stabilised, certain additional data of immense use for audit has been captured in the Employee Module. This data should be intelligently analyzed by using Computer Aided Audit Techniques (CAATs).

Para 3.3.4/5 of MSO (Audit)

6.2 Establishment Bills:

6.2.1. Pay Bills: The main points to be seen are-

- The arithmetical calculations of the bills are correct.
- Where revised pay is drawn, pay fixation statement is attached and the pay fixed is according to rules. Due drawn statement is prepared for payment of arrears.
- A Last Pay Certificate is furnished for Government servants transferred from another establishment.
- Pay and allowances for leave other than Earned Leave have been correctly claimed.
- The number of persons for whom pay/leave salary has been drawn does not exceed the sanctioned strength.
- The special pay and personal pay claimed are admissible and that the various allowances are admissible and correctly claimed.

6.2.2. Nominal audit:

Nominal audit of pay and allowances drawn for individuals should be conducted with reference to the service rules and general and special orders of Government governing appointments, transfers, joining time, suspension, retirement, pay scales, different types of special pay and compensatory allowances and also with reference to the initial and primary records such as service books, increment certificates, orders of appointment/promotion/reversion, sanctions to leave, orders, if any, of suspension and the subsistence allowance admissible etc.

Para 3.3.11 of MSO (Audit) **6.3. License Fee on residential**

Buildings:

- The General rules relating to Government buildings regarding licence fee apply to all Forest buildings occupied by the Forest Officers, office establishment and field staff. Government of Odisha General Administration Department issues periodical notifications for recovery of licence fee at appropriate rate giving date of effect.
- The allotable pay range, flat rate of licence fee and standard licence fee payable per month of each type of quarter shall be as per such notification, except those are entitled for rent fee accommodation under special orders.
- Allotment of quarters should as far as practicable be made on the basis of the eligibility of the Officers according to their pay range. If for any reason an employee is allotted with

a quarter which is of a higher/lower type than his eligible pay range, the license fee shall be the flat rate of the quarter which is under his occupation.

- License fee will not be charged from chief Instructor, Instructors and Assistant Instructors of Training Schools for occupation of Forest Department buildings.

(Rule 129 of O.F.D. Code Vol.I)

- Besides license fee the Government servant is liable to pay water Tax /Municipal and other taxes payable by Government in respect of the residence not being in the nature of house of property tax.

A Register of forest buildings is maintained in the Division (one page being allotted to each building) indicating the details such as date of construction, nature of building, plinth area, capital cost and amount spent for repairs form time to time. A register of license fee is maintained in the Division to watch the recovery of license fee.

6.3.1 Retention of Government Quarters:

Audit shall check the periodicity and rates of licence fees against occupancy of residence allotted to a Government servant on the happening of specified events for the bona fide use of self or family members as per Rule 107A and 111 of Odisha Service Code as amended from time to time.

6.4. Reimbursement Claims of Medicines (RCM) Bills:

The following checks should be applied during the audit of bills for the RCM, that:

- Medical attendance and treatment has not been obtained at an unauthorised place or from an unauthorised medical attendant or hospital;
- The fees paid are in accordance with the prescribed scales;
- Cash memos duly countersigned with essentiality certificates are attached in claims;
- The medicines purchased and the cost of which is reimbursed are not the medicines included in the list of excluded medicines and preparations as shown in Appendix VII to Compilation of Medical Attendance Rules as amended from time to time;
- Necessary vouchers and receipts are attached in support of tests conducted or treatment afforded in hospitals e.g. X Rays, blood tests, etc. and
- The hospital bills for treatment as in-patient show the allocation of charges under medical attendance, bedding, items has been allowed.

6.5. Travelling Allowance (TA) Bills:

Different kinds of traveling allowances which may be drawn in different circumstances under rules are permanent T.A., conveyance allowance, mileage allowance, daily allowance and actual TA.

Audit may exercise checks on procedures for payment of permanent T. A. as mentioned under OTA Rules 32. The rates of Permanent T. A. are specified in Appendix-5 under rule 32. The rates of conveyance allowances should be as detailed in Appendix-6 under Rule '4'. Mileage allowance to be checked with the cost of a particular journey with relation to distance travelled in shortest of two or more practicable routes or by the cheapest of such routes. Revised rates as per 7th CPC implemented by the Government of Odisha may be referred.

(Rule 38 (a) (OTA) Rules)

6.6. Audit checks:

- TA claims should be preferred within one year from the date on which particular journey is completed.
- No DA is admissible if an employee travels within 8 Km radius from Headquarters even though the distance travelled is more than '8' Kms.
- DA may not be drawn for a continuous halt of more than ten days at any one place. But competent authority may grant general or individual exemptions on the condition that prolonged halt is necessary in the interest of public service.
- For continuous halts for more than 10 days permitted by competent authority, DA at full rate shall be allowed for first 30 days, DA at half the rate shall be allowed thereafter.
- If a Government servant temporarily returns to Headquarters on any Sunday or public holidays to attend his private business, he is not entitled to draw DA for the days spent at Headquarters, halt is treated as continuous if it is not terminated by an absence on duty to a place, even Headquarters at a distance of more than 8 Kms for a period including not less than '3' nights. However, the Government servant may draw DA & mileage for these days as admissible.
- Cash receipts are not required for stay in Guest houses/Tourist Bungalows/Private arrangements made by a Government. Servant.

- Daily Allowance when Boarding or lodging are provided free of cost:

If both Boarding & Lodging are free 25% of DA is admissible

If either Boarding or lodging is free 50% of DA is admissible

The following checks are to be exercised while checking TA Bills

- Whether the DA has been claimed and allowed at the prescribed rates.

Whether TA has been allowed within 8 Kms of Headquarters

Whether the claim has been countersigned by Superior Officer in having examined the claim regarding the journey performed as per approved programme and in order

Whether road mileage have been allowed at appropriate rate for journeys performed by public transport or hired vehicles or by own car

Whether DA for tour outside the State have been preferred in appropriate rate and has been supported with cash receipts for stay in lodging

Whether Boarding/Lodging has been provided free of cost and DA restricted to that effect

In cases of training whether special allowance has been allowed at appropriate rate

6.7. Travelling Allowance on Transfer:

Except as otherwise expressly provided in these rules or in any other law for the time being in force, a Government servant is entitled for a journey on transfer to draw traveling allowance as follows in addition to the mileage allowance for journey on transfer including transfer from military to civil employ.

For journey by rail he may draw besides the actual fare paid for the Class of accommodation to which his level entitles him, double the incidental charges as admissible under Rule 42 and for journey by steamer he may draw one-half extra fare of the class in which he is entitled to accommodation under Rule 53.

- They may draw one extra fare for each adult member of his family who accompanies him and for whom full fare is actually paid, and one-half fare for each child for whom such fare is actually paid;
- They may draw the actual cost of transporting by goods train, steamer, or other craft, personal effects up to the following maxima or such other lower maxima as a competent authority may prescribe for any special class of Government servants:-

Grade of Government Servant	Maximum admissible Personal effects (Kgs)
First	6000
Second	3000
Third	1500
Fourth	1000

(7th CPC rates on implementation may be checked)

(Finance Department OM No. 3993/F dated 17.9.1999 read with OM No. 16638/F dated 02.4.2011)

TA is not admissible to a Government servant whose transfer is made at his own request or in consequence of his misconduct. 1st proviso to Rule 208(d) of Odisha Service Code also provides that Pay & Allowance for Joining Time is not payable unless the transfer is in public interest.

6.8. Allowances for Training:

Special allowance may be admissible to Government Servants sponsored or nominated for training as per their level under Rule-27 and the Special allowance shall be made on the basis of daily allowance admissible on tour for the period of training.

Special allowance payable is administered as it is in case of tour basing on the facilities of boarding or lodging or both provided to the trainee. However, where facilities for both boarding and lodging on payment is offered by training organization/Institute is availed, then the Government servant is eligible to draw $\frac{1}{4}$ th of DA or $\frac{1}{2}$ DA for payment of both or either of the boarding or lodging charges.

No Special Allowance is admissible for training during probationary period or for training at Headquarters.

(Rule 132 Odisha TA Rules)

CHAPTER-VII

AUDIT OF CONTRACTS OF WORKS/SUPPLIES

7.1 Introduction:

Audit may check the process of procurement of goods as per the existing policy of the State Government as contained in Rule 96 of Odisha General Financial Rules (OGFR) and Appendix-6 thereof, also as prescribed in Finance Department Notification No. 4939/F Dated 13th Feb 2012 to see that the procurement process was efficient, economic, objective and transparent.

Purchases must be made in the most economical manner in accordance with the definite requirements of the public service. Stores should not be purchased in small quantities. Periodical indents should be prepared and as many articles as possible obtained by means of such indents. At the same time, care should be taken not to purchase stores much in advance of actual requirements, if such purchase is likely unprofitable to Government. Where sales, consumption or limits of stores have been laid down by competent authority, the officer ordering a supply certify on the purchase order that the prescribed scales or limits are not exceeded. Purchase orders should not be split up to avoid the necessity for obtaining the sanction of higher authority required with reference to the total amount of the orders.

(Rule 97 & 98 of OGFR)

These instructions are to be followed in conjunction with the provisions of “Manual on Policies and Procedure for Purchase of Goods” issued by the Department of Expenditure, Ministry of Finance and available in the website of the Ministry of Finance (www.finmin.nic.in). However, procurement of goods for Externally Aided Projects funded by loan or grant from bilateral/multilateral donor agencies like IBRD, IDA, ADB, DFID, JICA etc. would be guided by the procurement procedures envisaged in the respective loan/ credit agreement.

7.2 Competent Authorities:

Audit shall check provisions relating to authorities competent to sanction contingent expenditure within the financial limits prescribed below.

Authority	Power to sanction contingent expenditure
-----------	--

Administrative Departments	Full power
Heads of Department	Rs. 10 lakh in each case (Recurring) Rs. 50 lakh in each case (Non-recurring)
Heads of subordinate offices	Rs. 1 lakh in each case (Recurring) Rs. 2 lakh in each case (Non-recurring)

Finance Department OM No. 4939/F Dated: 13.02.2012

7.3. Procurement Procedure:

7.3.1 Purchase of goods without quotation:

- Purchase of goods up to the value of Rs. 15,000/- (Rupees fifteen thousand only) on each occasion may be made without inviting quotations or bids on the basis of a certificate to be recorded by the competent authority towards requisite quality, specification and rate.
- Procurement of goods from DGS&D and EPM rate contract holder shall be made without calling for tender following salient terms and conditions specified in the rate contract.

7.3.2. Procurement of goods through Local Purchase Committee:

Purchase of goods costing above Rs.15,000/- (Rupees fifteen thousand only) and up to Rs.1,00,000/- (Rupees one lakh only) on each occasion may be made on the recommendations of a duly constituted Local Purchase Committee consisting of three members of appropriate levels as decided by the Authorities Competent to Purchase Goods. The committee will survey the market to ascertain the reasonableness of rate, quality and specifications and identify the appropriate supplier for the required goods.

7.3.3. Purchase from exclusive list:

The Government Departments and Agencies under their control will have to procure their requirement exclusively from listed items from registered local MSEs with ISO/ ISI/ EPM certification by inviting quotations through Limited Tender Enquiry in terms of the relevant provisions of Odisha MSME Development Policy, 2009.

7.3.4. Purchase of goods by obtaining bids:

Except above cases, Departments shall procure goods under their powers by following the standard method of obtaining bids through:

- Advertised Tender Enquiry (ATE) for Rs5.00 lakh and above;
- Limited Tender Enquiry (LTE) up to Rs5.00 lakh, and
- Single Tender Enquiry (STE) for exclusive goods/services

For detail audit of contracts for supply of goods and services, compliances to relevant provisions of OGFR and above cited Finance Department manual/circular may be checked.

7.4. Termination of the Contract:

If the contractor defaults, does not pay the compensation assessed or any other dues under Odisha Forest Contract Rules 1966, the contract may be terminated by the authority competent to execute it. The notice or termination should be sent to the contractor to discontinue the work. If the Contractor does not pay within one month from the date of receipt of notice all arrear due to Government together with interest assessable and renewal fee not exceeding 1 per cent of the arrear dues, the contract shall be deemed to have been terminated in which case all the rights of the contractor under the contract including all accessory licenses shall cease. After the termination of the contract, all government dues may be realised from the defaulting contractor as arrears of land revenue after adjusting the security deposit.

(Rule 34/42 of the Odisha Forest Contract Rules and Section 88 of the Odisha Forest Act)

7.5. Renewal of Contracts:

All renewal of contracts is to be as per terms and conditions of original agreement. The financial and other implications on renewal of such agreements are to be checked in audit in the interest of Government revenue and transparency in procurement procedures to improve economy and efficiency in delivery.

7.6. Propriety Audit of Contracts:

If considered necessary, cases of the following type may be scrutinized for propriety audit.

- Inclusion of any new item not originally contemplated in the contract.
- Cases involving extension of the stipulated delivery schedule when payment of higher prices had been agreed to initially on grounds of urgency of requirements and early delivery.
- Cases involving payment of compensation to contractors/suppliers' firms.
- Contracts, even if sanctioned by the competent authority including the Government, containing any extraordinary or unusual stipulations.
- Cases involving adoption of any special and apparently objectionable procedures of purchase, inspection and payment.
- All contracts concluded on cost plus profit basis.

- All contracts entered into with private firms for functioning as Government stockists.
(Para 3.7.14 MSO (Audit))

CHAPTER-VIII

AUDIT OF AUTONOMOUS BODIES AND AUTHORITIES

8.1. Introduction:

The Ministry of Environment, Forest and Climate Change (MoEFCC) is the nodal agency in the administrative structure of the Central Government for the planning, promotion, coordination and overseeing the implementation of India's environmental and forestry policies and programmes.

The primary concerns of the Ministry are implementation of policies and programmes relating to conservation of the country's natural resources including its lakes and rivers, biodiversity, forests and wildlife, ensuring the welfare of animals, and the prevention and abatement of pollution. While implementing these policies and programmes, the Ministry is guided by the principle of sustainable development and enhancement of human well-being.

The broad objectives are:

- Conservation and survey of flora, fauna, forests and wildlife
- Afforestation and regeneration of degraded areas
- Protection of the environment and
- Ensuring the welfare of animals

(Source: <http://envfor.nic.in/about-ministry>)

The Forest and Environment Department in the State of Odisha follow the same environmental and forestry policies and programmes. Funds obtained from Indian as well as international agencies for the above objectives are utilised through various Autonomous Bodies & Authorities.

8.2 Autonomous Bodies & Authorities under F&E Department:

Following major autonomous bodies & authorities are currently functioning under Forest and Environment Department of Government of Odisha:

- Compensatory Afforestation Fund Management and Planning Authority (CAMPA)
- Odisha Forestry Sector Development Project
- Integrated Coastal Zone Management Project
- State Pollution Control Board

- Chilika Development Authority
- Regional Plant Resource Centre
- Odisha Biodiversity Board

8.3. Audit Procedure:

The C&AG of India acts as sole auditor in respect of some autonomous bodies or authorities under section 19 and 20 of the Act and in that capacity, he conducts financial audit of their annual accounts and issues audit report and certification on financial statements. Besides, he also conducts compliance and performance audits of these bodies and authorities under section 13 of the Act. (Manual of Instructions for Audit of ABs 2007)

8.4. Separate Audit Reports (SAR):

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 (Performance 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.

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.

(Para-1.7 & 8.1- Chapter-IV of CAG Auditing Standards 2002)

8.4.1. Contents of SAR:

The guiding principles on the kind of comments on accounts which should find place in SAR is on the basis of attributes of materiality and significance. These include the following:

- non-compliance of accounting standards or instructions contained in the Common Format of Accounts;
- corrections/rectifications/revisions carried out at the instance of audit;
- cases where assurances for rectifications are not fulfilled after a couple of years;
- where corrective measures have been taken by the management in relation to matters brought to their attention by the auditors, it may still be necessary for the auditors to report

certain cases to the governing body; for example, cases relating to fraud/embezzlement committed but compensated by officials; and

- deficiencies in system of financial control and maintenance of financial record.

8.5. Management Letters:

Another good strategy is issue of management letter in addition to SAR/audit certificate. The management letter is issued to the management and contains a detailed report on the procedures, systems, weaknesses in internal control etc. which are of importance to the management and which would enable them to exercise a better control over the operations of the body. These include errors in annual accounts not considered material, deficiencies in the accounting records, systems and control along with audit recommendations for their improvement, non-compliance with financial control/ internal control procedures etc. The Management letter is to be addressed to the chief executive officer of the autonomous body.

A mention must be made in the SAR about the issue of a separate management letter. The management letter is to be issued only at the time of issue of final SAR. A copy of the management letter is also to be sent to the Headquarters.

(Manual of Instructions for Audit of ABs 2007)

8.6. Audit Checks:

In audit it is necessary to examine whether:-

- The objectives of the organization have been clearly defined and are in conformity with the Government's policies and decisions;
- These policies and programmes are implemented on specific and well defined procedures;
- Systems exist for collation of reliable progress reports and review reports on the implementation of these policies and programmes;
- Internal control mechanisms are adequate and effective;
- Accounting of receipts, expenditure and assets are proper;
- Unrealized revenues and undischarged liabilities are monitored; and □ The accounting system provides information necessary for:
 - Efficient and economical management the body and its resources;
 - Proper monitoring of the activities by Government having substantial stake in it;
 - A meaningful evaluation of its achievements and shortcomings by external agencies.

Para 2.6.24&25 of MSO (Audit)

CHAPTER-IX AUDIT OF STATE CAMPA FUND

9.1 Introduction:

Though this fund operates outside the Consolidated and Contingency Fund of the Union and State, it still has substantial impact on forestry funding as Odisha is the largest receiver on this aspect among all states since inception. Hence a detail chapter on audit of this Fund is given for guidance.

(Source: e-Green watch)

The “State Compensatory Afforestation Fund Management and Planning Authority” (State CAMPA) was created in July 2009 in pursuance to direction of Central Empowered Committee (CEC) of the Honourable Supreme Court of India. The objectives are to accelerate activities for preservation of natural forests, management of wildlife, infrastructure development in the forest sector and other allied works.

The Ad-hoc CAMPA under the MoEF & CC, Government of India would receive monies from user agencies (UA) in designated bank accounts towards cost of compensatory afforestation programmes, Net Present Value (NPV) and all other amounts recovered under section 2 of the Forest (Conservation) Act, 1980.

The State CAMPA would administer the amount received from the Ad-hoc CAMPA and utilize the monies collected for undertaking compensatory afforestation, assisted natural regeneration, conservation and protection of forests, infrastructure development, wildlife conservation and protection and other related activities and for matters connected therewith or incidental thereto. This shall be as per approved Annual Plan of Operations (APOs) of State CAMPA.

9.2 Aims and Objectives:

- Conservation, protection, regeneration and management of existing natural forests;
- Conservation, protection and management of wildlife and its habitat within and outside protected areas including the consolidation of the protected areas;
- Compensatory afforestation; and

- Environmental services.

(Source: Guidelines on State CAMPA 2009)

9.3. Restriction on the de-reservation of forests or use of forest land for non-forest purpose:

No State Government or other authority shall make, except with the prior approval of the Central Government, any order directing that:

- any reserved forest or any portion thereof, shall cease to be reserved;
- any forest land or any portion thereof may be used for any non-forest purpose;
- any forest land or any portion thereof may be assigned by way of lease or otherwise to an private person or to any authority, corporation, agency or any other organisation not owned, managed or controlled by Government;
- any forest land or any portion thereof may be cleared of trees which have grown naturally in that land or portion, or the purpose of using for re-afforestation.

(Section 2 of the Forest Conservation Act 1980)

9.4 Realization of NPV and other allied charges:

Pursuance to order of the Honorable Supreme Court of India dated 01/8/2003 in I.A No.-566 in Writ petition (Civil) No. 202/1995, NPV of forest land is to be collected in addition to cost of compensatory Afforestation from the UAs while diverting forest land for non-forestry purpose. The following guidelines have been issued for assessment and realization of NPV:

- NPV is to be charged in case of diversion proposal which have been granted in principle (Stage-I) approval after 30/10/2002 and shall be realized before Stage-II (Final) approval.
- The Honorable Supreme Court of India has prescribed the range of Rs 5.80 lakh to Rs 9.20 lakh per hectare for NPV depending upon the quality and density of land diverted.

These rates have been revised by the Forest and Environment Department vide letter No-10F (L) 14/2008-21867 Dated 22.12.2009 on adoption of new classification depending upon eco valuation of forest area effective from 28.3.2008 and are as follows:-

Eco value class	Canopy Density	Revised Rate of NPV for Classes (W.E.F.28.3.2008)		
		Class-I	Class-II	Class-III
Very dense forest	70% and above	10,43,000	9,39,000	7,30,000
Dense forest	40% to 70%	10,43,000	9,39,000	7,30,000
Open forest	Below 40%	8,87,000	8,03,000	6,26,000

- The N.P.V. and other allied charges so realized will be deposited into Ad-hoc CAMPA. However, this fund will not be a part of general revenues of the union, or of the States or part of the Consolidated Fund of India.

9.5. Interest for belated payment of NPV:

Mining lease holders are required to pay interest on belated payment of NPV to designated account of Ad-hoc CAMPA-Odisha State within 30 days of demand raised by the concerned DFO. Interest at the rate of 9 % is to be levied for this delayed payment of NPV against mining lease (ML) holders in respect of mining leases covered under IA No.2746-2748 of 2009.

(F&E Department Letter No.10F (L) 91/2012/9857/F&E Dated: 09.05.2013)

9.6. Audit Checks:

Checks in respect of State CAMPA are generally exercised during regular compliance audits of Divisional and Forest Headquarters' account. Comprehensive audit against Annual plan of Operations (APO) since inception (2009) were not taken up yet due to non-finalization of accounts by C&AG empanelled Chartered Accountant. However, the following audit checks may be exercised in light of above criteria under section 20(1) of C&AG's DPCS Act 1971:

- All the due procedure for grant of diversion proposal as enunciated under Rule 6 and 7 of the Forest (Conservation) Rules 2003 has been followed.
- All the dues from UAs are assessed, levied & collected correctly as per prescribed rates and deposited in to designated account of Ad-hoc CAMPA fund.
- Interest, if leviable, are duly demanded and realized for delay in payment in case of ML.
- All the funds at disposal are managed as per Honorable Supreme Court order and other relevant Central/State Government/Departmental provisions.
- Administrative Approval and Technical Sanction of Plan and estimate are obtained from the competent authority before implementation of schemes under APO.
- The expenditure is limited within the allotted and sanctioned amount in APOs without unauthorized inter-component diversion of funds.
- All the statutory books of accounts, ledgers and journals as prescribed in approved Accounting Procedure were maintained properly.
- The survival percentage of the plantations is verified each year and entered in Journals.

CHAPTER-X

ODISHA FOREST DEVELOPMENT CORPORATION LTD

10.1. Introduction:

Odisha Forest Corporation was created in 1962 with the objective of exploiting the state's vast forest resources scientifically without sacrificing the apparent forest values, ensuring a fair wage to forest labour force and to provide sufficient non-tax revenue to the State exchequer, as well as to promote feasible forest based industries in the state.

Odisha Forest Development Corporation Ltd (OFDC) came into being with effect from 14.11.1990 by merge of all three forest corporations of the state, namely Odisha Forest Corporation (1962), Odisha Composite Board (1983), Simlipal Forest Development Corporation (1979) and Odisha Plantation Development Corporation (1983). The OFDC is fully owned by Government of Odisha. It's authorized capital and paid up capital are Rs.500 lakhs and Rs.128 lakhs respectively.

10.2. Objectives of OFDC:

- To exploit the state forest resources scientifically
- To ensure fair wages to forest labourers
- To promote forest based industries in the state □ To provide sufficient revenue to Govt.

10.3. Activities of OFDC:

- Trade of salvage timber/firewood
- Trade of processed and phal Kendu leaves
- Collection and trade of Sal seed directly or through Raw Material Procurer (RMP)
- Regulate the distribution of firewood, long Bamboo and other small timbers to local people
- Monitor Bamboo operation directly or through RMP
- Trade of cashew nuts and rubber harvested through plantation
- Collection, processing and trade of honey and few Non Timber Forest Product (NTFP) items
- Undertaking various plantation activities entrusted by the Department □ Management of forestry eco-tourism activities in the State.

(Source: www.odishafdc.com)

10.4. Audit Mandate:

Under Section 19(1) of the Act, audit of the accounts of Government companies is to be conducted by the C&AG of India in accordance with the provisions u/s 619 of the Companies Act, 1956. Being a commercial wing of the Forest and Environment Department of Government of Odisha, it is audited by Economic Sector-I of this office.

10.5. Audit Objectives and Scope:

The fundamental objectives of audit of accounts of companies/corporations are to ascertain whether the Financial Statements:

- present a true and fair view of the entity's financial position;
- are prepared in accordance with the Accounting Standards and laws;
- are presented with due consideration to the circumstances of the audited entity;
- contain sufficient disclosures about their various elements, including any unusual items; and
- various elements thereof are properly evaluated, measured and presented.

Para-2.5.4 & 10 of MSO (Audit) 2002

10.6. Audit Checks:

Reviews on Government Companies/Corporations would generally deal with the following:

- Important changes introduced in the functioning of the concerns;
- Important foreign collaboration agreements concluded by the concerns;
- Targets set in different spheres of activities, such as production, sales, trading, consultancy, etc. and actual achievements there against;
- Cost of production of articles manufactured in relation to market prices and pricing policies;
- Policies in regard to borrowings;
- Financial results of the concerns along with comments on the economics and efficiency of their functioning and
- Financial irregularities, decrease in profit due to loss of revenue and other points of interest.
- Effectiveness of internal control mechanism.

Para-7.3.12 of MSO (Audit) 2002

Special points to be seen while auditing OFDC Ltd:

- Review the production targets- Financial provisions-Actual achievement- Actual expenses- Compare the same with reference to budgeted provisions;
- Review the system of costing – Examine the reasons for variations in costs between division to division- neighboring divisions in respect of forest expenses, depot expenses and transport;

- Review the basis of compilation of overheads and ensure that their distribution to various units is correctly done;
- Review the price fixing policy- timber, kendu leaves, sal seeds from time to time. Ensure that sales effected below the minimum selling prices were approved by the Managing Director/ Chairman/ Board of Directors, as the case may be ;
- Review the sale performance of timber, kendu leaves and sal seeds with reference to sales budget;
- Review all the cases of negotiated sales of timber, bamboo and kendu leaves;
- Examine the contracts of sale of kendu leaves to Sri Lanka/ Pakistan;
- Examine the tenders/contracts for sale of sal seeds;
- Review the borrowing policy of the company;
- Review transfer of funds (i.e. sale proceeds of the divisions);
- Review the short term investments;
- Ensure that royalty on timber/bamboo/kendu leaf/ sal seeds is paid to government in time;
- Review the Internal Audit Reports of OFDC Ltd.
- Review the working of coupes;
- Examine the contracts for transportation of timber/bamboo from coupes; □ Review the sales performance.

For details on any of the audit aspects, Commercial Audit Manual of Economic Sector-I may be referred to.

CHAPTER-XI

AUDIT OF SUSTAINABLE DEVELOPMENT GOALS

11.1. Introduction:

Sustainable development is development that meets the needs of the present without compromising the needs of future. The desired result is a state of society where living conditions and resource-use continue to meet human needs without undermining the integrity and stability of the natural systems preserving the same for future generations.

The concept of Sustainable Development Goals (SDG) was introduced during the United Nation's (UN) Rio Summit in 1992 initially encompassing three dimensions, viz social, economic and environmental. The Millennium Development Goals (MDGs) were signed in 2000 with eight goals and concluded in 2015. They focused on social development and poverty eradication. In September 2015, at the UN Sustainable Development Summit, 193 Heads of State and Government adopted the 2030 Agenda for Sustainable Development. The Agenda provides a framework for shared action “for people, planet and prosperity” to be implemented by all countries and all stakeholders in collaborative partnership.

11.2. Pre-SDG Scenario: MDGs:

The United Nations MDGs were eight goals that all 191 UN member states had agreed to achieve by the year 2015. The UN Millennium Declaration signed in September 2000 committed the following:

- to eradicate extreme poverty and hunger;
- to achieve universal primary education;
- to promote gender equality and empower women;
- to reduce child mortality;
- to improve maternal health;
- to combat HIV/AIDS, malaria, and other diseases;
- to ensure environmental sustainability; and
- to develop a global partnership for development

However, the achievements were partial due to various reasons, for which the SDGs were committed.

(Source: Auditing Programme by iCED)

11.3. Goals, Targets and Indicators:

The SDGs also known as “Global Goals” have 17 goals with 169 targets will run from 2016 to 2030. They represent a comprehensive results framework covering 16 thematic areas in all dimensions of sustainable development, as well as global partnership and means of implementation. The Agenda proposes a holistic approach to development strategies and calls for pursuing all dimensions of sustainable development in a balanced and integrated way.

The new agenda is grounded in five key themes - *People, Planet, Prosperity, Peace and Partnerships*. The achievement of these goals and targets are to be quantified in terms of 240

indicators, which are framed under four heads; *Social, Economic, Environmental and Institutional*. The Goals are:



The logo features the United Nations emblem on the left, followed by the text "SUSTAINABLE DEVELOPMENT GOALS" in blue. The word "GOALS" is significantly larger and has a colorful circular graphic integrated into the letter "O".



No	Goals in Detail
1	End poverty in all its forms everywhere
2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture
3	Ensure healthy lives and promote well-being for all at all ages
4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
5	Achieve gender equality and empower all women and girls
6	Ensure availability and sustainable management of water and sanitation for all
7	Ensure access to affordable, reliable, sustainable and modern energy for all
8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
10	Reduce inequality within and among countries
11	Make cities and human settlements inclusive, safe, resilient and sustainable
12	Ensure sustainable consumption and production patterns
13	Take urgent action to combat climate change and its impacts
14	Conserve, use the oceans, seas and marine resources for sustainable development
15	Protect, restore and promote sustainable use of ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
17	Strengthen the means of implementation and revitalize the global partnership for sustainable development

11.4. Targets under SDG:

Total 169 Targets under 17 Goals are drafted by the UN Open Working Group on SDGs. These targets across Goals are interrelated. It has at present dealt with the complexity by classifying these 169 targets into three categories:

- Assessable targets within each Goal, with ‘related targets’ clustered together (75 targets)
- Targets that follow other targets such that they may be met through action towards achieving other targets (26 targets)
- Targets that are not related to Indian context, or do not have defined quantifiable indicators yet, or beyond present scope (68 targets)

11.5. SDGs in India:

India has, over the past years, directed its development pathway to meet its priorities of employment, economic growth, food, water and energy security, disaster resilience and poverty alleviation. India has also aimed to restore its natural environment and adopt transparent and robust governance. However, emerging challenges of climate change impacts, increasing inequities and lagging human development indices are well recognised by the Government. The steps taken are:

- NITI Aayog has been entrusted with the role to co-ordinate the 2030 Agenda for Sustainable Development. The task of periodical collection of data on SDGs and also to

proactively get involved in fructification of the goals and targets under SDGs are entrusted to NITI Aayog.

- Ministry of Statistics and Programme Implementation (MoSPI) has undertaken a parallel exercise of interaction with the ministries to evolve indicators reflecting the SDG goals and targets. These data can be immensely utilised in audit.

11.6. SDGs Relevant to RSA:

Most of the SD Goals relevant to RSA Group pertains to Departments of Forest & Environment, Steel & Mines and Transport & Commerce. The goals relevant to RSA Group:

- Goal 3: Ensure healthy lives and promote wellbeing for all at all ages;
- Goal 6: Ensure availability and sustainable management of water and sanitation for all;
- Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
- Goal 9: Build resilient infrastructure, Promote inclusive and Sustainable industrialization and foster innovation;
- Goal 11: Make cities and human settlements inclusive, safe, resilient and sustainable;
- Goal-12: Ensure sustainable consumption and production Patterns;
- Goal 13- urgent action to combat climate change and its impacts;
- Goal 14: Conserve and Sustainably use the oceans, seas and marine resources for Sustainable development and
- Goal 15: Protect, restore and Promote sustainable use of terrestrial ecosystems, Sustainably Manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

11.7. Audit Criteria:

A number of national and regional legislations have been passed since independence which has direct bearing on environment, economic development and human life. These with relation to RSA include:

- The Mines and Minerals (Regulation and Development) Act, 1957;
- The Environment (Protection) Act 1986,
- The Wild Life (Protection) Act, 1972;
- The Forest (Conservation) Act, 1980;
- The Air (Prevention and Control of Pollution) Act, 1981;
- The Water (PCP) Act, 1974;

- The Bio-diversity Act, 2002,
- The Motor Vehicle Act 1988 etc. and Rules framed there under.

11.8. Audit checks in SDGs:

SAIs has a key role to play in auditing programs against SDGs. Such Audits can determine whether governments are meeting their commitments, achieving planned results and putting in place policies and programs that work. Audits can lead to improve in the way programs are designed and implemented. The INTOSAI Knowledge Sharing Committee (KSC), chaired by the C&AG of India, in collaboration with the INTOSAI Development Initiative (IDI) executed a capacity development programme on auditing implementation of SDGs.

Audit of SDGs is complex. The crosscutting nature of SDGs, extending across different arms in public and private realm, contributes to a complexity that must be recognized and accepted. In the initial years, the review processes are expected to focus on the progress made in the integration of the SDGs into national development plans, strategies and policies, tailoring them to local circumstances, and adjusting or setting relevant institutional arrangements.

- The most important being, the Forest & Environment aspect as it covers maximum Goals and targets in Revenue Sector.
- The next is sustainable use of mineral resources with a goal to conserve for future generations (Steel & Mines Department).
- The last is development of adequate infrastructure for public transport and road safety (Commerce & Transport Department).

However, the **detail audit checks** to be concentrated on:

- Requisite clearances from environmental and other statutory authorities;
- Compliances to prescribed safety norms and standards in operations;
- Master plan and township development guidelines, especially in infrastructure projects;
- Environmental impact assessment (EIA) in each Project/Scheme/Programme;
- Enforcement activities as per corresponding Rules;
- Goal/Target wise allocation of funds and expenditure without diversions;
- Adequate human resources with requisite skills have been provided for activities promoting sustainable development;
- Indicators are well marked in respect of targets for evaluation purpose;

- Budget and expenditure on each SDG, wherever compiled and incorporated in State Finances Report on the lines of Appropriation Accounts- cases of non-utilisation of allocated funds under various SDGs and reasons for slippages may be verified in audit;
- Undertake Performance Audits that examine the economy, efficiency and effectiveness of key Government programmes that contribute to specific aspects of SDGs;
- Compile SDG/Target wise budget allocations and expenditure data of government for implementation of SDGs;
- Assessment of financial targets and achievement;
- Identification of slippages;
- Compliance audit can play an important role in ensuring that capital investments made by the Government and Private Sector comply with sustainable development requirements;
- We may also verify that Social cost benefit analysis, wherever required, is carried out transparently and fairly;
- Government's guidelines such as green building norms, green housekeeping etc;
- In audit of procurements, compliance to Government policies relating to promotion of energy efficient and environment friendly equipment/ technologies could be monitored; □ Check of monitoring and evaluation system for Goals/target wise indicators and □ Check of system of internal control and enforcement of accountability.

CHAPTER-XII AUDIT OF PLANTATION ACTIVITIES

12.1. Introduction:

Afforestation is one of the most important activities of forest management. In recent times, the importance of afforestation has assumed great significance in view of the state's initiative for increasing green cover by massive plantation both inside and outside forest areas. Accordingly, government of Odisha is making huge budget provision for different type plantations as mentioned in Chapter-II.

12.2. Plantation Programmes:

The major plantation projects undertaken in the state are:

- Economic Plantation

- Plantation of quick growing species
- Plantation of soil conservation in the coastal sand dunes
- Plantation in the coastal belt
- Plantation for soil conservation in River Valley Projects
- Plantation of minor forest produce

(Para 8 of Forest Plantation Manual 1977)

12.3. Stages of Plantation:

12.3.1. Cost Norm for plantation:

The Principal Chief Conservator of Forests, Odisha approved the Plantation Cost Norm 2016 basing on revised minimum wage rate of Rs.200 per day for different types of plantations vide OO No.143/12F (Affn)/247/2012. Plantations are to be carried out adhering to this cost norm or any revised cost norm approved afterwards.

12.3.2. Pre-planting operation:

Site selection:

The area which has been earmarked for plantation as per the working plan or special plantation schemes shall be inspected in detail, preferably after the area has been cleared. Economic plantations shall be carried out only inside reserve forests. Plantations of quick growing species shall be carried out on most productive sites both inside and outside areas under control of Forest Department (FD). As soon as it is decided to take up forest plantations in an area outside the control of the FD, the competent authority in Revenue Department shall be moved by the DFO concerned to declare the said area as lease-barred.

(Chapter VI of Forest Plantation Manual 1977)

Site preparation:

The planting area shall be properly surveyed and demarcated. If it is inside or adjoining an existing forest it shall be demarcated by a three meter wide line on all sides where there is forest growth.

Selection of species:

Selection of species for plantation in an area depends on various factors viz. soil of the locality, biotic interferences, climatic conditions etc.

Raising of seedling:

Success of plantations depends to a very large extent on good planting stock, which in turn can be raised only if nursery work is properly organized. This work shall, therefore, be carried out with utmost care.

12.3.3. Planting operation and Post planting care:

Season of planting

All operations in connection with plantations are time bound. It is, therefore, necessary to work out a detailed timetable for all items of work in connection with plantation. Time schedule for each item of plantation activity has been provided in plantation cost norm 2016. The same may be adhered to scrupulously.

(Para 35 of Forest Plantation Manual 1977)

Replacement of casualties:

As soon as the main plantation operation is over, the entire area shall be done over in same order as plantation was carried out. Casualties, if any, shall be replaced. One year and two year old plantations shall be visited early in June for the purpose. Pits or places where casualties have occurred shall be marked and replacement of casualties shall be carried out.

Weeding and soil working:

Regular and efficient weedings are essential for the success of a plantation. Weeding out starts immediately after sprouting of the stumps is complete or after the seedlings have started throwing up new buds.

(Chapter VIII of Forest Plantation Manual 1977)

Annual maintenance of plantations:

Plantations are to be maintained for period of five years starting from 0 year (survey, demarcation, site preparation, silvicultural operation and nursery work) to 4th year (fire-line tracing, inspection path and watch & ward).

Monitoring and evaluation:

The Forest & Environment Department emphasize on systematic and sustained monitoring of plantations. The plantations are inspected by the concerned DFO/RCCF and inspection notes are mentioned in the plantation journal.

Survival percentage:

Success of plantation is measured in terms of survival percentage of seedlings. Hence utmost care is to be taken for survival of each of the seedling planted. As per guidelines for evaluation of plantations issued by PCCF Odisha (2018), the percentage of survival of plantation, if below

59 per cent, may be treated as below average. For a good plantation it should be 60 to 70 per cent.

12.4. Documents of plantations:

Plantation Register:

A permanent leather bound register of all plantations are maintained in Division as well as Range level with a map in the scale 1: 15000 showing precise boundaries. The prescription of applicable working plan or scheme mentioned in this register also can be checked in audit.

Nursery Journal:

A journal for each nursery, whether permanent or temporary, shall be maintained in prescribed form. A detailed sketch map of the nursery shall be affixed to each such journal showing all important features of the nursery. The detailed information as required in the prescribed form shall be scrupulously and precisely given in the journal.

Plantation Journal:

A journal for each plantation shall be maintained in prescribed form. A sketch map shall be affixed at appropriate space. The detailed information as required in the prescribed form shall be scrupulously and precisely given in the journal.

Store and Stock account:

The relevant store and stock register maintained for each nursery or plantation also may be scrutinized in audit as per provisions of OFD code, OGFR and OTC.

12.5 Audit Checks:

Audit checks to concentrate on all the due procedure to be followed as mentioned in preceding paragraphs starting from working plan/scheme, site selection, site preparation, planting and post planting maintenance along with provision/sanction/utilisation of funds.

The important points for audit scrutiny are, whether;

- the plantation is under an approved working plan or otherwise with specific approval;
- the scheme was budgeted and funds are expended as per approved cost norm;
- the pre-planting, planting and post planting operations were taken up within scheduled timeline as prescribed in Para 37 of the Forest Plantation Manual 1977;
- the expenditure were as per OFD code, OGFR and applicable scheme guidelines;
- there exists any unauthorized diversion of funds within components or out of the scheme;
- the required records, journals and books of accounts are duly maintained;

- especially all the required data, such as GPS reading with map, number, species and age of seedlings, details of causality replacements and notes of inspecting officers are filled in the plantation journals with authentication;
- the plantations were regularly inspected by an authority other than the executing officer. The Range Officer visits the plantation thrice a year in October, January and June with suitable reporting to the DFO;
- the survival percentage were ascertained at end of each year and recorded in journal, if not whether the expenditure is infructuous;
- any damage or destruction occurred in plantation due to lack of due care by the officials responsible and corrective action as deemed fit were initiated by appropriate authorities;
- all the plantation information was maintained at Divisional level apart from executing range;
- plantations in revenue land or other than forest land are mutated in the name of Forest Department for obtaining records of rights (RoR) and
- proceedings were initiated after third year maintenance by the DFO for declaration of plantations as Reserve Forest for outside plantations.

CHAPTER- XIII

AUDIT OF INTERNAL CONTROL STANDARDS

13.1. Introduction:

An understanding of the auditable entity and/or the subject matter relevant to the audit scope depends on the auditor's knowledge of the control environment and the system of internal controls. The control environment - encompassing the attitude and measures adopted by the management in the form of policies and procedures to instil a culture of honesty and ethical behaviour- forms the basis for the system of internal controls.

In compliance auditing, a control environment that focuses on achieving compliance is of particular importance. The particular type of controls which the auditor focuses on will depend on the nature of subject matter, nature and scope of the audit. In evaluating internal controls, the auditor should assess the risk that they may not prevent or detect material instances of noncompliance. The auditor should consider whether the internal controls are in harmony with

the control environment so as to ensure compliance with the authorities and criteria in all material respects.

13.2. Risk assessment:

In the light of the audit criteria, audit scope and characteristics of the auditable entity, auditor should perform a risk assessment to determine the nature, timing and extent of the audit procedures to be performed. The identification of risks of non-compliance and their potential impact on the audit procedures should be considered throughout the audit process. As part of risk assessment, the auditor should evaluate any known instances of non-compliance in order to determine their materiality.

(Para 2.13&14 of C&AG Compliance Auditing Guidelines)

13.3. Audit of internal controls:

The CAG's Regulations on Audit and Accounts, 2007 explain that the auditor should examine and evaluate the reliability of internal controls. In compliance audit, this includes understanding and evaluating controls that assist the executive in complying with laws and regulations applicable to the auditable entity. The type of controls that need to be evaluated depends on the subject matter, nature and scope of the particular compliance audit.

In evaluating internal controls, auditors assess the risk that the control structure may not prevent or detect material non-compliance. The internal control system in an entity may also include controls designed to correct identified instances of non-compliance, presence and effectiveness of institutionalised mechanisms such as Internal Financial Adviser system, Internal Audit system etc. Auditors should obtain an understanding of the internal controls relevant to the audit objectives and test controls on which they expect to rely.

The assurance derived from the assessment of internal controls will assist the auditors to determine the confidence level and hence, the extent of audit procedures to perform. This would also determine the sample size of implementing units to be selected as well as the sample selection of transactions.

(Para 4.10 of C&AG Compliance Auditing Guidelines)

13.4. Compliance Testing:

Compliance testing is an audit procedure for evaluating internal controls. Its objective is not to search for monetary errors, but to locate deviations from control procedures, for the purpose of evaluating the effectiveness of the internal control mechanisms.

During the planning stage, the auditor should make a preliminary assessment of the internal controls in the auditee organisation and determine whether adequate reliance can be placed on the controls. If the auditor concludes that the control mechanisms are reliable, actual compliance testing of the controls can be undertaken in the execution stage of audit. If, however, the auditor concludes at the planning stage itself that reliance cannot be placed on the controls, further compliance testing of the controls is not necessary.

Various steps involved in compliance testing are as follows;

- The first step in actually conducting a compliance test will be to identify the sub-system in which the controls are to be tested. For example, if the Customs Department is to be audited, one of the sub-systems could be 'Assessment of Duty'.
- The next step will be to identify the control objectives for each sub-system. For example, the control objective for the sub-system 'Assessment of Duty' could be that the tariff applied for the purpose is an approved one in accordance with the Customs Act.
- The third step will be to identify the key controls that have been established to achieve the control objective for the sub-system. There may be several controls for achieving each control objective.
- In addition, evidence gathering techniques like review of documents, review of performance, physical observation or interviews will be used to test check whether the key control function as envisaged has been achieved.

Based on the results of the test check, the auditor will arrive at a conclusion whether the controls are reliable and the extent of their reliability. If necessary, the auditor may also indicate loopholes in the internal control systems and suggest what additional controls could be introduced to remove such loopholes.

Para 2.1.12 to 14 of MSO(Audit) 2002

13.5. Audit Checks:

- What is the philosophy of control? Whether the controls are detailed, broad and periodic?
- Does the organization have a statement defining its objectives clearly and in specific terms?
- Whether the objectives can be identified from the policy guidelines.

- Whether the broad objectives broken down into detailed targets periodically by way of plans.
- Whether there is a list of active and identifiable controls? What are the main parameters of controls? Whether these are defined precisely for each responsibility areas?
- Whether the organization has a system of long term and short term action plan?
- Whether the controls highlight variances between actual performance and targets?
- Whether internal control in financial accounting system is efficient?
- Whether the system has been designed to minimize the possibility of errors, frauds and misappropriations?
- What is control system over cash, goods, documents, pay roll, fixed assets, inventory levels, research and development, obsolescence and collection of sundry debtors?
- What is the degree of involvement of various levels of management in the planning process?
- Whether there is system of rewards and punishment linked with controls?
- Whether there is in an internal audit department and how the reports of internal auditors are utilized for effective internal control.

CHAPTER-XIV FOREST

AUDIT PROCEDURE

14.1. Audit planning:

Audit planning is the highly essential before undertaking any type of audit assignment. As prescribed vide, in planning an audit, it is important to consider:

- The background knowledge and information required for an understanding of the audited entities so as to allow an assessment of the problem and risk, possible sources of evidence, auditability and the significance of the area considered for audit, consultation with stakeholders, if necessary, including experts in the field to build up proper knowledge;
- The audit objectives, questions, criteria, subject matter and methodology (including techniques to be used for gathering evidence and conducting the audit analysis);
- The necessary activities, staffing and skills requirements (including the independence of the audit team, human resources and possible external expertise), the key project timeframes and milestones and the main points for control.

The planning phase shall also involve research work aimed at building knowledge, testing various audit designs and checking whether the necessary data are available. This may involve combining and comparing data from different sources, drawing preliminary conclusions and compiling findings in order to build hypotheses that can be tested, if necessary, against additional data. This makes it easier to choose the most appropriate audit method. Technology and data analytics may be optimally utilised to facilitate this process as discussed in Chapter – V of this Manual.

14.2. Audit Procedures:

During audit, the auditor shall design the audit procedures for gathering sufficient and appropriate audit evidence in an efficient and effective manner. This can be approached in several stages:

- Deciding on the overall audit design (which questions to ask, e.g. explanatory/descriptive/evaluative);
- Determining the level of observation (e.g. looking at a process or individual files) and methodology (e.g. full analysis or sample);
- Specific data-collection techniques (e.g. analysis of records, questionnaire, interview or focus group). Data-collection methods and sampling techniques shall be carefully chosen.
- During local audit the Reviewing Officer should make every effort to settle outstanding paragraphs of previous Inspection Reports after obtaining acceptable compliance supported by key documents.

14.3. Result of Audit:

Auditors shall strive to provide audit reports which are comprehensive, convincing, timely and balanced as given in C&AG's Style Guide. To be comprehensive, the report shall include information about the audit objective, audit questions and answers to those questions, the subject matter, criteria, methodology, sources of data, any limitations to the data used, and audit findings. The report shall be as clear and concise as the subject matter permits and phrased in unambiguous language. As a whole it shall be constructive, contribute to better knowledge and highlight any necessary improvements. Preparation of the report needs to be impartial in content and tone. It shall, where appropriate, include recommendations for improvements to performance.

(Para 3.3.6 to 3.3.10 of C&AG's Auditing Standards 2017)

The result of audit is to be submitted as Draft Inspection Report as per the format given in **Appendix-B** within seven days of completion of audit for necessary vetting and approval by the Group Officer. All paragraphs having money value of Rupees Ten lakh or above and serious system lapses are to be included under Part II (A) for necessary processing of Draft Para (DP). The prescribed Title Sheet and RSA Circular No-3 as provided in **Appendix-C & E** respectively are to be invariably enclosed with the DIR. All the Preliminary Objection Memos (POMs) are to be filed in DIR with replies after due authentication from the Head of the Office under his seal and signature.

14.4. Function and responsibilities of Headquarters Section:

The Draft Inspection Report (DIR) should be vetted by the Headquarters section after due checks of arithmetical computations and correctness and validity of the objections with respect to Key Documents (KD). The inspection report should be issued to the Divisional Forest Officer (DFO) within one month of completion of audit after approval of the Group Officer to furnish compliance through the respective Regional Chief Conservator of Forests (RCCF). A copy of the inspection report may be sent to the Principal Chief Conservator of Forests (PCCF) and Government for their comments and to ensure early compliance by the concerned DFO.

(Para 6.1.24 of MSO Audit)

14.5. Other Important Checks:

The Headquarters section entrusted with the works of Forest Expenditure audit is responsible for the following important checks in respect of the DIRs:

- Watching the receipts of DIRs within seven days and vetting and issue of the same within one month from completion of audit.
- Checking the appropriateness of inclusion of paras under Part-II (A)/PDPR as per money value or system issues supported by KDs having relevance, sufficiency and effectiveness.
- Maintenance of progress register, objection book and adjustment register which are to be closed every month and put up to Branch Officer/Group Officer for review.
- Maintenance of Potential Draft Paras Register (PDPR) and timely preparation and issue of draft audit paras with brief for the C&AG Audit Report.
- Pursuance of objections raised in the inspection reports till they are finally settled by independent review, compliances through DIRs or Triangular Committee Meetings.

- Receipt and study of all amendments to the Act/Rules/Codal provisions, Notifications, Circulars, Judgments of Apex Courts and instructions from C&AG of India and communication to field party members.

CHAPTER-XV

IMPORTANT RECORDS TO BE CHECKED IN AUDIT

15.1 Introduction

The records to be maintained in offices under Forest Department are guided by OGFR, OTC and OFD Code. However, important records to be checked in audit are given in **Appendix-D**.

15.2. Cash Books:

15.2.1 Cash book (General)

Every officer, who is authorised to receive and disburse Government money, should maintain a Cash Book in Form No.-61 of OFD Code in which all transactions enter as and when occurs.

16.2.2 Treasury Cash Book

Treasury Cash Book is maintained in Form **OTC-4**. The forest officers use to draw money from Treasury against the allotment on particular units of expenditure. For execution of departmental work they can draw self cheque to replenish the cash chest and record the transaction in the Cash Book (General).

15.2.3 CAMPA Cash Book:

One cash book each at PCCF level and each DFO shall be maintained as per provisions of OFD Code 1979 along with ledgers to keep accounts of receipts and disbursements.

Audit check with relation to above cash books:

- The cash books are maintained in proper prescribed Forms with due page certificate.
- The opening balances tally with the closing balance of previous date in the cash book for the period covered under Audit.
- The totaling in the cash book for selected month/ months are correct and checked by a person, other than the writer of the cash book.

- The amount of the counterfoils of a cheque book agrees to the amount already taken into account in the cash book.
- The handing over and taking over of charges in case of transfer is to be recorded with the actual cash balance in hand on that date.
- The cash balance tally with that advised to the Accountant General (A&E) in the appendices to the “Classified abstracts”.
- The cash balance with DFO and the Head Clerk on the date of audit is physically verified in the presence of Audit. (OA Circular No.-935 dt.02.12.1999).

15.3 Bank Accounts and its Reconciliation:

With the introduction of digital banking, almost all DDOs operate their receipt and expenditure through banking facilities including online transfers. Audit must insist on reconciliation of this account with cash book at least once in a month to avoid chances of theft, defalcation etc.

15.4 Muster Roll:

Muster Roll (Form No.-16) must be maintained for works executed by labourers on daily or monthly wages. It should show the names of labourers, father/husband, village of residence, the number of full days or half days worked, rate of daily wages and the amount due. Payment of daily labour through contractor instead of by muster roll is prohibited. Audit will check that

- The muster rolls are prepared in proper form indicating details of the labourers, so that duplication of the names of the labourer is avoided.
- The payment is made only after work is done and measured.
- The attendance of the labourers is agreed to the must rolls passed and paid.

15.5 Measurement Books:

The details of measurements for all works or supplies shall be systematically recorded in a book called the “Measurement book” (Form No.45).

Audit will check that

- The checking of rates, quantities and amounts paid for different items of a few selected works from the measurement books from which the bills for works are drawn up with those in the agreement or accepted tender.
- Checking of amounts of bills drawn with the contractor’s ledger.
- The measurement books have been checked by a superior officer and those entries for which bills have been drawn are cancelled.

15.6 Bill Register:

Bill register is maintained for each financial year indicating serially the details of expenditure incurred by drawing from treasury against the allotment. The Head of the office is required to review the bill register at regular intervals.

Audit will check that the bill register is regularly reviewed by the DDO/ head of the office and there is no double drawal of any bill. Any overwriting, correction is duly attested.

15.7 Book of Drawals:

The bill is presented with “Book of Drawal” to the Treasury officer for necessary passing of the bills. Audit should reconcile the book of drawals with treasury drawals in order to verify double/duplicate drawals.

15.8 Log book of vehicles:

Log book is to record the movements of vehicle and consumption of P.O.L. and is closed monthly indicating mileage of the vehicle with dated signature of the user of the vehicle. Audit shall check that the log book of vehicle is maintained properly as per the tour diaries submitted by the officer using the vehicle and consumption of POL is genuine as per Finance Department OM No.27037/F Dated 08.10.2015. Further the cost of repair/ maintenance with details of spare parts is recorded in the spare part register as per the limit fixed by Government.

15.9 Stock and store register:

All forest offices are required to maintain following stock registers including tools & plants as per Rule-105 of OGFR-Vol.-I:

- Permanent/ Dead Stock Register;
- Consumable Stock Register; Audit should see that:
- There is proper sanction for the purchase of stores etc. following due procedure of procurement through quotation/tender calls/purchase committee;
- The stores are not kept unused for a long time and issued through proper requisition.
- As per Rule-111 of OGFR-Vol.-I, physical verification of all stores is made at least once in a year by the Head of office on the condition that the verification is not entrusted to the custodian of the stores.

15.10 Service Books with leave account:

It keeps all data like promotion, fixation of pay, transfer, punishment, reward and leave accounts etc. of the Government servant.

Audit should check that the fixation of pay in case of either revision of pay or in case of promotion etc. is accurate as per Rule. The calculation of leave is as per revised leave Rules and encashment of leave is correct. The check shall be 100% for the employees retiring within five years.

CHAPTER-XVI

COMMON OBJECTIONS UNDER FOREST EXPENDITURE AUDIT

16.1. Introduction.

With a view to give instant guidance to Forest Audit field parties and vetting officials at HQs, some important common objections with Act/Rule position is given in the following paragraphs. The standard paragraphs and appendix as appeared in previous C&AG Reports may also be taken as guidance to maintain uniformity in reporting by all field party members. The rates of NPV, interest, WLMP Fund, cost norm of plantations etc. quoted herein are applicable as on date. The same may be confirmed for any revision as per latest orders for future inclusions.

16.2. Non-realisation of Net Present Value of forest land diverted for non-forest purpose:

Under the provisions of Forest (Conservation) Act, 1980, forest land may be diverted for non-forest activities with the approval of GoI on payment of Net Present Value (NPV) of forest land. As per guideline issued by GoI in October 2006, NPV is required to be recovered from the user agencies in all cases approved by it after 30 October 2002 irrespective of date of clearance (i.e. stage – I clearance granted for projects before or after 30.10.2002). As ordered by the Hon'ble Supreme Court of India in November 2002, Government of Odisha adopted the rates of NPV which currently ranges from Rs 6.26 to 10.43 lakh wef 28 March 2008.

Check of records of DFO revealed that hectare of forest land was diverted to(UA)..... for non-forestry activities without realising NPV at applicable rate. Neither did the user agencies deposit the NPV nor did the DFOs issue demand notices against them resulting in non-realisation of Rs.....towards NPV.

16.3 Non realisation of interest on delayed payment of Net Present Value:

As per Guidelines issued by Ministry of Environment and Forests, Government of India in September 2003, forest land may be diverted for non-forest purposes on collection of Net Present Value (NPV) of forest land. The Central Empowered Committee, constituted by the

Hon'ble Supreme Court of India, had instructed (May 2010) that mining lease holders who did not pay NPV within a period of 30 days would not be allowed to continue mining till payment of NPV along with interest. Forest and Environment Department, Government of Odisha had prescribed (May 2013) the rate of interest at nine *per cent* per annum for delayed payment of NPV.

Check of records revealed that the DFO..... had raised demand for depositing the NPV on(Date)..... against(UA)..... for diversion of forest land for non-forest purposes within 30 days. The UA deposited Rs..... on with delay of days from the due date of payment. However, interest of Rs..... at the prescribed rate of nine *per cent* was neither demanded by the DFOs nor deposited by the user agencies.

16.4. Non-realisation of wildlife management plan fund:

Government of Odisha, in forest and Environment Department No.10F(cons)127/0522295/F&E dated 30-12-2005 accorded permission for implementation of the comprehensive wildlife management plan for mining affected area in Keonjhar and Bonai forest division. The plan which has addressed issues of avoidance of man elephant conflict, reduction of loss of human life and damage to crops, status of flora and fauna etc. is to be funded at the cost of mining lease holders who have been allowed diversion of forest in their leasehold areas. Further, Government in F&E Department No.10F (con)81/2004-6495 dated 23.3.2008 extended the implementation of the plan to all other district of the state, where occurrence of wildlife is observed. The mining lessee as the user agency shall deposit Rs.58,000/- per hectare on lease hold area basis with the DFO concerned.

Check of records of DFO revealed that hectare of forest land was diverted to(UA)..... for mining purpose to(UA).....without realising WL Management Plan Fund at applicable rate. Neither did the user agencies deposit the same nor did the DFOs issue demand notices resulting in non-realisation of Rs.....

16.5. Unfruitful expenditure on SSO in Bamboo coupes:

As per prescription of Working Plan, the systematic cutting cycle for bamboo coupes is four years as it is the optimum and suitable cycle for commercial exploitation. Accordingly, the working plan divided each cutting series in to four annual coupes i.e. A, B, C and D. The coupes were to be worked in each felling series on rotation.

Check of records of Forest Division revealed that the division had (Nos) bamboo coupes. Coupes of (A/B/C/D) series having area of Ha were due for working during (year). These coupes were last worked during (year). . These coupes of (A/B/C/D) series were handed over to OFDC Ltd for working during (Month and year).

But OFDC Ltd did not work coupes and surrendered on the ground that coupes were uneconomic/ area affected by Left Wing Extremism etc. However, no joint verification was conducted by the DFO involving OFDC and other appropriate Department to confirm the ground furnished by OFDC.

Further scrutiny of records revealed that Subsidiary Silviculture Operation (SSO) was carried out in these bamboo coupes during ...(last three years) incurring expenditure of Rs..... as detailed in Annexure. But during this working cycle these coupes became commercially unviable resulting in infructuous expenditure of Rs

16.6 Infructuous expenditure due to damage of avenue plantation:

As prescribed by Government of Odisha in Forest & Environment Department vide No. 10F(Cons)87/2007/5066/F&E Dated 11th March 2010, taking in to account harmful effects to environment in case of felling of trees for construction and widening of road projects, ten times the number of trees felled are to be planted through compensatory schemes to be executed by the user agency (UA) irrespective of forest or non-forest land.

Check of records of Forest Division revealed that (Nos) of trees were felled/ damaged during ... (month and year) for extension/ construction of road (NH/SH) by (UA), but no scheme was prepared and approved by competent authority in Forest and Environment Department for planting ten times of the trees felled. It was further noticed, the DFO..... Division had undertaken this damaged avenue plantation during (year) incurring expenditure of Rs..... which became infructuous.

16.7 Excess expenditure in purchase of Gabions for Urban Plantation:

OGFR 9 (ii) states that:-The expenditure should not be prima facie more than the occasion demands. As per the Plantation cost norm 2016 approved by PCCF Odisha, the rate of gabion for use in Urban/Avenue plantation was Rs 253 per gabion.

Test check of 60p accounts of the Division and Range Cash Book of Forest Division revealed that Iron Gabions were purchased by the Range Officer at a cost of Rs..... per gabion

for use in Urban Plantation. These purchases were in excess of the rate of gabion fixed in plantation cost norm 2016. This resulted in excess expenditure of Rs..... in violation of approved cost norm.

16.8. Rule Position for Procedural Irregularities:

16.8.1 Irregular rush of expenditure during the month of March

Government of Odisha, Finance Dept. Vide OM No. 14520 Dated 12 April 2013 has prescribed the guidelines for efficient Cash Management System (CMS) with even pacing of expenditure within the Financial Year (FY) in order to reduce rush of expenditure in last quarter, especially in last month of March. The objectives were to have effective monitoring, improve quality of expenditure and have better ways & means management. It was stipulated therein that Monthly Expenditure Plan (MEP) for the month of March shall not exceed 15% of the Budgeted Provision (Allotment Received).

16.8.2 Execution of Civil Works without administrative approval and technical sanction:

As per rule -358 of OFD code, no work should be taken up without prior administrative approval and technical sanction of the competent authority, even though the works were completed within the approved plan & estimate and allotted funds. Ex-post facto sanction is invariably required if the works were completed within the Financial Year to avoid lapse of Budget Provision.

16.8.3 Outstanding Forest Advance:

Under Rule-346 of the OFD Code, disallowed amount shall be recovered from the persons and for withheld vouchers; a decision shall be taken within three months, failing which all vouchers shall be incorporated in accounts.

16.8.4 Outstanding Forest Deposit:

All the security deposits of the contractors and other miscellaneous forest receipts to be promptly disposed off by proper utilization/ refund/ remittance to Govt. account, whatever necessary. As per SR 436 of the Odisha Treasury Code and order of Government of Odisha, Finance Department- No.31335 (225)/F/WM-7/2011 Dated 15.7.2011 circulated vide PCCF, Odisha letter No. FS(P)-34/2011/13877/F&E Dated 30.7.2011, the civil deposit remaining undrawn for more than three years is to lapse and the same shall not be available for withdrawal. Hence, after lapse of three years, the amount may be deleted from the Forest Deposit by one debit entry.

16.8.5 Non-observance of purchase formalities:

The fundamental principles of public buying vide para-3 of Public Procurement Guidelines communicated vide OM No. 4939/F dated 13.2.2012 prescribed that every authority delegated with the financial powers of procuring goods in public interest shall have the responsibility and accountability to bring efficiency, economy, transparency in matters relating to public procurement and for fair and equitable treatment of suppliers and promotion of competition in public procurement.

Further as per para-11 of above OM, where the procurement value exceeds Rs1.00 lakh, purchases are to be made by obtaining bids through advertised, limited or single tender enquiry depending on the money value.

16.8.6 Physical verification of Stores, Tools and Plants:

As per the Odisha Forest code, 1979 Rule 303(1) (a) , all stock whether in Ranges or at headquarters shall be checked at least once in a year by the Divisional Forest Officer or a Gazetted officer attached to the office who himself is not the custodian of the stores which he is required to check. As per rule 303(2) in making a physical verification, the following instructions should invariably be observed.

- Verification must always be made in the presence of the officer responsible for the custody.
- All discrepancies noticed should be brought into account immediately, so that the store account may represent the true the state of the stores.
- Shortage and damages, and unserviceable stores should be reported immediately to the authority competent to write off the loss.

Further, a certificate explaining the manner in which the stock articles were checked should be furnished with plus and minus entries as per rule 302(3) of the Forest code.

16.8.7 Non-production of Records:

As stipulated under Rule185 of C&AG's Regulations on Audit and Accounts 2007, the officer in charge of the audit unit shall comply with requests for information and records in as complete a form as possible and within the specified time.

In case of non-production of required records, the reasons there of may be recorded and brought to the notice of higher authorities through a non-money value para. If no records could be produced within suitable time limit during start of the programme by the head of the office, the audit may be cancelled under this provision after giving due intimation to the auditee as well as RSA/HQs.

16.8.8 Cash Book and Management of Cash:

- As per SR-(i) of Odisha Treasury Code (OTC), Vol-I, The cash book is to be maintained in Form OTC-4.
- The individual entries on both receipt and payment sides of the cash book are to be attested by the DDO as per SR(ii) Of OTC Vol-I.
- The totaling in the cash book are required to be checked daily by a person other than the writer of cash book as per SR-37(iii) of OTC Vol-I
- As per Rule-446 of OFD code all forest range offices under the administrative control of the division are to be inspected annually by the Divisional forest officer.

Appendix-A

(Refer Para 5.10)

Planning of Audit Procedure (Desk Review)

Description	Details
Name of the entity	Office of the DFO, Division,
Period of account	R/R-.....Expr-.....
Period of audit (.....working days)
Have the documents of the entity (such as financial budgets/ Outcome budgets/ Result Frame work documents/ Annual report/ New policies and changes in policy/ previous inspection reports/ performance audit reports conducted earlier etc.) been desk reviewed.	
Have documents and data from secondary sources (such as Reports of the State and Union Governments and of various Commissions/ Census data/ Statistics put out by Government/ NSSO data/ digitized data available in data. Gov. in. VLC data. Beneficiary data (if applicable) etc. and other sources like media reports, research reports, academic reports etc) been desk reviewed.	

Potential risk/ focus areas that emerge of the review conducted as at above:	
List the Audit Objectives that are intended to be pursued both on regularity and propriety aspects.	To check whether: the entrusted forestry activities were carried out efficiently, economically and in an effective manner. The financial management of funds done effectively to achieve the given objectives. The aspect of financial propriety was being followed or not. The internal control mechanism is sufficient to check the theft, fraud and corruption.
Summarize the planned scope of audit	Test check and general examination of accounts records relating to Expenditure Accounts for the period covered under audit u/s 13 of C&AG's DPC Act-1971.
Audit procedures that are intended to be applied (review of records, physical verification, joint inspections, external evidence collection etc.)	Scrutiny of sanction orders with utilization certificates of various schemes, monthly accounts (60 P), Plantation Journals, Forest Diversion Proposals, Procurement files, SSO expenditure on bamboo and timber coupes would be applied as audit procedures.
Broad Assignment Plan for each party member	Details of the assignment for each party member to be as per approved allocation of duties.
Other remarks	

Senior Audit officer Dy. Accountant General/RSA Appendix-B
(Refer para 14.3)



Audit Party of the
PRINCIPAL ACCOUNTANT GENERAL,
(ECONOMIC & REVENUE SECTOR AUDIT), ODISHA,
BHUBANESWAR.

Ph: 0674-2392367 FAX: 0674-2390880

DRAFT COMPOSITE INSPECTION REPORT No. /2016-17

Name of the Accounts audited	
Address in detail	
Period of Account audited	
Time taken for Audit	
Name of the officer in charge of the Accounts/ Office	

Designation of next higher authority	
Name of the officers conducted Audit	
Name of the Reviewing Officer	

PART-I

1.1 Introductory:

(About the audit organization, its formation, jurisdiction, function and objectives in brief)

1.2 Scope of audit:

A test check and general examination of accounts records relating to Expenditure Accounts for the period covered under audit u/s 13 of C&AG's DPC Act-1971.

1.3 Audit Objective:

1.4 Audit Criteria:

1.5 Audit Methodology:

1.6 Demand, collection and balance of forest revenue of the Division:

(Rupees in lakh)

Opening Balance as on 01 April....	Demand during the year	Total	Collection during the year	Balance as on 31 March ...

Section-A (Expenditure Account)

PART-II-A

(For audit objections having money value of more than Rupees Ten lakh or serious system lapses)

PART-II-B

(For major procedural irregularities and money value less than Rupees Ten lakh)

Section-B (Revenue Receipts)

(As under Section A)

PART- III

(A) Budget and expenditure (B) Settlement of

Paras:

(C) Outstanding Paras:

(D) Persistent Irregularities:

(E) Non-production of records:

Part IV Best

Practices:

Upkeep/maintenance of records like Scheme files, Cash books, Service books etc. of the Division is satisfactory. During the course of audit it was seen that the DFO is very much proactive in initiation of necessary steps on audit observations.

Part V Acknowledgement:

The co-operation extended by this office in all matters including production of records, submission of information for smooth conduct of audit is duly acknowledged.

Part VI Disclaimer:

Certified that the audit observations contained in the inspection report are based on facts and figures obtained by examination of records/information provided by the audited entity. The Audited entity may examine the observation independently and satisfy themselves and take action accordingly without referring to such audit observations.

Sr. Audit Officer

The (Head of the Office)..... may kindly peruse and discuss the draft Inspection Report and assent to the enclosed minutes.

Signature of Head of Office with seal.

Appendix-C

(Refer Para 14.3)

**Audit Party of the
PRINCIPAL ACCOUNTANT GENERAL,
(ECONOMIC & REVENUE SECTOR AUDIT),
ODISHA, BHUBANESWAR.
Ph: 0674-2392367 FAX: 0674-2390880

TITLE SHEET

(TO BE SUBMITTED ALONG WITH DRAFT INSPECTION REPORT WITH ANNEXURE A TO E)

Title sheet of Inspection Report No..... of on accounts of Receipts & Refunds and Expenditure in the for the period from (Expenditure Audit) and (R&R Audit).

(To be filled in by the Assistant Audit Officer of the field party)

PART A

(Summary of audit results)

1.	Name & Address of the organization audited	
----	--	--

2.	Name of party personnel	
	(i) Senior Audit Officer (ii) Assistant Audit Officer (iii) Assistant Audit Officer (iv) Sr. Auditor/Auditor	
3.	Period of Audit	
4.	Date of commencement and completion of audit (Extension of time, if any)	
5.	Whether Entry Conference was held with the Audited Entity? If yes, enclose Minutes/Record of discussions. If no, provide reasons.	
6.	Number of potential paras (drawing reference to Para Nos) included in Part-II A of the Inspection Report	
7.	Number of paras (drawing reference to para nos) relating to fraud or misappropriation, presumptive fraud and leakage of revenue etc.	
8.	Paras relating to persistent irregularities etc. that need to be brought to the notice of HOD through Management Letter	
9.	Briefly mention the challenges faced during audit (Non-production of records, Manpower or resources constraints, scope limitation etc.) and how they were addressed during the course of audit.	
10.	Suggestions for overcoming such challenges in future audits	
11.	Whether Exit Conference was held and draft Inspection Report discussed with the Head/Nodal Officer of the Audited Entity. If no, reasons may be indicated	
12.	Date of submission of Draft inspection Report and all working papers to Hqrs. (May be submitted within a period of 7 working days from the date of conclusion of audit	
13.	Reasons for delay in submission of Draft IR etc. to Hqrs. with reference to the allotted time period, if any.	
14.	General remarks, if any.	

Part B

(Details of audit process followed)

1	Whether the allocation of duties amongst each member of the Audit Team (SAO/AO/AAO/Sr. Auditor/Auditor) was prepared in line with the planned broad assignment plan and acknowledged by the respective party members? If no, reasons for justification may be provided.				
2.	Sampling method adopted (Use as many rows as needed)			List of Files/vouchers/other documents reviewed may be enclosed	
	Section/Wing being audited	Nature of document	Not selected for review	Percentage of selection	Sample method adopted
	Purchase/works/ Establishment etc	File vouchers	Actual number selected	(Indicate percentage of each category)	Random/Stratified/ Judgmental

3.	Whether focused areas identified and procedure applied was as planned (Desk Review). If no, reasons and justification may be provided.	
4.	Whether all issued marked for examination by Group Officer on supervision/Hqrs section have been addressed	
5.	Whether all works assigned as per allocation of duties were completed. If so, provide whether the reasons and justifications are provided.	
6.	Briefly indicate the potential focus areas for next audit	
7.	Whether daily diaries indicating the documents/records checked by team members of the Audit Team have been prepared, signed and enclosed?	
8.	Whether a certificate of obtaining sufficient and appropriate evidence (key documents) for the audit observations included in the Draft Inspection Report has been provided?	
9.	Whether key documents have been referred in the para and the source of evidence been provided as footnotes?	
10.	Please indicate the position of outstanding paras of previous Inspection Reports.	
	Period of Inspection Reports	No. of paras outstanding (Opening) No. of paras outstanding (Closing) Reasons for the paras remaining outstanding
11.	Whether a certificate that the audit was conducted in accordance with the CAG;s Auditing Standard 2017 has been provided	
12.	Whether a certificate that the audit party has compiled with the Audit Quality Framework and Code of Ethics has been provided?	

Sr. Audit Officer

Dated:

Annexure-A

Sample Format of Minutes/Record of Discussions at the conclusion of Audit

Minutes of the Minutes held on _____ to discuss audit observations to be included in the draft inspection Report for the period _____ relating to the Ministry _____ of _____/Audited Entity_____.

Members Present (Shri/Smt):

From Ministry's Side	From Audit side

(Note: - The minor and procedural irregularities which were noticed during the course of audit have either been settled on spot after taking assurance from the audit unit or have been issued to the Ministry in the shape of Test Audit Note).

The audit observations were discussed in detail and necessary clarifications, wherever sought, were given from the Audit side.

It was pointed out by Audit that initial replies from the Ministry in respect of _____ audit observations were still awaited and the same may be furnished on priority. In response, the Ministry assured to send the replies at the earliest possible.

The meeting ended with vote of thanks.

Signature
(Name & Designation)
From Ministry's Side

Signature
(Name & Designation)
From Audit Side

Annexure-B

Proforma for Duty list of each member of the Audit Team

Duties assigned (Name)	Noted and signed (Acknowledgement)
SAO/AO	
AAO	
AAO	
Sr. Auditor	

Follow up of supervision by the Group Officer

Name of the Audited Entity	Date of Supervision	Comments/Queries of the Group Officer	Action taken by the Audit Team on Comments/Queries

Certificate at the conclusion of Audit

We have examined all the issues as per the duty list (except the following) and necessary audit observations based on audit scrutiny, have been issued.

Sl. No.	Brief particulars of the issues which could not be seen in audit	Reasons therefore [non availability of records, time constraints, shortage of manpower, other constraints/reasons] etc.

Sr. Audit Officer

Daily Diary of each member of the Audit Team

Date	Brief details such as file number, item of work done, records seen and examined etc.

Sr. Audit Officer

Certificate

It is certified that:

- (a) sufficient and appropriate evidence (key documents) for the audit observations included in the Draft Inspection Report have been obtained and have been submitted along with the Draft Inspection Report
- (b) that the audit was conducted in accordance with the CAG's Auditing Standards 2017
- (c) the audit party has complied with the Audit Quality Framework and Code of Ethics

Sr. Audit Officer

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APPENDIX-D

(Refer para 14.3)

RSA Circular No. 3

Statement showing results of audit of the unit covered under audit

Sl. No	Name of the Auditee units	Revenue collected during the year (Rs in Lakh)	Total no. of cases assessed/ executed/ finalised etc with money value	Total no. of cases scrutinized out of Col. No.4 (cases/value)	Objection raised		No. of audit observations accepted out of Col. No. 6 &7		Amount recovered/ realized		Remarks
					No. of cases	Amount (Rs in Lakh)	No. of cases	Amount (Rs in Lakh)	No. of cases	Amount (Rs in Lakh)	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

Asst. Audit Officer

APPENDIX-E
SOURCE DOCUMENTS (Refer
para 15.1)

Some important source documents to be checked in audit are:-

- (i) Cash Books, Bill register and Book of drawal;
- (ii) Monthly Progress Reports (MPR) and Monthly 60 P Accounts;
- (iii) Allotment with scheme guidelines, sanctions, plan & estimates, expenditure process and Utilization Certificates (UC);
- (iv) Budget control register and Advance Registers;
- (v) Counterfoil of cheques & Cheque issue register;
- (vi) Procurement files, tender documents and contract agreement copies;
- (vii) Contingent vouchers and challan/proforma invoices;
- (viii) Establishment bills like Pay, TA, LTC and RCM etc;
- (ix) Treasury records and verification of drawals/remittances for selected month;
- (x) Forest Diversion files with payment of Net Present Value (NPV) with allied statutory dues on compensatory afforestation;
- (xi) Implementation of compensatory afforestation schemes;
- (xii) Expenditure on Subsidiary/Simultaneous Silvicultural Operation (SSO) vis-a vis working of timber and bamboo coupes;
- (xiii) Consumable and Permanent stock/issue register;
- (xiv) Property/Assets Registers;
- (xv) Vehicle log books;
- (xvi) Service books;
- (xvii) Inspection notes;
- (xviii) Range Records;
- (xix) Media, Vigilance and Allegation reports;
- (xx) Internal Audit Reports and AG Inspection Reports;

APPENDIX-F
(Refer para 4.6)
Quantum of Audit for Central Audit of Vouchers/Contingent Bills

(Para –Vide OOB 92/OOB 15(A) dated 1.1.1985)

Establishment Vouchers	8.33%
Travelling Allowance Vouchers	8.33%
Contingent Bills	
a) Rs.1000/- and less	8.33%
b) Rs.1001/- to Rs.5000/-	25%
c) Rs.5001/- to Rs.10000/-	50%
d) Rs.10001/- and above	100%
D.C. Bills	
a) Rs.1000/- and less	8.33%
b) Rs.1001/- to Rs.5000/-	25%
c) Rs.5001/- to Rs.10000/-	50%
d) Rs.10001/- and above	100%
Grants-in-aid Bills	
a) Vouchers up to Rs.50000	25%
b) Vouchers above Rs.50000	100%
c) Medical Reimbursement Bills	8.33%
d) Refund Vouchers	8.33%
Miscellaneous Bills:	
a) Interest Payment vouchers	5 %
b) Discount vouchers	8 □%
c) Lottery vouchers up to Rs.5000	8 □%
(i) Exceeding Rs.5000 but less than Rs.25000	25%
(ii) Rs.25000/- and above	100%
□ Reimbursement of tuition fees	8.33%
□ Vouchers relating to loan and advances other than those paid to Govt. servants for Rs.5000 and less, where detailed accounts of the loans and advances are maintained in departmental offices	5 %
□ Vouchers relating to loan and advances other than those paid to Govt. servants for amounts exceeding Rs.5000 but not exceeding Rs.10,000, where detailed accounts of the loans and advances are maintained in departmental offices.	10 %
□ Railway warrants, Credit Notes, Bus Warrants subject to scrutiny in the adjusting office	8.33%
□ Audit in respect of Bills on account of payment of cash equivalent to Leave Salary to the members of family of the Government Servant who dies in harness	100 %
Miscellaneous payment of the Forest Department not covered by Classes mentioned above.	
a) Vouchers for amount not more than Rs. 500	1 %
b) Vouchers for amount not more than Rs.500	1 %
c) Vouchers for amount more than Rs.500 and up to Rs.10,000	10 %
d) Vouchers for amount more than Rs.10,000 and up to Rs.1,00,000	25 %
e) Vouchers for amount more than Rs. 1,00,000	100 %
Check of Pension cases (including commutation)	2 %
a) Check of Final payment/Transfer Advice cases of Provident Fund	25 %

b) General review of ledger cards, un-posted items, missing credits (out of the Accounts maintained with reference to Original Provident Fund Schedule)	3 %
--	-----

Appendix-G
(Refer Para 3.6)

Delegation of Financial Powers Rules 1978 (2013) (GoO FD)
OM. No. FIN-COD-RULE-0002-2013-13863/F dated 08.04.2013)

• **Administrative Approval by PCCF:**

Residential Buildings	Rs.500.00 lakh
Non-Residential Buildings	Rs.750.00 lakh
IB, Rest Shed and Office-cum-Residential Buildings	Rs.300.00 lakh

• **Contracts for procurement of goods, engagement of consultants and outsourcing of services:**

Authority	Delegated power		
	Procurement of Goods	Engagement of Consultants	Outsourcing of Services
Administrative Departments	Full Power	Rs.200.00 lakh	Full Power
Heads of Departments	Rs.750.00 lakh	Rs.50.00 lakh	Rs.10.00 lakh

• **Purchase of the stationery:**

Authority	Delegated power
Administrative Department	Full Power
Heads of Department	Rs.750.00 lakh
Head of subordinate offices in the rank of Sr. Class-I and above (Group "A" Officers)	Rs.15.00 lakh
Heads of Sub-ordinate officers in the rank of Jr. Class-I (Group – "A" Officers)	Rs.2.00 lakh
Heads of Sub-ordinate offices in the rank of Class-II (Group – "B" Officers)	Rs.0.75 lakh

• **Sanction to write-off of losses:**

Authority	Delegated power
Administrative Department	Rs.2.00 lakh
Heads of Department	Rs.1.00 lakh
Heads of other Sub-ordinate Offices	Rs.0.25 lakh

FOR USE IN IA&AD ONLY

REVENUE SECTOR AUDIT



FOREST EXPENDITURE AUDIT MANUAL

(UPDATED IN 2018)

ISSUED BY
THE PRINCIPAL ACCOUNTANT GENERAL,
(ECONOMIC AND REVENUE SECTOR AUDIT),
ODISHA, BHUBANESWAR.